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COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2019

COUNTY OF SHENANDOAH, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

Prepared by
Angie Schellhammer, Finance Director
Shenandoah County, Virginia

**COUNTY OF SHENANDOAH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION

County of Shenandoah

BOARD OF SUPERVISORS

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

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



Tel: 540.459.6165 Fax: 540.459.6168
www.shenandoahcountyva.us

OFFICE OF COUNTY ADMINISTRATION

EVAN L. VASS
COUNTY ADMINISTRATOR

MANDY R. BELYEA
ASSISTANT COUNTY ADMINISTRATOR

November 30, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the County of Shenandoah (County) for the fiscal year ended 2019. 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, 2019, 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 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 2019 population was 43,497. Shenandoah County enjoys a diversified economy, with manufacturing accounting for approximately 24% of the jobs in the County, retail accounting for 10% and health care accounting for roughly 12%. Agriculture accounts for less than 1% of the employment in the County due to the fact that most farmers are self-employed and many have jobs off the farm to supplement their incomes. The County's unemployment is lower than the State average, and from June 2018 to June 2019, Shenandoah County saw its unemployment rates decrease from 3.2 percent to 2.6 percent.

The County is pleased to report the continuation of three significant economic development projects during fiscal year 2019.

During fiscal year 2015, Andros Foods North America (Andros), a subsidiary of France-based Andros Food Products, began its investment of \$73 million over three years to expand its operations in Shenandoah County. During fiscal year 2016, Andros added production and warehouse space and equipment to increase apple processing capacity for pouch products as well as process additional fruits. For fiscal year 2018 Andros worked on permitting for a 78,000 square foot addition to house a new assembly line and an expansion to the plant's parking lot. By the end of the project, 66 new jobs are expected to be created within Shenandoah County for a total employment of 580 and investment of \$50 million.

Additionally, during fiscal year 2015, Route 11 Potato Chips commenced its expansion of its existing potato chip production facility located within the county; during fiscal year 2019, it completed its investment of \$1.2 million, which includes the installation of a second line in its current facility creating 13 new jobs. Also during fiscal year 2017, Filibuster Distillery (Filibuster) was selected to receive a \$30,000 Agriculture and Forestry Industries Development (AFID) grant for agreeing to invest \$795,000 in their Maurertown facility. Shenandoah County provided matching grant funds. This investment will create 8 new jobs by 2020. Filibuster also agreed to 100% source its corn and rye from Virginia Farmers and has been working with a farm out of Shenandoah County to meet these needs.

Finally, Shenandoah County was selected as the new east coast location for Truck Vault who opened their facility in Mount Jackson in 2018. Once completed, their investment will total \$1.5 million and include the addition of 60 new jobs.

□ Major Initiatives and Goals □

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

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

During fiscal year 2016, the County contracted with an architectural firm to provide a conceptual design of a new Sheriff's Office facility. The Sheriff's Office facility will provide the space necessary to support the County's law enforcement services including patrol, crime prevention, civil process, animal control, investigations, and administration. Architectural and engineering services associated with the project continued into fiscal year 2018 and included further design to include the 911 Emergency Communications Center. Construction on the facility began during fiscal year 2019 and as of June 30, 2019, construction was 30% complete. The projected completion date of this project is June 30, 2020.

During fiscal years 2017 and 2018, Shenandoah County contracted with a vendor to assess the existing ultra-high frequency (UHF) conventional analog public safety radio communications system. The goal of the needs assessment was to determine the best approach to improve radio communications within the county and to replace aging equipment which has reached (or will reach within the next 2 years) its End-of-Life through the manufacturer. The assessment included a review of how the Shenandoah County Department of Emergency Communications (DEC) interfaces with the radio communications system, as well as recommendations for replacement of the current system. In fiscal year 2019, funds were secured for the radio system replacement and implementation. The project includes the need to upgrade, replace existing towers, and/or add new towers throughout the county. During fiscal year 2019, no construction work had been performed on any of the tower sites, however test boring for rock and road improvements were completed at the Deer Head Road site. As of June 30, 2019, approximately 15% of the project was complete and it is anticipated the project will be complete by October 2020.

Additionally, during fiscal year 2019, the 911 Center CAD software upgrade was completed. The upgrade included a new mapping system that works with county GIS data to provide visual location information of active calls, events, and cellular callers. The system interfaces with the mobile and field reporting software installed in the police cruisers with the Sheriff's Department, Woodstock Police, New Market Police and Mount Jackson Police Departments. It also provides incident information to all Fire and Rescue agencies within Shenandoah County. The 911 Center went live with the upgrade in October 2018.

During fiscal year 2019, the Department of Solid Waste Management initiated the construction of a new satellite trash collection and recycling site ("Convenience Site") just outside the Strasburg town limits. This project was precipitated by the loss of a lease on a convenience site a few miles away. Instead of leasing at the new location the County purchased the land and the site was designed to be built to accommodate future growth in the area. When the new site opens in fiscal year 2020, it will replace two sites in the area.

□ 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, 2019 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 2019 revenues were less than appropriations and transfers to other funds by \$2,506,849 as a result of several one-time capital projects. In such cases, the policy allows for appropriation of fund balance to close the gap. However, because of continued measures taken during the year to control expenditures and an increase in certain revenue sources, the decrease in fund balance was only \$1,469,951 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, 2018. 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, 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 dark ink, appearing to read 'Angela D. Schellhammer', with a long, sweeping horizontal line extending to the right.

Angela D. Schellhammer
Director of Finance



Government Finance Officers Association

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for Excellence
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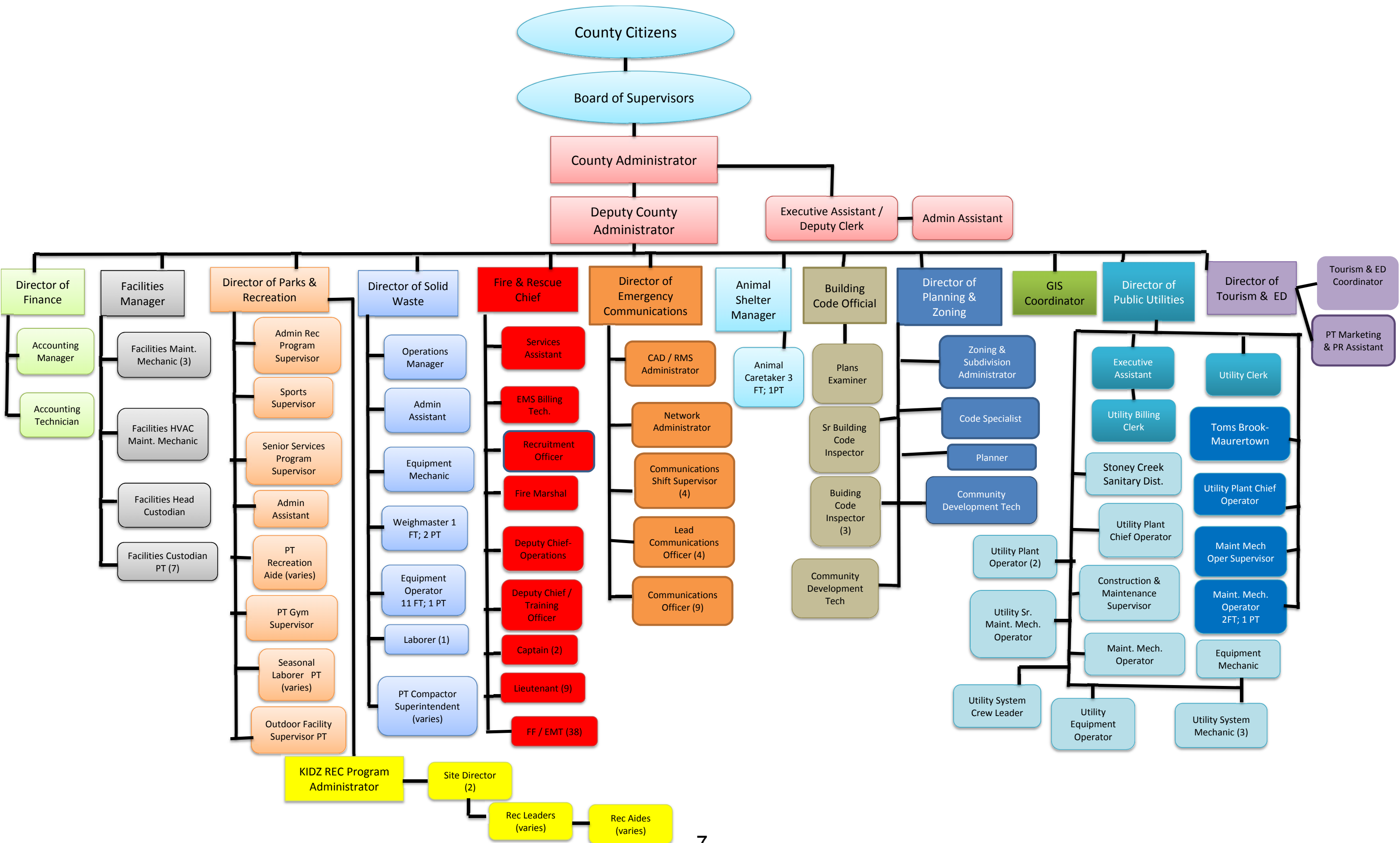
**County of Shenandoah
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Merrill

Executive Director/CEO



COUNTY OF SHENANDOAH, VIRGINIA

BOARD OF SUPERVISORS

Dr. Conrad A. Helsley, Chairman, District 6
Dick Neese, Vice Chairman, District 1

Steven A. Baker, District 2
Richard R. Walker, District 3

Karl Roulston, District 4
Dennis Morris, District 5

COUNTY SCHOOL BOARD

Karen S. Whetzel, Chairman, District 1
Richard L. Koontz, Jr., Vice Chairman, District 2

Cindy Walsh, District 3
Michelle Manning, District 4

Shelby Kline, District 5
Sonya Williams-Giersch, District 6

OTHER OFFICIALS

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

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of June 30, 2019, 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.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 12-19, 104, and 105-123, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2019, on our consideration of the County of Shenandoah, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Shenandoah Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Shenandoah, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2019

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, 2019. The MD&A also includes a comparative analysis for the fiscal year ended June 30, 2018.

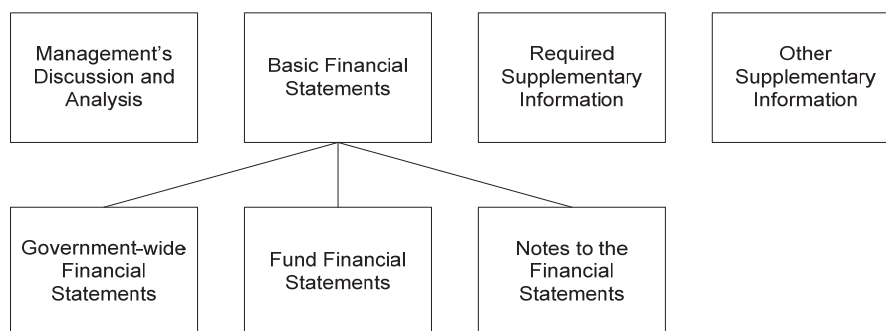
Financial Highlights

- 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 \$36,596,319 (net position). Of this amount, \$8,695,898 (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 \$43,172,527, an increase of \$13,035,102 in comparison with the prior year. Approximately \$13,463,207 or 31 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 \$13,463,207 represents 19 percent of total general fund expenditures.
- The County's total long-term obligations increased by \$10,184,997 during the current fiscal year, primarily due to the acquisition of additional lease revenue bonds for construction of the sheriff's office, which includes space for the Emergency Communications Center, as well as the radio replacement project.

Overview of the Financial Statements

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

Components of the Financial Report



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,596,319 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 62 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

County of Shenandoah, Virginia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 72,414,902	\$ 57,570,293	\$ 2,566,311	\$ 2,278,596	\$ 74,981,213	\$ 59,848,889
Capital assets	44,383,884	42,586,914	13,079,726	13,088,822	57,463,610	55,675,736
Total assets	<u>\$ 116,798,786</u>	<u>\$ 100,157,207</u>	<u>\$ 15,646,037</u>	<u>\$ 15,367,418</u>	<u>\$ 132,444,823</u>	<u>\$ 115,524,625</u>
Total deferred outflows of resources	\$ 1,249,704	\$ 1,220,570	\$ 157,294	\$ 138,935	\$ 1,406,998	\$ 1,359,505
Current liabilities	\$ 3,170,163	\$ 1,786,652	\$ 627,596	\$ 269,598	\$ 3,797,759	\$ 2,056,250
Long-term liabilities	54,561,895	44,333,067	13,143,339	13,187,170	67,705,234	57,520,237
Total liabilities	<u>\$ 57,732,058</u>	<u>\$ 46,119,719</u>	<u>\$ 13,770,935</u>	<u>\$ 13,456,768</u>	<u>\$ 71,502,993</u>	<u>\$ 59,576,487</u>
Total deferred inflows of resources	\$ 25,280,808	\$ 25,065,407	\$ 471,701	\$ 546,498	\$ 25,752,509	\$ 25,611,905
Net position:						
Net investment in capital assets	\$ 11,418,828	\$ 7,241,929	\$ 11,351,123	\$ 11,091,949	\$ 22,769,951	\$ 18,333,878
Restricted:						
Capital projects	-	729,723	-	-	-	729,723
Asset forfeiture	5,130,470	5,209,584	-	-	5,130,470	5,209,584
Unrestricted	18,486,326	17,011,415	(9,790,428)	(9,588,862)	8,695,898	7,422,553
Total net position	<u>\$ 35,035,624</u>	<u>\$ 30,192,651</u>	<u>\$ 1,560,695</u>	<u>\$ 1,503,087</u>	<u>\$ 36,596,319</u>	<u>\$ 31,695,738</u>

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

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Summary of Changes in Net Position

County of Shenandoah, Virginia's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,472,241	\$ 2,743,082	\$ 3,367,624	\$ 3,324,047	\$ 5,839,865	\$ 6,067,129
Operating grants and contributions	9,080,561	8,576,980	-	-	9,080,561	8,576,980
Capital grants and contributions	3,406,369	700,000	28,833	134,000	3,435,202	834,000
General revenues:						
Property taxes	47,553,596	44,834,747	566,297	562,737	48,119,893	45,397,484
Other local taxes	7,067,029	6,989,443	-	-	7,067,029	6,989,443
Other	6,779,401	5,964,871	50,438	31,924	6,829,839	5,996,795
Total revenues	<u>\$ 76,359,197</u>	<u>\$ 69,809,123</u>	<u>\$ 4,013,192</u>	<u>\$ 4,052,708</u>	<u>\$ 80,372,389</u>	<u>\$ 73,861,831</u>
Expenses:						
General						
government administration	\$ 2,763,462	\$ 2,986,698	\$ -	\$ -	\$ 2,763,462	\$ 2,986,698
Judicial						
administration	2,380,720	2,303,707	-	-	2,380,720	2,303,707
Public safety	17,046,346	15,269,440	-	-	17,046,346	15,269,440
Public works	1,605,648	1,130,117	-	-	1,605,648	1,130,117
Health and welfare	9,041,290	8,379,289	-	-	9,041,290	8,379,289
Education	32,187,526	29,061,555	-	-	32,187,526	29,061,555
Parks, recreation and culture	2,163,070	2,162,708	-	-	2,163,070	2,162,708
Community development	1,092,330	1,114,388	-	-	1,092,330	1,114,388
Interest	2,042,052	1,715,549	-	-	2,042,052	1,715,549
Business-type activities	-	-	5,149,364	5,102,992	5,149,364	5,102,992
Total expenses	<u>\$ 70,322,444</u>	<u>\$ 64,123,451</u>	<u>\$ 5,149,364</u>	<u>\$ 5,102,992</u>	<u>\$ 75,471,808</u>	<u>\$ 69,226,443</u>
Increase (decrease) in net position before transfers	\$ 6,036,753	\$ 5,685,672	\$ (1,136,172)	\$ (1,050,284)	\$ 4,900,581	\$ 4,635,388
Transfers	<u>(1,193,780)</u>	<u>(1,143,142)</u>	<u>1,193,780</u>	<u>1,143,142</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	\$ 4,842,973	\$ 4,542,530	\$ 57,608	\$ 92,858	\$ 4,900,581	\$ 4,635,388
Net position beginning, as restated	<u>30,192,651</u>	<u>25,650,121</u>	<u>1,503,087</u>	<u>1,410,229</u>	<u>31,695,738</u>	<u>27,060,350</u>
Net position ending	<u>\$ 35,035,624</u>	<u>\$ 30,192,651</u>	<u>\$ 1,560,695</u>	<u>\$ 1,503,087</u>	<u>\$ 36,596,319</u>	<u>\$ 31,695,738</u>

Governmental activities – Governmental activities increased the County's net position by \$4,842,973.

Key elements of this increase are as follows:

- Property taxes increased \$2,863,006 in fiscal year 2019 compared to fiscal year 2018. The increase is attributed to higher collections on prior years' real property and personal property accounts as a result of more aggressive collection efforts on delinquent tax accounts.
- Capital grants and contributions increased \$2,706,369.
- Other local taxes increased \$77,586 mainly related to increased sales tax receipts.
- Transfers increased by \$50,638 as a result of governmental activities.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities – Business-type activities of the two Sanitary Districts increased the Shenandoah County Government's net position by \$328,053. This was a decrease of \$144,246 from the previous fiscal year. This decrease is primarily the result of an increase in capital contributions for the re-lining work and the manhole recoating, as well as investing more heavily in plugging leaks, particularly in the Stoney Creek Sanitary District.

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 2011, the North Fork Wastewater Treatment Plant fund was created and the shift generated an increase in assets. In fiscal year 2019, this fund experienced a decrease in assets of \$1,089,008 due to a financial institution requirement to move the Leachate Line asset and debt to the landfill fund. 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 2019, the impact was \$5,695,161, however, the General Fund assets benefit from this transfer.

Financial Analysis of the County's Funds

As noted earlier, the County used 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 \$43,172,527 an increase of \$13,035,102 in comparison with the prior year. Approximately 31% of the total fund balance or \$13,463,207 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 \$13,463,207, while the total general fund balance was \$20,192,025. 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 19 percent of total general fund expenditures, while total fund balance represents 28 percent of that same amount.

The General Fund's fund balance decreased \$1,469,951 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

Differences between the original budget and the final amended budget were a \$421,611 increase in appropriations and can be briefly summarized as follows:

- \$415,505 increase in public safety expenditures due in part to the receipt and expenditures associated with various grant and other law enforcement programs including the State and Community Highway Safety, U.S. Forest Service Patrol, Federal Equitable Asset Sharing, Project Lifesaver, Project Backpack, and Triad programs

Fiscal year 2019 actual revenues were approximately \$1,655,530 more than the fiscal year 2019 final budgeted revenues. Fiscal year 2019 actual expenditures were approximately \$351,160 less than the fiscal year 2019 final budgeted expenditures. Reasons for these variances are briefly summarized as follows:

- Personal property taxes were \$1,147,689 more than the final budgeted revenues primarily due to increased personal property tax collections that were higher than anticipated; this was a result of more aggressive tax collections on current and delinquent taxes.
- Intergovernmental revenues from the state were 758,545 more than the budgeted revenues due to more receipts for welfare assistance and other state categorical aid.
- Education expenditures were \$733,820 less than the budgeted expenditures as a result of less transfers to the County School Board throughout the fiscal year.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$44,378,837 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total of the County's investment in capital assets for the current fiscal year did not significantly change from the prior fiscal year.

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County of Shenandoah, Virginia's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,908,718	\$ 4,908,718	\$ 503,500	\$ 503,500	\$ 5,412,218	\$ 5,412,218
Building and improvements	42,162,330	44,814,857	-	-	42,162,330	44,814,857
Utility plant in service	-	-	33,815,203	33,429,346	33,815,203	33,429,346
Equipment	10,431,955	9,476,698	-	-	10,431,955	9,476,698
Construction in progress	6,180,234	2,032,264	576,805	552,305	6,757,039	2,584,569
Subtotal	\$ 63,683,237	\$ 61,232,537	\$ 34,895,508	\$ 34,485,151	\$ 98,578,745	\$ 95,717,688
Accumulated depreciation	(19,304,400)	(18,645,623)	(21,816,417)	(21,396,329)	(41,120,817)	(40,041,952)
Net capital assets	<u>\$ 44,378,837</u>	<u>\$ 42,586,914</u>	<u>\$ 13,079,091</u>	<u>\$ 13,088,822</u>	<u>\$ 57,457,928</u>	<u>\$ 55,675,736</u>

Additional information on the County's capital assets can be found in Note 9.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$48,830,523. 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 \$11,152,019.

Additional information on the County of Shenandoah, Virginia's long-term debt can be found in Note 12 of this report.

Economic Factors and Next Year's Budgets and Rates

- The June 2019 unemployment rate for the County was 2.6 percent, which is a decrease from a rate of 3.2 percent in June 2018. The County's rate is less than the state average of 2.9 percent and lower than the national average rate of 3.7 percent.
- Population growth in the County is expected to continue to remain slow, which will continue to cause general property and other local tax revenues to experience minimal growth; however, the potential for economic development growth is gaining strength and may help to increase the local revenues in the near future.
- Earnings on idle cash continue to remain at low levels.
- It is expected that the Commonwealth of Virginia may continue to decrease its funding to localities, particularly given the impact of federal government budgetary cuts to the Commonwealth.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Library
ASSETS					
Cash and cash equivalents	\$ 28,260,282	\$ 1,756,930	\$ 30,017,212	\$ 5,548,600	\$ 319,341
Cash in custody of others	6,630	-	6,630	-	-
Restricted cash	13,838,871	31,092	13,869,963	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	24,448,537	314,405	24,762,942	-	-
Accounts receivable	1,462,123	450,859	1,912,982	301,599	-
Notes receivable	28,542	-	28,542	-	-
Internal balances	2,591	(2,591)	-	-	-
Due from component unit	1,773,806	-	1,773,806	-	-
Due from other governmental units	2,256,638	-	2,256,638	1,349,035	11,161
Inventories	-	-	-	124,058	-
Prepaid items	336,882	15,616	352,498	45,380	17,796
Deposits	-	-	-	5,000	-
Capital assets (net of accumulated depreciation):					
Land	4,908,718	503,500	5,412,218	5,725,275	-
Buildings and improvements	31,041,511	4,191,418	35,232,929	41,730,330	171,720
Wells, lines, reservoirs	-	4,924,052	4,924,052	-	-
Machinery and equipment	2,248,374	2,883,316	5,131,690	3,062,683	47,173
Construction in progress	6,180,234	576,805	6,757,039	1,157,632	33,766
Net OPEB Asset	5,047	635	5,682	-	-
Total assets	\$ 116,798,786	\$ 15,646,037	\$ 132,444,823	\$ 59,049,592	\$ 600,957
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,100,373	\$ 138,497	\$ 1,238,870	\$ 7,206,969	\$ -
OPEB related items	149,331	18,797	168,128	1,586,559	-
Total deferred outflows of resources	\$ 1,249,704	\$ 157,294	\$ 1,406,998	\$ 8,793,528	\$ -
LIABILITIES					
Accounts payable	\$ 1,789,433	\$ 568,655	\$ 2,358,088	\$ 4,004,247	\$ -
Retainage payable	150,293	23,015	173,308	-	-
Accrued interest payable	591,631	4,834	596,465	-	-
Due to primary government	-	-	-	1,773,806	-
Unearned revenue	638,806	-	638,806	-	-
Deposits payable-restricted assets	-	31,092	31,092	-	-
Long-term liabilities:					
Due within one year	4,977,782	253,582	5,231,364	231,660	-
Due in more than one year	49,584,113	12,889,757	62,473,870	66,681,307	-
Total liabilities	\$ 57,732,058	\$ 13,770,935	\$ 71,502,993	\$ 72,691,020	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 23,527,731	\$ 274,855	\$ 23,802,586	\$ -	\$ -
Deferred charge refunding	227,018	-	227,018	-	-
Pension related items	1,143,187	148,654	1,291,841	7,136,090	-
OPEB related items	382,872	48,192	431,064	1,043,000	-
Total deferred inflows of resources	\$ 25,280,808	\$ 471,701	\$ 25,752,509	\$ 8,179,090	\$ -
NET POSITION					
Net investment in capital assets	\$ 11,418,828	\$ 11,351,123	\$ 22,769,951	\$ 51,675,920	\$ 252,659
Restricted:					
Asset forfeiture	5,130,470	-	5,130,470	-	-
Unrestricted (deficit)	18,486,326	(9,790,428)	8,695,898	(64,702,910)	348,298
Total net position	\$ 35,035,624	\$ 1,560,695	\$ 36,596,319	\$ (13,026,990)	\$ 600,957

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

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COUNTY OF SHENANDOAH, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,763,462	\$ 104,001	\$ 314,840	\$ -
Judicial administration	2,380,720	177,960	694,971	-
Public safety	17,046,346	1,161,014	2,500,608	3,406,369
Public works	1,605,648	-	19,615	-
Health and welfare	9,041,290	-	5,524,329	-
Education	32,187,526	-	-	-
Parks, recreation, and cultural	2,163,070	1,029,266	18,698	-
Community development	1,092,330	-	7,500	-
Interest on long-term debt	2,042,052	-	-	-
Total governmental activities	<u>\$ 70,322,444</u>	<u>\$ 2,472,241</u>	<u>\$ 9,080,561</u>	<u>\$ 3,406,369</u>
Business-type activities:				
Stoney Creek Sanitary District	\$ 1,329,513	\$ 1,155,462	\$ -	\$ 28,833
Toms Brook Maurertown Sanitary District	809,976	666,512	-	-
North Fork Wastewater	179,363	139,400	-	-
Landfill	2,830,512	1,406,250	-	-
Total business-type activities	<u>\$ 5,149,364</u>	<u>\$ 3,367,624</u>	<u>\$ -</u>	<u>\$ 28,833</u>
Total primary government	<u>\$ 75,471,808</u>	<u>\$ 5,839,865</u>	<u>\$ 9,080,561</u>	<u>\$ 3,435,202</u>
COMPONENT UNITS:				
School Board	\$ 70,494,608	\$ 3,096,016	\$ 40,800,145	\$ 12,378
Library	1,045,540	24,984	987,282	-
Total component units	<u>\$ 71,540,148</u>	<u>\$ 3,121,000</u>	<u>\$ 41,787,427</u>	<u>\$ 12,378</u>

General revenues:

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

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	Library	
\$ (2,344,621)	\$ -	\$ (2,344,621)	\$ -	\$ -	
(1,507,789)	-	(1,507,789)	-	-	
(9,978,355)	-	(9,978,355)	-	-	
(1,586,033)	-	(1,586,033)	-	-	
(3,516,961)	-	(3,516,961)	-	-	
(32,187,526)	-	(32,187,526)	-	-	
(1,115,106)	-	(1,115,106)	-	-	
(1,084,830)	-	(1,084,830)	-	-	
(2,042,052)	-	(2,042,052)	-	-	
<u>\$ (55,363,273)</u>	<u>\$ -</u>	<u>\$ (55,363,273)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (145,218)	\$ (145,218)	\$ -	\$ -	
-	(143,464)	(143,464)	-	-	
-	(39,963)	(39,963)	-	-	
-	(1,424,262)	(1,424,262)	-	-	
<u>\$ -</u>	<u>\$ (1,752,907)</u>	<u>\$ (1,752,907)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (55,363,273)</u>	<u>\$ (1,752,907)</u>	<u>\$ (57,116,180)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (26,586,069)	\$ -	
-	-	-	-	(33,274)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,586,069)</u>	<u>\$ (33,274)</u>	
\$ 47,553,596	\$ 566,297	\$ 48,119,893	\$ -	\$ -	
3,756,891	-	3,756,891	-	-	
1,797,031	-	1,797,031	-	-	
916,167	-	916,167	-	-	
404,259	-	404,259	-	-	
192,681	-	192,681	-	-	
1,120,228	37,537	1,157,765	50,602	553	
1,497,574	12,901	1,510,475	452,048	3,138	
4,161,599	-	4,161,599	32,137,590	19,113	
(1,193,780)	1,193,780	-	-	-	
<u>\$ 60,206,246</u>	<u>\$ 1,810,515</u>	<u>\$ 62,016,761</u>	<u>\$ 32,640,240</u>	<u>\$ 22,804</u>	
\$ 4,842,973	\$ 57,608	\$ 4,900,581	\$ 6,054,171	\$ (10,470)	
30,192,651	1,503,087	31,695,738	(19,081,161)	611,427	
<u>\$ 35,035,624</u>	<u>\$ 1,560,695</u>	<u>\$ 36,596,319</u>	<u>\$ (13,026,990)</u>	<u>\$ 600,957</u>	

FUND FINANCIAL STATEMENTS

COUNTY OF SHENANDOAH, VIRGINIA
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

	Governmental Funds				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 18,445,184	\$ 184,372	\$ 9,263,107	\$ 367,619	\$ 28,260,282
Cash in custody of others	6,630	-	-	-	6,630
Investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	24,448,537	-	-	-	24,448,537
Accounts receivable	1,462,123	-	-	-	1,462,123
Other	-	-	28,542	-	28,542
Due from other funds	2,591	-	-	-	2,591
Due from component unit	1,773,806	-	-	-	1,773,806
Due from other governmental units	2,256,638	-	-	-	2,256,638
Prepaid items	336,882	-	-	-	336,882
Restricted assets:					
Cash and cash equivalents	-	-	13,838,871	-	13,838,871
Total assets	<u>\$ 48,732,391</u>	<u>\$ 184,372</u>	<u>\$ 23,130,520</u>	<u>\$ 367,619</u>	<u>\$ 72,414,902</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,237,717	\$ -	\$ 551,716	\$ -	\$ 1,789,433
Retainage payable	-	-	150,293	-	150,293
Unearned revenue	638,806	-	-	-	638,806
Total liabilities	<u>\$ 1,876,523</u>	<u>\$ -</u>	<u>\$ 702,009</u>	<u>\$ -</u>	<u>\$ 2,578,532</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 26,663,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,663,843</u>
FUND BALANCES					
Nonspendable	\$ 336,882	\$ -	\$ -	\$ -	\$ 336,882
Restricted	5,130,470	-	-	-	5,130,470
Assigned	1,261,466	184,372	22,428,511	367,619	24,241,968
Unassigned	13,463,207	-	-	-	13,463,207
Total fund balances	<u>\$ 20,192,025</u>	<u>\$ 184,372</u>	<u>\$ 22,428,511</u>	<u>\$ 367,619</u>	<u>\$ 43,172,527</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,732,391</u>	<u>\$ 184,372</u>	<u>\$ 23,130,520</u>	<u>\$ 367,619</u>	<u>\$ 72,414,902</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, 2019

Exhibit 4

		<u>Primary 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	\$	43,172,527
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		31,041,511
Machinery and equipment		2,248,374
Construction in progress		<u>6,180,234</u>
		44,378,837
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$	3,136,112
Net OPEB Asset		<u>5,047</u>
		3,141,159
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	1,100,373
OPEB related items		<u>149,331</u>
		1,249,704
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	\$	(591,631)
General obligation bonds		(24,347,539)
Bond premium		(2,580,207)
Literary loan funds		(629,000)
Lease revenue bonds		(20,105,000)
Capital leases payable		(897,373)
Compensated absences		(1,038,769)
Net pension liability		(2,630,029)
Net OPEB liabilities		<u>(2,333,978)</u>
		(55,153,526)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred charge refunding	\$	(227,018)
Pension related items		(1,143,187)
OPEB related items		<u>(382,872)</u>
		(1,753,077)
Net position of governmental activities	\$	<u><u>35,035,624</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, 2019

Exhibit 5

	Governmental Funds				
	General	Debt Service	County Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 47,363,914	\$ -	\$ -	\$ -	\$ 47,363,914
Other local taxes	7,067,029	-	-	-	7,067,029
Permits, privilege fees, and regulatory licenses	405,834	-	-	-	405,834
Fines and forfeitures	41,221	-	-	-	41,221
Revenue from the use of money and property	889,274	-	230,954	-	1,120,228
Charges for services	2,025,186	-	-	-	2,025,186
Miscellaneous	979,563	518,011	3,406,369	-	4,903,943
Recovered costs	579,109	-	-	-	579,109
Intergovernmental:					
Commonwealth	10,932,525	-	-	-	10,932,525
Federal	2,309,635	-	-	-	2,309,635
Total revenues	\$ 72,593,290	\$ 518,011	\$ 3,637,323	\$ -	\$ 76,748,624
EXPENDITURES					
Current:					
General government administration	\$ 2,661,475	\$ -	\$ -	\$ -	\$ 2,661,475
Judicial administration	2,297,440	-	-	-	2,297,440
Public safety	17,185,771	-	-	-	17,185,771
Public works	1,627,059	-	-	-	1,627,059
Health and welfare	9,240,789	-	-	-	9,240,789
Education	30,412,369	-	-	-	30,412,369
Parks, recreation, and cultural	2,198,531	-	-	-	2,198,531
Community development	1,480,775	-	-	-	1,480,775
Nondepartmental	212,682	-	-	-	212,682
Capital projects	-	-	4,152,533	-	4,152,533
Debt service:					
Principal retirement	-	4,437,300	-	-	4,437,300
Interest and other fiscal charges	-	2,094,365	-	-	2,094,365
Bond issuance costs	-	-	118,057	-	118,057
Total expenditures	\$ 67,316,891	\$ 6,531,665	\$ 4,270,590	\$ -	\$ 78,119,146
Excess (deficiency) of revenues over (under) expenditures	\$ 5,276,399	\$ (6,013,654)	\$ (633,267)	\$ -	\$ (1,370,522)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 234,530	\$ 6,013,654	\$ -	\$ 179,016	\$ 6,427,200
Transfers out	(7,079,703)	-	(541,277)	-	(7,620,980)
Issuance of general obligation bonds	-	-	13,970,000	-	13,970,000
Issuance of Premium on general obligation bonds	-	-	1,530,581	-	1,530,581
Issuance of Capital leases	98,823	-	-	-	98,823
Total other financing sources (uses)	\$ (6,746,350)	\$ 6,013,654	\$ 14,959,304	\$ 179,016	\$ 14,405,624
Net change in fund balances	\$ (1,469,951)	\$ -	\$ 14,326,037	\$ 179,016	\$ 13,035,102
Fund balances - beginning	21,661,976	184,372	8,102,474	188,603	30,137,425
Fund balances - ending	\$ 20,192,025	\$ 184,372	\$ 22,428,511	\$ 367,619	\$ 43,172,527

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, 2019

Exhibit 6

		<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	13,035,102
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	\$	4,732,833
Depreciation expense		(1,165,753)
Allocation of debt financed school assets based on current year repayments		<u>(1,775,157)</u>
		1,791,923
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		189,682
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	\$	(15,599,404)
Principal repayments		4,437,300
Change in accrued interest		(106,969)
Amortization of bond premium		139,432
Amortization of deferred charge on refunding		<u>19,850</u>
		(11,109,791)
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	\$	(63,978)
Pension expense		980,749
OPEB expense		<u>19,286</u>
		936,057
Change in net position of governmental activities	\$	<u><u>4,842,973</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, 2019

Exhibit 7

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,252,682	\$ 417,062	\$ 42,906	\$ 44,280	\$ 1,756,930
Restricted cash	12,070	19,022	-	-	31,092
Taxes receivable, net of allowances for uncollectibles	285,985	28,420	-	-	314,405
Accounts receivable, net of allowances for uncollectibles	226,916	78,352	15,665	129,926	450,859
Prepaid items	3,846	3,520	-	8,250	15,616
Total current assets	<u>\$ 1,781,499</u>	<u>\$ 546,376</u>	<u>\$ 58,571</u>	<u>\$ 182,456</u>	<u>\$ 2,568,902</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land	\$ 37,251	\$ 84,047	\$ 4,950	\$ 377,252	\$ 503,500
Building and improvements	-	-	39,285	4,152,133	4,191,418
Wells, lines, reservoirs	2,805,884	2,118,168	-	-	4,924,052
Machinery and equipment	577,638	71,311	151,732	2,082,635	2,883,316
Construction in progress	-	41,914	-	534,891	576,805
Net OPEB Asset	261	91	-	283	635
Total noncurrent assets	<u>\$ 3,421,034</u>	<u>\$ 2,315,531</u>	<u>\$ 195,967</u>	<u>\$ 7,147,194</u>	<u>\$ 13,079,726</u>
Total assets	<u>\$ 5,202,533</u>	<u>\$ 2,861,907</u>	<u>\$ 254,538</u>	<u>\$ 7,329,650</u>	<u>\$ 15,648,628</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 57,010	\$ 19,821	\$ -	\$ 61,666	\$ 138,497
OPEB related items	7,735	2,690	-	8,372	18,797
Total deferred outflows of resources	<u>\$ 64,745</u>	<u>\$ 22,511</u>	<u>\$ -</u>	<u>\$ 70,038</u>	<u>\$ 157,294</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 39,189	\$ 6,871	\$ 3,668	\$ 518,927	\$ 568,655
Deposits payable-restricted assets	12,070	19,022	-	-	31,092
Accrued interest payable	-	504	-	4,330	4,834
Due to other funds	-	2,591	-	-	2,591
Retainage payable	-	-	-	23,015	23,015
Compensated absences	9,085	2,940	-	17,635	29,660
Bonds payable	-	24,819	-	63,323	88,142
Capital leases	-	-	-	135,780	135,780
Total current liabilities	<u>\$ 60,344</u>	<u>\$ 56,747</u>	<u>\$ 3,668</u>	<u>\$ 763,010</u>	<u>\$ 883,769</u>
Noncurrent liabilities:					
Compensated absences	\$ 27,256	\$ 8,819	\$ -	\$ 52,907	\$ 88,982
Bonds payable	-	266,945	-	813,690	1,080,635
Capital leases	-	-	-	400,396	400,396
Landfill closure and post-closure care	-	-	-	10,685,680	10,685,680
Net pension liability	136,268	47,377	-	147,397	331,042
Net OPEB liabilities	127,727	36,606	-	138,689	303,022
Total noncurrent liabilities	<u>\$ 291,251</u>	<u>\$ 359,747</u>	<u>\$ -</u>	<u>\$ 12,238,759</u>	<u>\$ 12,889,757</u>
Total liabilities	<u>\$ 351,595</u>	<u>\$ 416,494</u>	<u>\$ 3,668</u>	<u>\$ 13,001,769</u>	<u>\$ 13,773,526</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 246,782	\$ 28,073	\$ -	\$ -	\$ 274,855
Pension related items	60,776	16,258	-	71,620	148,654
OPEB related items	19,835	6,897	-	21,460	48,192
Total deferred inflows of resources	<u>\$ 327,393</u>	<u>\$ 51,228</u>	<u>\$ -</u>	<u>\$ 93,080</u>	<u>\$ 471,701</u>
NET POSITION					
Net investment in capital assets	\$ 3,420,773	\$ 2,023,676	\$ 195,967	\$ 5,710,707	\$ 11,351,123
Unrestricted	1,167,517	393,020	54,903	(11,405,868)	(9,790,428)
Total net position	<u>\$ 4,588,290</u>	<u>\$ 2,416,696</u>	<u>\$ 250,870</u>	<u>\$ (5,695,161)</u>	<u>\$ 1,560,695</u>

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

COUNTY OF SHENANDOAH, VIRGINIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 8

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 455,794	\$ 243,968	\$ -	\$ -	\$ 699,762
Sewer sales	699,668	399,579	-	-	1,099,247
Septage income	-	22,965	139,400	-	162,365
Waste collection charges	-	-	-	1,406,250	1,406,250
Total operating revenues	<u>\$ 1,155,462</u>	<u>\$ 666,512</u>	<u>\$ 139,400</u>	<u>\$ 1,406,250</u>	<u>\$ 3,367,624</u>
OPERATING EXPENSES					
Treatment and purification	\$ 475,325	\$ 184,343	\$ -	\$ -	\$ 659,668
Maintenance	195,880	196,679	155,110	-	547,669
Administration	257,674	172,113	-	-	429,787
Other	208,426	56,914	16,515	-	281,855
Refuse collection	-	-	-	735,190	735,190
Refuse disposal	-	-	-	1,270,741	1,270,741
Landfill closure and post-closure costs	-	-	-	376,279	376,279
Depreciation and amortization	192,208	186,253	7,738	401,576	787,775
Total operating expenses	<u>\$ 1,329,513</u>	<u>\$ 796,302</u>	<u>\$ 179,363</u>	<u>\$ 2,783,786</u>	<u>\$ 5,088,964</u>
Operating income (loss)	<u>\$ (174,051)</u>	<u>\$ (129,790)</u>	<u>\$ (39,963)</u>	<u>\$ (1,377,536)</u>	<u>\$ (1,721,340)</u>
NONOPERATING REVENUES (EXPENSES)					
General property taxes	\$ 509,464	\$ 56,833	\$ -	\$ -	\$ 566,297
Investment earnings	17,124	20,413	-	-	37,537
Other	11,309	1,592	-	-	12,901
Interest expense	-	(13,674)	-	(46,726)	(60,400)
Total nonoperating revenues (expenses)	<u>\$ 537,897</u>	<u>\$ 65,164</u>	<u>\$ -</u>	<u>\$ (46,726)</u>	<u>\$ 556,335</u>
Income before contributions and transfers	<u>\$ 363,846</u>	<u>\$ (64,626)</u>	<u>\$ (39,963)</u>	<u>\$ (1,424,262)</u>	<u>\$ (1,165,005)</u>
Capital contributions	\$ 28,833	\$ -	\$ -	\$ -	\$ 28,833
Transfers in	-	-	-	1,193,780	1,193,780
Change in net position	<u>\$ 392,679</u>	<u>\$ (64,626)</u>	<u>\$ (39,963)</u>	<u>\$ (230,482)</u>	<u>\$ 57,608</u>
Total net position - beginning, as restated	<u>\$ 4,195,611</u>	<u>\$ 2,481,322</u>	<u>\$ 290,833</u>	<u>\$ (5,464,679)</u>	<u>\$ 1,503,087</u>
Total net position - ending	<u>\$ 4,588,290</u>	<u>\$ 2,416,696</u>	<u>\$ 250,870</u>	<u>\$ (5,695,161)</u>	<u>\$ 1,560,695</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, 2019

Exhibit 9

	Enterprise Funds				
	Stoney Creek Sanitary District	Toms Brook Maurertown Sanitary District	North Fork Wastewater	Landfill	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,163,189	\$ 668,858	\$ 133,801	\$ 1,398,083	\$ 3,363,931
Payments to suppliers	(412,031)	(434,131)	(178,859)	(485,237)	(1,510,258)
Payments to employees	(817,965)	(308,415)	-	(1,204,793)	(2,331,173)
Net cash provided (used for) operating activities	\$ (66,807)	\$ (73,688)	\$ (45,058)	\$ (291,947)	\$ (477,500)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	\$ -	\$ -	\$ -	\$ 1,193,780	\$ 1,193,780
General property taxes	509,573	57,108	-	-	566,681
Net cash provided (used for) noncapital financing activities	\$ 509,573	\$ 57,108	\$ -	\$ 1,193,780	\$ 1,760,461
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (111,527)	\$ (102,113)	\$ -	\$ (553,069)	\$ (766,709)
Principal paid on capital debt	-	(23,725)	-	(256,514)	(280,239)
Interest paid on capital debt	-	(13,715)	-	(47,970)	(61,685)
Capital contributions	28,833	-	-	-	28,833
Net cash provided (used for) capital and related financing activities	\$ (82,694)	\$ (139,553)	\$ -	\$ (857,553)	\$ (1,079,800)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	\$ 17,124	\$ 20,413	\$ -	\$ -	\$ 37,537
Net cash provided (used for) investing activities	\$ 17,124	\$ 20,413	\$ -	\$ -	\$ 37,537
Net increase (decrease) in cash and cash equivalents	\$ 377,196	\$ (135,720)	\$ (45,058)	\$ 44,280	\$ 240,698
Cash and cash equivalents (including restricted cash)- beginning	887,556	571,804	87,964	-	1,547,324
Cash and cash equivalents (including restricted cash)- ending	\$ 1,264,752	\$ 436,084	\$ 42,906	\$ 44,280	\$ 1,788,022
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (174,051)	\$ (129,790)	\$ (39,963)	\$ (1,377,536)	\$ (1,721,340)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities:					
Depreciation and amortization expense	\$ 192,208	\$ 186,253	\$ 7,738	\$ 401,576	\$ 787,775
Other non-operating income	11,309	1,592	-	-	12,901
Non-cash closure and post closure costs (recovery)	-	-	-	376,279	376,279
(Increase) decrease in accounts receivable	(2,602)	(1,193)	(5,599)	(8,167)	(17,561)
(Increase) decrease in prepaid items	(201)	(183)	-	(8,250)	(8,634)
(Increase) decrease in Net OPEB asset	(261)	(91)	-	(283)	(635)
(Increase) decrease in deferred outflows of resources	(9,435)	(3,126)	-	(5,798)	(18,359)
Increase (decrease) in accounts payable and accrued liabilities	26,613	(69,588)	(7,234)	397,193	346,984
Increase (decrease) in due to other funds	-	(22,965)	-	-	(22,965)
Increase (decrease) in compensated absences	(25,707)	(4,737)	-	(1,636)	(32,080)
Increase (decrease) in deposits payable	(980)	1,947	-	-	967
Increase (decrease) in net pension liability	(33,991)	(8,386)	-	(41,821)	(84,198)
Increase (decrease) in deferred inflows of resources	(40,081)	(21,097)	-	(11,862)	(73,040)
Increase (decrease) in net OPEB liabilities	(9,628)	(2,324)	-	(11,642)	(23,594)
Total adjustments	\$ 107,244	\$ 56,102	\$ (5,095)	\$ 1,085,589	\$ 1,243,840
Net cash provided (used for) operating activities	\$ (66,807)	\$ (73,688)	\$ (45,058)	\$ (291,947)	\$ (477,500)
Schedule of non-cash capital and related financing activities:					
Landfill closure and post-closure costs (recovery)	\$ -	\$ -	\$ -	\$ 376,279	\$ -

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, 2019

Exhibit 10

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 806,438
Receivables:	
Accounts receivable	308,759
Total assets	\$ <u><u>1,115,197</u></u>
LIABILITIES	
Amounts held for social service clients	\$ 5,387
Amounts held for locality rescue agencies	1,109,810
Total liabilities	\$ <u><u>1,115,197</u></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, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Financial Reporting Entity

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

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

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

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

Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Joint Venture – The County of Rappahannock, the County of Shenandoah, and the County of Warren participate in supporting the Rappahannock-Shenandoah-Warren (RSW) Regional Jail, which serves as the localities' regional adult detention center. The RSW Regional Jail became operational on July 1, 2014. The RSW Regional Jail is governed by a nine-member board, an Authority, consisting of three members each from the three participating counties. The participating localities pay a per diem charge each year based on the participating localities' usage of the jail for the preceding three years. In April 2012, the RSW Regional Jail Authority issued \$45,240,000 in moral obligation bonds with varying annual payments, with a final maturity at April 1, 2043. The bonds were issued at a premium of \$4,992,732. The outstanding principal portion and unamortized premium of the bonds for the RSW Regional Jail at June 30, 2019 total \$46,687,984. 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 2019, the County contributed \$2,967,579 for the operations of the jail.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

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

A. Financial Reporting Entity (Continued)

Other Organizations (Continued)

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

Summary financial information for the RSW Regional Jail at June 30, 2019 is provided below:

		RSW Regional Jail
Total assets and deferred outflows of resources	\$	75,169,346
Total liabilities and deferred inflows of resources		48,885,507
Total net position	\$	<u>26,283,839</u>
For the year ended June 30, 2019		
Operating revenue	\$	14,533,457
Operating expenses		(13,454,825)
Nonoperating income (expense)		(1,550,967)
Change in net position	\$	<u>(472,335)</u>
Net position at beginning of year		26,756,174
Net position at end of year	\$	<u>26,283,839</u>

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

Jointly Governed Organizations – The County, in conjunction with other localities has created the Northwestern Regional Juvenile Detention Center and the Northwestern Community Services Board. The School Board participates in the Shenandoah Valley Regional Program for Special Education. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$247,662 for operations to the Northwestern Community Services Board and \$534,010 to the Northwestern Regional Juvenile Detention Center. The School Board contributed \$1,695,696 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.

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

The government reports the following governmental fund types:

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

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

The government reports the following fiduciary fund types:

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

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

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

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

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

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

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

2. Receivables and payables

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

3. Property taxes

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

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

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

4. Allowance for uncollectible accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,877,373 at June 30, 2019 and is comprised solely of property taxes. This allowance represents 0.8456% of the total levies for the previous six years. The allowance amounted to \$568 for Toms Brook-Maurertown Sanitary District and \$5,472 for Stoney Creek Sanitary District at June 30, 2019.

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 \$3,916 for Toms Brook-Maurertown Sanitary District, and \$18,438 for the landfill fund at June 30, 2019.

5. Inventories and prepaid items

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

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

6. Restricted assets

At June 30, 2019, the County's restricted assets consisted of funds restricted for the construction of the sheriff's office in the General fund in the amount of \$13,838,871 and Sanitary Districts customer deposits in the amount of \$31,092.

7. Capital assets

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

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

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

7. Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no capitalized interest during the current fiscal year.

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

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

8. Compensated absences

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

9. Long-term obligations

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

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

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

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

10. Fund equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

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

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

10. Fund equity (continued)

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

	General Fund	Debt Service Fund	Major Capital Projects Fund	Other Funds	Total
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 336,882	\$ -	\$ -	\$ -	\$ 336,882
Restricted:					
Asset forfeiture proceeds-Virginia	\$ 71,743	\$ -	\$ -	\$ -	\$ 71,743
Asset forfeiture proceeds-Federal	5,058,727	-	-	-	5,058,727
Total Restricted	<u>\$ 5,130,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,130,470</u>
Assigned:					
Debt service	\$ -	\$ 184,372	\$ -	\$ -	\$ 184,372
Capital projects	-	-	22,428,511	100,084	22,528,595
Law library	110,236	-	-	-	110,236
KidzRec	242,663	-	-	-	242,663
Gypsy moth	10,655	-	-	-	10,655
Purchase development rights	2,503	-	-	-	2,503
Project lifesaver	11,443	-	-	-	11,443
Triad	4,891	-	-	-	4,891
Sheriff federal cases	143,840	-	-	-	143,840
Spay and neuter	79,247	-	-	-	79,247
Pump and haul	19,092	-	-	-	19,092
Crime prevention	3,268	-	-	-	3,268
Jail canteen	36,602	-	-	-	36,602
Sludge disposal	360,249	-	-	-	360,249
Landfill recovery	236,449	-	-	-	236,449
Landfill contingency	-	-	-	267,535	267,535
DARE	328	-	-	-	328
Total Assigned	<u>\$ 1,261,466</u>	<u>\$ 184,372</u>	<u>\$ 22,428,511</u>	<u>\$ 367,619</u>	<u>\$ 24,241,968</u>
Unassigned	<u>\$ 13,463,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,463,207</u>
Total Fund Balances	<u><u>\$ 20,192,025</u></u>	<u><u>\$ 184,372</u></u>	<u><u>\$ 22,428,511</u></u>	<u><u>\$ 367,619</u></u>	<u><u>\$ 43,172,527</u></u>

11. Net position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

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

12. Net position flow assumption

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.

13. 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

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

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.

G. Deferred Outflows/Inflows of Resources

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

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

G. Deferred Outflows/Inflows of Resources (continued)

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

H. Pensions

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

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

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

I. Other Postemployment Benefits (OPEB) (Continued)

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

NOTE 2—RESTATEMENT OF NET POSITION:

The beginning net position of the Business-type Activities, (North Fork Wastewater Fund and Landfill Fund) were restated to reclassify general obligation bond indebtedness and related assets in the landfill fund per request of the funding agency. This adjustment resulted in the following restatements:

	Business-type Activities		
	North Fork Wastewater	Landfill	Total Primary Government
Net Position as reported at June 30, 2018	\$ 391,831	\$ (5,565,677)	\$ (5,173,846)
Adjustment:			
To reclassify 2011 general obligation bond indebtedness and resulting capital assets	(100,998)	100,998	-
Net Position as restated at June 30, 2018	\$ <u>290,833</u>	\$ <u>(5,464,679)</u>	\$ <u>(5,173,846)</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The appropriation for each function can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government activities and the School Board is authorized to transfer budgeted amounts within the school system's categories. The legal level of budgetary control is at the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Fund and School Cafeteria Fund are integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all County units.
8. Budgetary data presented in the accompanying financial statements includes both the original and the amended budget for the year ended June 30, 2019. Several supplemental appropriations were necessary during the year.

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 and certain corporate notes, banker's acceptance, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

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.

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

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 30,722,555
Total	\$ 30,722,555

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)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Greater Than</u>
		<u>1 Year</u>			<u>10 Years</u>
Local Government Investment Pool	\$ 30,722,555	\$ 30,722,555	\$ -	\$ -	\$ -
Total	\$ 30,722,555	\$ 30,722,555	\$ -	\$ -	\$ -

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 5—INTERFUND OBLIGATIONS:**

	Due From Component Unit	Due To Component Unit	Due from Other Funds	Due to Other Funds
Primary Government:				
General Fund	\$ 1,773,806	\$ -	\$ 2,591	\$ -
Toms Brook-Maurertown Sanitary District	-	-	-	2,591
Sub-total	<u>\$ 1,773,806</u>	<u>\$ -</u>	<u>\$ 2,591</u>	<u>\$ 2,591</u>
Discretely Presented Component Units:				
School Operating Fund	\$ -	\$ 1,773,806	\$ 90,475	\$ -
School Cafeteria Fund	-	-	-	90,475
Sub-total	<u>\$ -</u>	<u>\$ 1,773,806</u>	<u>\$ 90,475</u>	<u>\$ 90,475</u>
Total reporting entity	<u>\$ 1,773,806</u>	<u>\$ 1,773,806</u>	<u>\$ 93,066</u>	<u>\$ 93,066</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, 2019 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 234,530	\$ 7,079,703
County Debt Service	6,013,654	-
County Capital Projects	-	541,277
Landfill Contingency	179,016	-
District	-	-
Landfill	1,193,780	-
Total	<u>\$ 7,620,980</u>	<u>\$ 7,620,980</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.

NOTE 7—DUE FROM TOMS BROOK-MAURERTOWN SANITARY DISTRICT:

During fiscal year 1994, the General Fund built a septage handling facility at the Toms Brook-Maurertown Sanitary District location for \$235,240. This amount is being repaid to the General Fund from tipping fees that are collected by Toms Brook and from septic application fees collected by the General Fund on behalf of the District. The balance as of June 30, 2019 was \$2,591.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 8—DUE FROM OTHER GOVERNMENTAL UNITS:

	Primary Government	Component Unit School Board
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 848,286
Local sales taxes	670,078	-
Comprehensive services act funds	755,971	-
Public assistance and welfare	106,562	-
Fringe benefits	228,494	-
Other funds	278,427	-
Federal Government:		
Public assistance and welfare	178,854	-
Other funds	38,252	-
School funds	-	489,672
Cafeteria funds	-	11,077
Total	<u>\$ 2,256,638</u>	<u>\$ 1,349,035</u>

NOTE 9—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,908,718	\$ -	\$ -	\$ 4,908,718
Construction in progress	2,032,264	4,147,970	-	6,180,234
Total capital assets not being depreciated	<u>\$ 6,940,982</u>	<u>\$ 4,147,970</u>	<u>\$ -</u>	<u>\$ 11,088,952</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 44,814,857	\$ 22,561	\$ (2,675,088)	\$ 42,162,330
Machinery and equipment	9,476,698	1,077,446	(122,189)	10,431,955
Total capital assets being depreciated	<u>\$ 54,291,555</u>	<u>\$ 1,100,007</u>	<u>\$ (2,797,277)</u>	<u>\$ 52,594,285</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,948,207)	\$ (633,107)	\$ 460,495	\$ (11,120,819)
Machinery and equipment	(7,697,416)	(532,646)	46,481	(8,183,581)
Total accumulated depreciation	<u>\$ (18,645,623)</u>	<u>\$ (1,165,753)</u>	<u>\$ 506,976</u>	<u>\$ (19,304,400)</u>
Total capital assets being depreciated, net	<u>\$ 35,645,932</u>	<u>\$ (65,746)</u>	<u>\$ (2,290,301)</u>	<u>\$ 33,289,885</u>
Governmental activities capital assets, net	<u>\$ 42,586,914</u>	<u>\$ 4,082,224</u>	<u>\$ (2,290,301)</u>	<u>\$ 44,378,837</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 9—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

	Ending Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 503,500	\$ -	\$ -	\$ 503,500
Construction in progress	552,305	547,854	(523,354)	576,805
Total capital assets not being depreciated	\$ 1,055,805	\$ 547,854	\$ (523,354)	\$ 1,080,305
Capital assets being depreciated:				
Buildings and infrastructure	\$ 7,393,280	\$ 23,008	\$ -	\$ 7,416,288
Water distribution system	14,086,018	625,513	(247,342)	14,464,189
Machinery and equipment	11,950,048	105,023	(120,345)	11,934,726
Total capital assets being depreciated	\$ 33,429,346	\$ 753,544	\$ (367,687)	\$ 33,815,203
Accumulated depreciation:				
Buildings and improvements	\$ (3,059,589)	\$ (165,281)	\$ -	\$ (3,224,870)
Wells, lines and reservoirs	(9,462,898)	(324,581)	247,342	(9,540,137)
Machinery and equipment	(8,873,842)	(297,913)	120,345	(9,051,410)
Total accumulated depreciation	\$ (21,396,329)	\$ (787,775)	\$ 367,687	\$ (21,816,417)
Business-type activities, capital assets, net	\$ 13,088,822	\$ 513,623	\$ (523,354)	\$ 13,079,091

Capital assets of the governmental activities in the amount of \$2,675,088 were transferred to the Component Unit School Board, capital assets in the amount of \$515,144 were transferred from the Component unit School Board to the Primary Government, additionally, a net transfer of \$384,787 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, 2019 as required by the Code of Virginia.

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

Governmental Activities:	
General government administration	\$ 448,097
Judicial administration	212,587
Public safety	458,219
Public works	2,400
Health and welfare	18,370
Culture and recreation	26,080
Total depreciation expense-governmental activities	\$ 1,165,753
Business-type Activities:	
Stoney Creek Sanitary District	\$ 192,208
Toms Brook-Maurertown Sanitary District	186,253
North Fork Wastewater Fund	7,738
Landfill	401,576
Total depreciation expense business-type activities	\$ 787,775

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 9—CAPITAL ASSETS: (CONTINUED)

Capital Leases:

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

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Equipment	\$ 1,635,016	\$ 723,407
Less: Accumulated depreciation	(700,185)	(191,407)
Total	<u>\$ 934,831</u>	<u>\$ 532,000</u>

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

Year Ended June 30,	Governmental Activities	Business-type Activities
2020	\$ 300,628	\$ 151,327
2021	263,229	151,327
2022	198,384	151,327
2023	176,883	118,570
Total minimum lease payments	\$ 939,124	\$ 572,551
Less: Amount representing interest	(41,751)	(36,375)
Present value of minimum lease payments	<u>\$ 897,373</u>	<u>\$ 536,176</u>

Discretely Presented Component Units:

Activity for the School Board for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,725,275	\$ -	\$ -	\$ 5,725,275
Construction in progress	728,497	2,251,640	(1,822,505)	1,157,632
Total capital assets not being depreciated	<u>\$ 6,453,772</u>	<u>\$ 2,251,640</u>	<u>\$ (1,822,505)</u>	<u>\$ 6,882,907</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 74,450,915	\$ 3,722,441	\$ -	\$ 78,173,356
Machinery and equipment	11,496,390	1,766,956	(515,144)	12,748,202
Total capital assets being depreciated	<u>\$ 85,947,305</u>	<u>\$ 5,489,397</u>	<u>\$ (515,144)</u>	<u>\$ 90,921,558</u>
Accumulated depreciation:				
Buildings and improvements	\$ (34,076,752)	\$ (1,905,779)	\$ (460,495)	\$ (36,443,026)
Machinery and equipment	(8,971,517)	(789,710)	75,708	(9,685,519)
Total accumulated depreciation	<u>\$ (43,048,269)</u>	<u>\$ (2,695,489)</u>	<u>\$ (384,787)</u>	<u>\$ (46,128,545)</u>
Total capital assets being depreciated, net	<u>\$ 42,899,036</u>	<u>\$ 2,793,908</u>	<u>\$ (899,931)</u>	<u>\$ 44,793,013</u>
School Board capital assets, net	<u>\$ 49,352,808</u>	<u>\$ 5,045,548</u>	<u>\$ (2,722,436)</u>	<u>\$ 51,675,920</u>

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 9—CAPITAL ASSETS: (CONTINUED)

Depreciation expense for the Component Unit School Board was \$2,695,489 and a net transfer of \$384,787 was transferred in accumulated depreciation from the primary government due to debt repayments for the year ended June 30, 2019.

Activity for the Shenandoah County Library for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 33,766	\$ -	\$ 33,766
Capital assets being depreciated:				
Buildings and system	\$ 285,197	\$ 6,219	\$ -	\$ 291,416
Machinery and equipment	187,227	17,994	(5,480)	199,741
Total capital assets being depreciated	\$ 472,424	\$ 17,994	\$ (5,480)	\$ 491,157
Accumulated depreciation:				
Buildings and system	\$ (112,307)	\$ (7,389)	\$ -	\$ (119,696)
Machinery and equipment	(151,592)	(6,456)	5,480	(152,568)
Total accumulated depreciation	\$ (263,899)	\$ (13,845)	\$ 5,480	\$ (272,264)
Total Library capital assets being depreciated, net	\$ 208,525	\$ 4,149	\$ -	\$ 218,893
Library capital assets, net	\$ 208,525	\$ 37,915	\$ -	\$ 252,659

NOTE 10—UNEARNED REVENUE:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$638,806 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 \$221,856 was outstanding at June 30, 2019. 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 \$124,826 at June 30, 2019.
- C. Parks and Recreation Trip Deposits– Funds collected for future recreational trips totaled \$292,124 at June 30, 2019.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 11—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$23,527,731 and \$26,663,843 respectively, is comprised of the following:

- A. Prepaid Property Taxes – Property taxes due subsequent to June 30, 2019, but paid in advance by the taxpayers totaled \$2,845,645 in the general fund at June 30, 2019.
- B. Unbilled Property Taxes – Property taxes for the second half of 2019 that had not been billed as of June 30, 2019 amounted to \$20,682,086.
- C. Unavailable Property Taxes – Uncollected tax billings not available for funding of current expenditures totaled \$3,136,112 at June 30, 2019.

NOTE 12—LONG-TERM OBLIGATIONS:

Changes in long-term obligations

The following is a summary of changes in long-term obligation transactions of the Primary Government for the year ended June 30, 2019:

	Balance July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2019
Governmental Activities:				
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 27,856,936	\$ -	\$ 3,509,397	\$ 24,347,539
Bond Premium	1,189,058	1,530,581	139,432	2,580,207
Literary Loan Funds	943,500	-	314,500	629,000
Lease Revenue Bonds	6,435,000	13,970,000	300,000	20,105,000
Total direct borrowings and placements	\$ 36,424,494	\$ 15,500,581	\$ 4,263,329	\$ 47,661,746
Other Liabilities:				
Capital Leases	1,111,953	98,823	313,403	897,373
Compensated Absences	974,792	648,852	584,875	1,038,769
Net pension Liability	3,302,221	4,335,812	5,008,004	2,630,029
Net OPEB Liabilities	2,519,607	326,279	511,908	2,333,978
Total Governmental Activities	\$ 44,333,067	\$ 20,910,347	\$ 10,681,519	\$ 54,561,895
Business-type Activities:				
Direct Borrowings and Placements:				
General Obligation/Revenue Bonds	\$ 1,254,010	\$ -	\$ 85,233	\$ 1,168,777
Total direct borrowings and placements	\$ 1,254,010	\$ -	\$ 85,233	\$ 1,168,777
Other Liabilities:				
Capital Leases	\$ 731,182	\$ -	\$ 195,006	\$ 536,176
Compensated Absences	150,722	58,353	90,433	118,642
Net Pension Liability	415,240	550,286	634,484	331,042
Net OPEB Liabilities	326,616	40,845	64,439	303,022
Landfill Closure and Post-Closure Care	10,309,400	376,280	-	10,685,680
Total Business-type Activities	\$ 13,187,170	\$ 1,025,764	\$ 1,069,595	\$ 13,143,339
Total Long-Term Obligations	\$ 57,520,237	\$ 21,936,111	\$ 11,751,114	\$ 67,705,234

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, 2019 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

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

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Governmental Activities			
	Capital Leases		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 282,003	\$ 18,625	\$ 315,000	\$ 900,347
2021	250,534	12,695	330,000	885,619
2022	190,762	7,622	695,000	860,453
2023	174,074	2,809	715,000	824,672
2024	-	-	940,000	783,088
2025	-	-	990,000	735,356
2026	-	-	1,030,000	686,669
2027	-	-	1,015,000	636,816
2028	-	-	905,000	589,281
2029	-	-	895,000	545,347
2030	-	-	915,000	500,491
2031	-	-	960,000	454,544
2032	-	-	1,010,000	406,813
2033	-	-	1,060,000	358,363
2034	-	-	1,105,000	309,603
2035	-	-	1,155,000	258,953
2036	-	-	1,205,000	209,478
2037	-	-	1,260,000	160,563
2038	-	-	1,305,000	109,659
2039	-	-	1,360,000	56,741
2040	-	-	225,000	26,169
2041	-	-	230,000	18,975
2042	-	-	240,000	11,544
2043	-	-	245,000	3,875
Total	\$ 897,373	\$ 41,751	\$ 20,105,000	\$ 10,333,416

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Governmental Activities			
	General Obligation Bonds		State Literary Loans	
	Principal	Interest	Principal	Interest
2020	\$ 3,649,519	\$ 1,332,368	\$ 314,500	\$ 18,870
2021	3,788,879	1,173,813	314,500	9,434
2022	3,932,565	1,007,332	-	-
2023	4,072,128	833,193	-	-
2024	2,162,468	703,893	-	-
2025	2,218,180	622,133	-	-
2026	2,032,314	538,513	-	-
2027	2,094,789	452,190	-	-
2028	262,490	9,947	-	-
2029	134,207	2,013	-	-
Total	\$ 24,347,539	\$ 6,675,395	\$ 629,000	\$ 28,304

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Business-type Activities			
	Toms Brook-Maurertown Sanitary District Bonds		Landfill VRA Loan	
	Principal	Interest	Principal	Interest
2020	\$ 24,819	\$ 12,621	\$ 63,323	\$ 25,236
2021	25,960	11,480	65,192	23,367
2022	27,152	10,288	67,116	21,443
2023	28,400	9,040	69,097	19,462
2024	29,704	7,736	71,137	17,423
2025	31,069	6,371	73,236	15,323
2026	32,496	4,944	75,398	13,162
2027	33,989	3,451	77,623	10,936
2028	35,550	1,890	79,914	8,645
2029	22,625	337	82,273	6,287
2030	-	-	84,701	3,858
2031	-	-	68,003	1,358
	\$ 291,764	\$ 68,158	\$ 877,013	\$ 166,500

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Business-type Activities	
	Landfill	
	Capital	Lease
	Principal	Interest
2020	\$ 135,780	\$ 15,547
2021	139,994	11,333
2022	144,339	6,988
2023	116,063	2,507
	<u>\$ 536,176</u>	<u>\$ 36,375</u>

PRIMARY GOVERNMENT

Details of long-term obligations:

Governmental Activities:

Capital leases:

	Total Amount Due	Amount Due Within One Year
\$396,970 issued June 17, 2014, due in semi-annual installments of \$37,772 beginning July 24, 2014, through July 24, 2019, for the purchase of five school buses	\$ 37,435	\$ 37,435
\$410,500 issued June 28, 2016, due in quarterly installments of \$21,491 beginning September 28, 2016, through June 28, 2021, for the purchase of five school buses	189,210	83,167
\$729,723 issued June 1, 2018, due in quarterly installments of \$39,228 beginning September 1, 2018, through June 1, 2023, for the purchase of nine school buses	591,805	141,821
\$98,823 issued January 25, 2019, due in annual installments of \$19,983 beginning June 1, 2019, through June 1, 2023, for the purchase computer software	<u>78,923</u>	<u>19,580</u>
Total capital leases	<u>\$ 897,373</u>	<u>\$ 282,003</u>

Direct Borrowings and Placements:

Lease Revenue Bonds:

\$3,255,000 2011B refunding bonds were issued on November 26, 2011, due in varying annual installments beginning June 1, 2012, through June 1, 2029, bearing interest at 2.97%	\$ 2,020,000	\$ 210,000
\$4,495,000 2012C lease revenue bonds were issued on December 6, 2012, due in varying annual installments beginning October 1, 2015 through October 1, 2042, bearing interest at varying rates ranging from 3.125%-4.845%	4,115,000	105,000
\$13,970,000 2018C lease revenue bonds were issued on November 14, 2018, due in varying annual installments beginning April 1, 2019 through April 1, 2039, bearing interest at varying rates ranging from 4.125%-5.125%	<u>13,970,000</u>	<u>-</u>
Total lease revenue bonds	<u>\$ 20,105,000</u>	<u>\$ 315,000</u>

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)**

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	<u>Total Amount Due</u>	<u>Amount Due Within One Year</u>
Direct Borrowings and Placements: (Continued)		
General Obligation Bonds:		
\$4,000,000 VRA bond for Town of Mt. Jackson WWTP expansion project, issued in 2008, semi-annual payments of \$136,219 maturing January 1, 2029, with interest payable at 3%.	\$ 2,237,548	\$ 206,850
\$15,760,000 VRA bond issued November 19, 2009, due in semi-annual installments totaling \$1,539,334 maturing October 1, 2026, with interest payable at 5.125%	9,575,000	1,050,000
\$25,140,000 Virginia Public School Authority Bonds 2002, issued May 16, 2002, at a premium of \$836,018, annual payments of \$2,019,563 through July 15, 2022, with interest payable semi-annually at rates of 3.6% to 5.6%.	7,300,000	1,690,000
\$4,130,808 Virginia Public School Authority Bonds 2004B, issued November 10, 2004, at a premium of \$303,424, maturing annually through January 15, 2025, with interest payable semi-annually at rates of 4.6% to 5.6%.	1,379,991	222,669
\$7,435,000 Virginia Public School Authority Bonds 2010, issued July 8, 2010, annual payments of \$480,000 through June 1, 2027, with interest payable semi-annually at rates of 2.7%. Interest is reimbursed by a federal interest subsidy.	<u>3,855,000</u>	<u>480,000</u>
Total general obligation bonds	\$ <u>24,347,539</u>	\$ <u>3,649,519</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Governmental Activities: (continued)

	Total Amount Due	Amount Due Within One Year
Direct Borrowings and Placements: (Continued)		
Literary Fund Loans:		
\$1,290,000 issued April 1, 2001 for the renovation of Ashby Lee Elementary School, due in annual installments of \$64,500 from April 1, 2002 through April 1, 2021, plus interest at 3%.	\$ 129,000	\$ 64,500
\$1,931,000 issued April 1, 2001 for the renovation of Sandy Hook Elementary School, due in annual installments of \$96,550 from April 1, 2002 through April 1, 2021, plus interest at 3%.	193,100	96,550
\$3,069,000 issued April 1, 2001 for the renovation of W. W. Robinson Elementary School, due in annual installments of \$153,450 from April 1, 2002 through April 1, 2021, plus interest at 3%.	306,900	153,450
Total Literary Fund Loans	\$ 629,000	\$ 314,500
Total Direct Borrowings and Placements	\$ 45,081,539	\$ 4,279,019
Unamortized Bond Premium	\$ 2,580,207	\$ 139,432
Other Liabilities:		
Compensated absences	\$ 1,038,769	\$ 277,328
Net pension liability	\$ 2,630,029	\$ -
Net OPEB liabilities	\$ 2,333,978	\$ -
Total Governmental Activities Long-term Obligation	\$ 54,561,895	\$ 4,977,782

Business-type Activities:

Stoney Creek Sanitary District:

Compensated absences	\$ 36,341	\$ 9,085
Net pension liability	\$ 136,268	\$ -
Net OPEB liabilities	\$ 127,727	\$ -
Total Stoney Creek Sanitary District	\$ 300,336	\$ 9,085

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)

PRIMARY GOVERNMENT (continued)

Details of long-term obligations: (continued)

Business-type Activities: (continued)

	Total Amount Due	Amount Due Within One Year
<u>Toms Brook-Maurertown Sanitary District:</u>		
General Obligation Revenue Bonds:		
Direct Borrowings and Placements:		
\$634,000 General Obligation Bond Series of 1995, with interest only payable annually in February 1996 and 1997, and thereafter payable in monthly installments of \$3,120, including principal and interest at 4.5% per annum beginning in March 1997, and ending in February 2029.	\$ 291,764	\$ 24,819
Total Direct Borrowings and Placements	\$ 291,764	\$ 24,819
Other Liabilities:		
Compensated absences	\$ 11,759	\$ 2,940
Net pension liability	\$ 47,377	\$ -
Net OPEB liabilities	\$ 36,606	\$ -
Total Toms Brook-Maurertown Sanitary District	\$ 387,506	\$ 27,759
<u>Landfill:</u>		
Lease Revenue Bond:		
Direct Borrowings and Placements:		
\$1,304,415 VRA Bond 2011, payable semi-annually beginning on December 1, 2012 of \$7,106, including principal and interest at 2.93%, and ending in June 2032.	\$ 877,013	\$ 63,323
Total Direct Borrowings and Placements	\$ 877,013	\$ 63,323
Capital leases:		
\$330,260 issued April 27, 2017, due in semi-annual installments of \$32,249 beginning January 1, 2018, through January 1, 2023, at an annual interest rate of 2.36%, for the purchase of two utility truck and roll off equipment	\$ 216,680	\$ 59,720
\$393,147 issued June 7, 2018, due in semi-annual installments of \$42,907 beginning December 18, 2018, through June 8, 2023 at an annual interest rate of 3.244%, for the purchase of an excavator and loader	319,496	76,060
Total capital leases	\$ 536,176	\$ 135,780
Other Liabilities:		
Landfill closure and post-closure care	\$ 10,685,680	\$ -
Compensated absences	\$ 70,542	\$ 17,635
Net pension liability	\$ 147,397	\$ -
Net OPEB liabilities	\$ 138,689	\$ -
Total landfill	\$ 12,455,497	\$ 216,738
Total Business-type Activities	\$ 13,143,339	\$ 253,582

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 12—LONG-TERM OBLIGATIONS: (CONTINUED)****DISCRETLY PRESENTED COMPONENT UNIT-SCHOOL BOARD:**

Changes in long-term obligations:

The following is a summary of long-term liability transactions of the Component Unit – School Board for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
Compensated Absences \$	901,496	\$ 566,043	\$ 540,898	\$ 926,642	\$ 231,660
Net Pension Liability	53,637,873	12,545,992	15,511,540	50,672,325	-
Net OPEB Liabilities	15,162,000	1,815,000	1,663,000	15,314,000	-
Total	<u>\$ 69,701,369</u>	<u>\$ 14,927,035</u>	<u>\$ 17,715,438</u>	<u>\$ 66,912,967</u>	<u>\$ 231,660</u>

NOTE 13—OTHER LIABILITIES – ENTERPRISE FUNDS:

The other liabilities of the Sanitary Districts at June 30, 2019, consist of the following:

	Stoney Creek	Toms-Brook Maurertown	Total
Security deposits	\$ 12,070	\$ 19,022	\$ 31,092
Total	<u>\$ 12,070</u>	<u>\$ 19,022</u>	<u>\$ 31,092</u>

NOTE 14—DEFERRED COMPENSATION PLAN:

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

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

NOTE 15—PENSION PLAN:

Plan Description

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

Benefits Structures

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	151	144
Inactive members:		
Vested inactive members	48	26
Non-vested inactive members	65	55
Inactive members active elsewhere in VRS	194	29
Total inactive members	307	110
Active members	287	197
Total covered employees	745	451

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 9.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,238,870 and \$1,220,980 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 6.28% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$209,518 and \$221,810 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)**

NOTE 15—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Largest 10 – Non-Hazardous Duty:

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

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

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)**

NOTE 15—PENSION PLAN: (CONTINUED)

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school 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, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 48,514,439	\$ 44,796,977	\$ 3,717,462
Changes for the year:			
Service cost	\$ 1,527,395	\$ -	\$ 1,527,395
Interest	3,323,028	-	3,323,028
Differences between expected and actual experience	(478,973)	-	(478,973)
Contributions - employer	-	1,220,983	(1,220,983)
Contributions - employee	-	627,075	(627,075)
Net investment income	-	3,310,920	(3,310,920)
Benefit payments, including refunds	(2,085,220)	(2,085,220)	-
Administrative expenses	-	(28,168)	28,168
Other changes	-	(2,969)	2,969
Net changes	\$ 2,286,230	\$ 3,042,621	\$ (756,391)
Balances at June 30, 2018	\$ 50,800,669	\$ 47,839,598	\$ 2,961,071
	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 13,657,605	\$ 13,358,732	\$ 298,873
Changes for the year:			
Service cost	\$ 361,956	\$ -	\$ 361,956
Interest	924,180	-	924,180
Differences between expected and actual experience	(213,776)	-	(213,776)
Contributions - employer	-	205,999	(205,999)
Contributions - employee	-	156,422	(156,422)
Net investment income	-	977,080	(977,080)
Benefit payments, including refunds	(910,061)	(910,061)	-
Administrative expenses	-	(8,738)	8,738
Other changes	-	(855)	855
Net changes	\$ 162,299	\$ 419,847	\$ (257,548)
Balances at June 30, 2018	\$ 13,819,904	\$ 13,778,579	\$ 41,325

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 10,131,686	\$ 2,961,071	\$ (2,920,158)
Component Unit School Board (nonprofessional)			
Net Pension Liability	\$ 1,532,346	\$ 41,325	\$ (1,223,902)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$60,967 and \$(251,597), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 791,728	\$ 1,900	\$ 285,401
Changes of assumptions	-	98,948	-	52,137
Net difference between projected and actual earnings on pension plan investments	-	401,165	-	118,552
Employer contributions subsequent to the measurement date	1,238,870	-	209,518	-
Total	\$ 1,238,870	\$ 1,291,841	\$ 211,418	\$ 456,090

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

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

\$1,238,870 and \$209,518 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2020	\$ (461,117)	\$ (244,832)
2021	(272,775)	(58,600)
2022	(521,046)	(138,462)
2023	(36,903)	(12,296)
2024	-	-
Thereafter	-	-

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,792,551 and \$5,595,934 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 15—PENSION PLAN: (CONTINUED)****Component Unit School Board (professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2019, the school division reported a liability of \$50,631,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .43054% as compared to .43372% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$2,984,000. Since there was a change in proportionate share measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,329,000
Change in assumptions	604,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,074,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	599,000	1,277,000
Employer contributions subsequent to the measurement date	5,792,551	-
Total	<u>\$ 6,995,551</u>	<u>\$ 6,680,000</u>

\$5,792,551 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, 2020. 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>	
2020	\$ (677,000)
2021	(1,222,000)
2022	(2,495,000)
2023	(856,000)
2024	(227,000)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 15—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability	\$	77,340,000	\$ 50,631,000	\$ 28,523,000

Pension Plan Fiduciary Net Position

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 16—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 15, 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.

Plan Membership

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

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

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$39,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$377,000.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 16—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 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 3.62% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2018

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

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is equal to the Fidelity Index 20-Year Municipal GO AA Index. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 1,823,000	\$ 6,539,000
Changes for the year:		
Service cost	111,000	451,000
Interest	68,000	242,000
Difference between expected and actual experience	(337,000)	442,000
Changes in assumptions	(19,000)	(535,000)
Benefit payments	(39,000)	(377,000)
Net changes	(216,000)	223,000
Balances at June 30, 2019	\$ 1,607,000	\$ 6,762,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 16—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

The following amounts present the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Primary Government			
\$	1,786,000	\$ 1,607,000	\$ 1,449,000
Component Unit School Board			
\$	7,339,000	\$ 6,762,000	\$ 6,207,000

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend (6.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Primary Government			
\$	1,407,000	\$ 1,607,000	\$ 1,846,000
	Rates		
	1% Decrease (3.1% increasing to 4.0%)	Healthcare Cost Trend (4.10% increasing to 5.0%)	1% Increase (5.1% increasing to 6.0%)
Component Unit School Board			
\$	5,993,000	\$ 6,762,000	\$ 7,673,000

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 16—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the Primary Government recognized OPEB expense in the amount of \$128,000. The School Board recognized OPEB expense in the amount of \$691,000. At June 30, 2019, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 284,000	\$ 395,000	\$ -
Changes in assumptions	-	16,000	-	478,000
Employer contributions subsequent to the measurement date	39,000	-	377,000	-
Total	<u>\$ 39,000</u>	<u>\$ 300,000</u>	<u>\$ 772,000</u>	<u>\$ 478,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit School Board
2020	\$ (56,000)	\$ (10,000)
2021	(56,000)	(10,000)
2022	(56,000)	(10,000)
2023	(56,000)	(10,000)
2024	(56,000)	(10,000)
Thereafter	(20,000)	(33,000)

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. County contributions to the Group Life Insurance Program from the entity were \$71,182 and \$67,119 for the years ended June 30, 2019 and June 30, 2018, respectively. The Component Unit School Board's contributions to the Group Life Insurance Program for nonprofessional employees were \$19,125 and \$18,555, for the years ended June 30, 2019 and June 30, 2017 respectively. The Component Unit School Board's contributions to the Group Life Insurance Program for professional employees were \$195,131 and \$181,805, for the years ended June 30, 2019 and June 30, 2017 respectively.

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

At June 30, 2019, the County reported a liability of \$1,030,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.06788% as compared to 0.06765% at June 30, 2017.

At June 30, 2019, the School Board reported liability of \$285,000 for nonprofessional employees and \$2,787,000 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018 and June 30, 2017, the participating employer's proportion for nonprofessional employees was 0.01876% and 0.02000% respectively. At June 30, 2018, the participating employer's proportion for School Board professional employees was 0.18357% as compared to 0.18620% at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$7,000, while the School Board recognized GLI OPEB expense of (\$3,000), and \$7,000 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, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (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 Program OPEB (continued)

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Nonprofessional Employees Deferred Outflows of Resources	Nonprofessional Employees Deferred Inflows of Resources	Professional Employees Deferred Outflows of Resources	Professional Employees Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,000	\$ 18,000	\$ 14,000	\$ 5,000	\$ 136,000	\$ 50,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	34,000	-	9,000	-	91,000
Change in assumptions	-	43,000	-	12,000	-	116,000
Changes in proportion	-	14,000	-	28,000	-	59,000
Employer contributions subsequent to the measurement date	71,182	-	19,125	-	195,131	-
Total	<u>\$ 121,182</u>	<u>\$ 109,000</u>	<u>\$ 33,125</u>	<u>\$ 54,000</u>	<u>\$ 331,131</u>	<u>\$ 316,000</u>

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (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 Program OPEB (continued)

\$71,182, \$19,125, and \$195,131 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government	Component Unit School Board			
	Nonprofessional		Professional	
Year Ended June 30,	Year Ended June 30,		Year Ended June 30,	
2020	\$	(18,000)	2020	\$ (53,000)
2021		(18,000)	2021	(53,000)
2022		(18,000)	2022	(53,000)
2023		(7,000)	2023	(27,000)
2024		(4,000)	2024	-
Thereafter		(2,000)	Thereafter	(6,000)

Actuarial Assumptions

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 17—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,347,000	\$ 1,030,000	\$ 774,000
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-nonprofessional employees	\$ 373,000	\$ 285,000	\$ 214,000
School Board's proportionate share of the Group Life Insurance Program Net OPEB Liability-professional employees	\$ 3,643,000	\$ 2,787,000	\$ 2,093,000

GLI Program Fiduciary Net Position

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM:

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

HIC Program 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, 2019 (Continued)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>25</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	25
Active members	<u>161</u>
Total covered employees	<u><u>186</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County contractually required employer contribution rate for the year ended June 30, 2019 was .11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$7,946 and \$8,951 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

The County net Health Insurance Credit OPEB liability was measured as of June 30, 2018. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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	7.0%, net of investment expenses, including inflation*

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

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)*****Actuarial Assumptions (Continued)******Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees (Continued)***

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)*****Long-Term Expected Rate of Return***

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the 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, 2018 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, 2019 (Continued)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 227,640	\$ 222,416	\$ 5,224
Changes for the year:			
Service cost	\$ 7,593	\$ -	\$ 7,593
Interest	15,288	-	15,288
Changes of assumptions	(10,066)	-	(10,066)
Contributions - employer	-	8,953	(8,953)
Net investment income	-	15,768	(15,768)
Benefit payments	(15,000)	(15,000)	-
Other changes	-	(1,000)	1,000
Net changes	\$ (2,185)	\$ 8,721	\$ (10,906)
Balances at June 30, 2018	\$ 225,455	\$ 231,137	\$ (5,682)

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

The follow presents the County's Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the County's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability (Asset) \$	21,000 \$	(5,682) \$	(28,000)

COUNTY OF SHENANDOAH, VIRGINIA**Notes to the Financial Statements
June 30, 2019 (Continued)****NOTE 18—HEALTH INSURANCE CREDIT (HIC) PROGRAM: (CONTINUED)*****Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB***

For the year ended June 30, 2019, the County recognized Health Insurance Credit Program OPEB expense of \$4,056. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	\$ 5,724
Change in assumptions	-	7,556
Changes in proportion		8,784
Employer contributions subsequent to the measurement date	<u>7,946</u>	<u>-</u>
Total	\$ <u>7,946</u>	\$ <u>22,064</u>

\$7,946 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. 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:

Year Ended June 30,

2020	\$ (4,000)
2021	(4,000)
2022	(4,000)
2023	(3,000)
2024	(3,000)
Thereafter	(4,064)

HIC Program Plan Data

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

**NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
(CONTINUED)**

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$450,303 and \$429,329 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$5,480,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .43160% as compared to .43519% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$428,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

**NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
(CONTINUED)**

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 27,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	4,000
Change in assumptions	-	48,000
Change in proportion	-	116,000
Employer contributions subsequent to the measurement date	<u>450,303</u>	<u>-</u>
Total	\$ <u>450,303</u>	\$ <u>195,000</u>

\$450,303 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2020	\$ (33,000)
2021	(33,000)
2022	(33,000)
2023	(31,000)
2024	(32,000)
Thereafter	(33,000)

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements
June 30, 2019 (Continued)

**NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
(CONTINUED)**

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,269,674

Plan Fiduciary Net Position as a Percentage

of the Total Teacher Employee HIC OPEB Liability 8.08%

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

Long-Term Expected Rate of Return

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

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 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 Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	6,120,000	\$ 5,480,000	\$ 4,935,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

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

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

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

NOTE 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 \$10,685,680 for the old landfill, and landfill cells 1 and 2. However landfill cell #3 has capacity used to date estimated to be 15%. The estimated total current cost of the landfill closure and post-closure care of \$12,025,123 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, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

COUNTY OF SHENANDOAH, VIRGINIA

Notes to the Financial Statements June 30, 2019 (Continued)

NOTE 23—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Stoney Creek Sanitary District	Toms Brook Sanitary District	North Fork Wastewater Fund	Landfill Fund	Total Enterprise Funds
Operating revenue	\$ 1,155,462	\$ 666,512	\$ 139,400	\$ 1,406,250	\$ 3,367,624
Depreciation and amortization	192,208	186,253	7,738	401,576	787,775
Operating income (loss)	(174,051)	(129,790)	(39,963)	(1,377,536)	(1,721,340)
Current connection fees	28,833	-	-	-	28,833
Property, plant and equipment additions, net of retirements	(111,527)	(102,113)	-	(553,069)	(766,709)
Net working capital	1,721,155	489,629	54,903	(580,554)	1,685,133
Total assets	5,202,533	2,861,907	254,538	7,329,650	15,648,628
Long-term liabilities	291,251	359,747	-	12,238,759	12,889,757
Net position	4,588,290	2,416,696	250,870	(5,695,161)	1,560,695

NOTE 24—LITIGATION:

At June 30, 2019, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

NOTE 25—ADOPTION OF ACCOUNTING PRINCIPLES:

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

NOTE 26—UPCOMING PRONOUNCEMENTS:

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

NOTE 26—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 46,794,595	\$ 46,794,595	\$ 47,363,914	\$ 569,319
Other local taxes	7,087,272	7,087,272	7,067,029	(20,243)
Permits, privilege fees, and regulatory licenses	389,215	389,215	405,834	16,619
Fines and forfeitures	63,000	63,000	41,221	(21,779)
Revenue from the use of money and property	462,752	462,752	889,274	426,522
Charges for services	1,733,805	1,763,805	2,025,186	261,381
Miscellaneous	285,818	563,696	979,563	415,867
Recovered costs	801,673	822,552	579,109	(243,443)
Intergovernmental:				
Commonwealth	10,128,731	10,173,980	10,932,525	758,545
Federal	2,759,614	2,816,893	2,309,635	(507,258)
Total revenues	\$ 70,506,475	\$ 70,937,760	\$ 72,593,290	\$ 1,655,530
EXPENDITURES				
Current:				
General government administration	\$ 2,641,179	\$ 2,766,912	\$ 2,661,475	\$ 105,437
Judicial administration	2,216,276	2,310,364	2,297,440	12,924
Public safety	16,674,057	17,089,562	17,185,771	(96,209)
Public works	1,223,037	1,540,472	1,627,059	(86,587)
Health and welfare	8,575,244	8,606,376	9,240,789	(634,413)
Education	30,323,133	31,146,189	30,412,369	733,820
Parks, recreation, and cultural	1,955,546	2,048,596	2,198,531	(149,935)
Community development	1,590,419	1,661,175	1,480,775	180,400
Nondepartmental	540,700	498,405	212,682	285,723
Capital projects	1,506,849	-	-	-
Total expenditures	\$ 67,246,440	\$ 67,668,051	\$ 67,316,891	\$ 351,160
Excess (deficiency) of revenues over (under) expenditures	\$ 3,260,035	\$ 3,269,709	\$ 5,276,399	\$ 2,006,690
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 16,338	\$ 234,530	\$ 218,192
Transfers out	(7,153,784)	(7,429,884)	(7,079,703)	350,181
Issuance of capital leases	1,386,900	-	98,823	98,823
Total other financing sources (uses)	\$ (5,766,884)	\$ (7,413,546)	\$ (6,746,350)	\$ 667,196
Net change in fund balances	\$ (2,506,849)	\$ (4,143,837)	\$ (1,469,951)	\$ 2,673,886
Fund balances - beginning	2,506,849	4,143,837	21,661,976	17,518,139
Fund balances - ending	\$ -	\$ -	\$ 20,192,025	\$ 20,192,025

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

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

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

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

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

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

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

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

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

Schedule of Employer Contributions - Pension

Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 1,238,870	\$ 1,238,870	\$ -	\$ 13,221,665	9.37%
2018	1,220,980	1,220,980	-	12,900,731	9.46%
2017	1,191,675	1,191,675	-	12,460,402	9.56%
2016	1,433,014	1,433,014	-	12,364,231	11.59%
2015	1,321,421	1,321,421	-	11,980,248	11.03%
2014	1,616,015	1,616,015	-	13,032,381	12.40%
2013	1,337,231	1,337,231	-	11,814,373	11.32%
2012	990,583	990,583	-	10,885,524	9.10%
2011	998,629	998,629	-	10,973,944	9.10%
2010	1,036,997	1,036,997	-	11,296,267	9.18%
Component Unit School Board (nonprofessional)					
2019	\$ 209,518	\$ 209,518	\$ -	\$ 3,336,274	6.28%
2018	221,810	221,810	-	3,568,341	6.22%
2017	240,836	240,836	-	3,668,393	6.57%
2016	335,329	335,329	-	3,734,178	8.98%
2015	373,815	373,815	-	4,162,752	8.98%
2014	425,991	425,991	-	4,045,497	10.53%
2013	410,155	410,155	-	3,896,702	10.53%
2012	328,286	328,286	-	3,688,609	8.90%
2011	324,788	324,788	-	3,649,301	8.90%
2010	321,564	321,564	-	3,788,375	8.49%
Component Unit School Board (professional)					
2019	\$ 5,792,551	\$ 5,792,551	\$ -	\$ 37,525,255	15.44%
2018	5,595,934	5,595,934	-	34,908,815	16.32%
2017	4,933,757	4,933,757	-	34,345,532	14.66%
2016	4,715,959	4,715,959	-	33,789,530	14.06%
2015	4,430,421	4,430,421	-	32,605,067	14.50%
2014	3,664,224	3,664,224	-	31,484,690	11.66%
2013	3,663,267	3,663,267	-	31,419,940	11.66%
2012	1,837,320	1,837,320	-	29,815,486	6.33%
2011	1,177,089	1,177,089	-	29,951,374	3.93%
2010	1,958,090	1,958,090	-	31,274,862	8.81%
2009	2,735,027	2,735,027	-	31,044,573	8.81%

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

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 111,000	\$ 108,000
Interest	68,000	64,000
Differences between expected and actual experience	(337,000)	-
Other changes	(19,000)	-
Benefit payments	(39,000)	(60,000)
Net change in total OPEB liability	\$ (216,000)	\$ 112,000
Total OPEB liability - beginning	1,823,000	1,711,000
Total OPEB liability - ending	<u>\$ 1,607,000</u>	<u>\$ 1,823,000</u>
 Covered-employee payroll	 \$ 13,001,000	 \$ 11,212,000
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 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 and June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 451,000	\$ 440,000
Interest	242,000	230,000
Changes in assumptions	(535,000)	-
Differences between expected and actual experience	442,000	-
Benefit payments	(377,000)	(283,000)
Net change in total OPEB liability	\$ 223,000	\$ 387,000
Total OPEB liability - beginning	6,539,000	6,152,000
Total OPEB liability - ending	\$ 6,762,000	\$ 6,539,000
 Covered-employee payroll	 \$ 38,776,000	 \$ 33,263,000
 Town's total OPEB liability (asset) as a percentage of covered-employee payroll	 17.44%	 19.66%

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

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

PRIMARY GOVERNMENT

Valuation Date: 7/1/2017
Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.0% in 2019, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

COMPONENT UNIT SCHOOL BOARD

Valuation Date: 7/1/2017
Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.0% in 2019, gradually decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates Ended June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
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 Program
 For the Measurement Dates Ended June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Component Unit School Board (nonprofessional)					
2018	0.01876% \$	285,000	\$ 3,568,341	7.99%	52.21%
2017	0.02000%	300,000	3,668,393	8.18%	48.86%
Component Unit School Board (professional)					
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 Program
 Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 71,182	\$ 71,182	\$ -	\$ 13,688,932	0.52%
2018	67,119	67,119	-	12,907,494	0.52%
2017	64,885	64,885	-	12,477,922	0.52%
2016	59,348	59,348	-	12,364,231	0.48%
2015	57,505	57,505	-	11,980,248	0.48%
2014	62,555	62,555	-	13,032,381	0.48%
2013	56,709	56,709	-	11,814,373	0.48%
2012	30,504	30,504	-	10,894,455	0.28%
2011	30,727	30,727	-	10,973,944	0.28%
2010	22,878	22,878	-	8,473,497	0.27%
Component Unit School Board (nonprofessional)					
2019	\$ 19,125	\$ 19,125	\$ -	\$ 3,677,842	0.52%
2018	18,555	18,555	-	3,568,341	0.52%
2017	19,180	19,180	-	3,668,393	0.52%
2016	17,924	17,924	-	3,734,178	0.48%
2015	19,981	19,981	-	4,162,752	0.48%
2014	19,418	19,418	-	4,045,497	0.48%
2013	18,704	18,704	-	3,896,702	0.48%
2012	10,328	10,328	-	3,688,609	0.28%
2011	10,218	10,218	-	3,649,301	0.28%
2010	7,439	7,439	-	2,755,088	0.27%
Component Unit School Board (professional)					
2019	\$ 195,131	\$ 195,131	\$ -	\$ 37,525,255	0.52%
2018	181,805	181,805	-	34,908,815	0.52%
2017	178,597	178,597	-	34,345,532	0.52%
2016	162,190	162,190	-	33,789,530	0.48%
2015	156,504	156,504	-	32,605,067	0.48%
2014	151,127	151,127	-	31,484,690	0.48%
2013	150,816	150,816	-	31,419,940	0.48%
2012	83,483	83,483	-	29,815,486	0.28%
2011	83,864	83,864	-	29,951,374	0.28%
2010	60,009	60,009	-	22,225,491	0.27%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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

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

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

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

SPORS Employees

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

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019 (Continued)

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in the County's Net OPEB (Asset) Liability and Related Ratios
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 7,593	\$ 7,593
Interest	15,288	15,288
Changes in assumptions	(10,066)	(10,066)
Benefit payments	(15,000)	(7,151)
Net change in total HIC OPEB liability	\$ (2,185)	\$ 5,664
Total HIC OPEB Liability - beginning	227,640	221,976
Total HIC OPEB Liability - ending (a)	<u>\$ 225,455</u>	<u>\$ 227,640</u>
Plan fiduciary net position		
Contributions - employer	\$ 8,953	\$ 8,841
Net investment income	15,768	22,932
Benefit payments	(15,000)	(7,151)
Administrative expense	-	(376)
Other	(1,000)	1,155
Net change in plan fiduciary net position	\$ 8,721	\$ 25,401
Plan fiduciary net position - beginning	222,416	197,015
Plan fiduciary net position - ending (b)	<u>\$ 231,137</u>	<u>\$ 222,416</u>
County's net HIC OPEB (asset) liability - ending (a) - (b)	\$ (5,682)	\$ 5,224
Plan fiduciary net position as a percentage of the total HIC OPEB liability	102.52%	97.71%
Covered payroll	\$ 6,885,719	\$ 6,799,392
County's net HIC OPEB liability as a percentage of covered payroll	-0.08%	0.08%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 7,946	\$ 7,946	\$ -	\$ 7,223,984	0.11%
2018	8,951	8,951	-	6,885,719	0.13%
2017	8,839	8,839	-	6,799,392	0.13%
2016	8,891	8,891	-	6,838,899	0.13%
2015	8,567	8,567	-	6,590,251	0.13%
2014	6,364	6,364	-	7,071,347	0.09%
2013	10,631	10,631	-	11,812,527	0.09%
2012	8,708	8,708	-	10,885,524	0.08%
2011	8,775	8,775	-	10,968,738	0.08%
2010	16,944	16,944	-	11,296,267	0.15%

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
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) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 450,303	\$ 450,303	\$ -	\$ 37,525,255	1.20%
2018	429,329	429,329	-	34,904,821	1.23%
2017	381,235	381,235	-	34,345,532	1.11%
2016	358,152	358,152	-	33,787,916	1.06%
2015	345,571	345,571	-	32,601,067	1.06%
2014	349,000	349,000	-	31,441,455	1.11%
2013	348,709	348,709	-	31,415,214	1.11%
2012	178,893	178,893	-	29,815,486	0.60%
2011	179,708	179,708	-	29,951,383	0.60%
2010	231,148	231,148	-	31,275,139	0.74%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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

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

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

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, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Miscellaneous	\$ 511,900	\$ 511,900	\$ 518,011	\$ 6,111
Total revenues	\$ 511,900	\$ 511,900	\$ 518,011	\$ 6,111
EXPENDITURES				
Debt service:				
Principal retirement	\$ 4,123,898	\$ 4,123,898	\$ 4,437,300	\$ (313,402)
Interest and other fiscal charges	1,761,459	1,761,459	2,094,365	(332,906)
Total expenditures	\$ 5,885,357	\$ 5,885,357	\$ 6,531,665	\$ (646,308)
Excess (deficiency) of revenues over (under) expenditures	\$ (5,373,457)	\$ (5,373,457)	\$ (6,013,654)	\$ (640,197)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,373,457	\$ 5,373,457	\$ 6,013,654	\$ 640,197
Total other financing sources (uses)	\$ 5,373,457	\$ 5,373,457	\$ 6,013,654	\$ 640,197
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	184,372	184,372
Fund balances - ending	\$ -	\$ -	\$ 184,372	\$ 184,372

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 230,954	\$ 230,954
Miscellaneous	-	3,406,369	3,406,369	-
Total revenues	<u>\$ -</u>	<u>\$ 3,406,369</u>	<u>\$ 3,637,323</u>	<u>\$ 230,954</u>
EXPENDITURES				
Capital projects	\$ -	\$ 19,992,124	\$ 4,152,533	\$ 15,839,591
Debt service:				
Bond issuance costs	-	-	118,057	(118,057)
Total expenditures	<u>\$ -</u>	<u>\$ 19,992,124</u>	<u>\$ 4,270,590</u>	<u>\$ 15,721,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (16,585,755)</u>	<u>\$ (633,267)</u>	<u>\$ 15,952,488</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,888,255	\$ -	\$ (4,888,255)
Transfers out	-	-	(541,277)	(541,277)
Issuance of general obligation bonds	-	11,697,500	13,970,000	2,272,500
Premium on issuance of general obligation bonds	-	-	1,530,581	1,530,581
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 16,585,755</u>	<u>\$ 14,959,304</u>	<u>\$ (1,626,451)</u>
Net change in fund balances	\$ -	\$ -	\$ 14,326,037	\$ 14,326,037
Fund balances - beginning	-	-	8,102,474	8,102,474
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,428,511</u>	<u>\$ 22,428,511</u>

COMBINING FUND STATEMENTS

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 267,535	\$ 100,084	\$ 367,619
Total assets	<u>\$ 267,535</u>	<u>\$ 100,084</u>	<u>\$ 367,619</u>
FUND BALANCES			
Assigned:			
Landfill contingency	\$ 267,535	\$ -	\$ 267,535
Capital projects	-	100,084	100,084
Total fund balances	<u>\$ 267,535</u>	<u>\$ 100,084</u>	<u>\$ 367,619</u>
Total liabilities and fund balances	<u>\$ 267,535</u>	<u>\$ 100,084</u>	<u>\$ 367,619</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total revenues	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 179,016	\$ -	\$ 179,016
Total other financing sources (uses)	\$ 179,016	\$ -	\$ 179,016
Net change in fund balances	\$ 179,016	\$ -	\$ 179,016
Fund balances - beginning	88,519	100,084	188,603
Fund balances - ending	<u>267,535</u>	<u>100,084</u>	<u>367,619</u>

COUNTY OF SHENANDOAH, VIRGINIA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

Exhibit 34

	<u>Agency Funds</u>		
	<u>Special Welfare</u>	<u>Ambulance Recovery</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,387	\$ 801,051	\$ 806,438
Receivables:			
Accounts receivable	-	308,759	308,759
Total assets	<u>\$ 5,387</u>	<u>\$ 1,109,810</u>	<u>\$ 1,115,197</u>
LIABILITIES			
Amounts held for social services clients	\$ 5,387	\$ -	\$ 5,387
Amounts held for locality rescue agencies	-	1,109,810	1,109,810
Total liabilities	<u>\$ 5,387</u>	<u>\$ 1,109,810</u>	<u>\$ 1,115,197</u>

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

Exhibit 35

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare				
ASSETS				
Cash and cash equivalents	\$ 5,418	\$ 1,025	\$ 1,056	\$ 5,387
Total assets	<u>\$ 5,418</u>	<u>\$ 1,025</u>	<u>\$ 1,056</u>	<u>\$ 5,387</u>
LIABILITIES				
Amounts held for social services clients	\$ 5,418	\$ 1,025	\$ 1,056	\$ 5,387
Total liabilities	<u>\$ 5,418</u>	<u>\$ 1,025</u>	<u>\$ 1,056</u>	<u>\$ 5,387</u>
Ambulance Recovery				
ASSETS				
Cash and cash equivalents	\$ 793,524	\$ 1,021,866	\$ 1,014,339	\$ 801,051
Accounts receivable	322,257	1,007,868	1,021,366	308,759
Total assets	<u>\$ 1,115,781</u>	<u>\$ 2,029,734</u>	<u>\$ 2,035,705</u>	<u>\$ 1,109,810</u>
LIABILITIES				
Amounts held for locality rescue agencies	\$ 1,115,781	\$ 1,008,368	\$ 1,014,339	\$ 1,109,810
Total liabilities	<u>\$ 1,115,781</u>	<u>\$ 1,008,368</u>	<u>\$ 1,014,339</u>	<u>\$ 1,109,810</u>
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 798,942	\$ 1,022,891	\$ 1,015,395	\$ 806,438
Accounts receivable	322,257	1,007,868	1,021,366	308,759
Total assets	<u>\$ 1,121,199</u>	<u>\$ 2,030,759</u>	<u>\$ 2,036,761</u>	<u>\$ 1,115,197</u>
LIABILITIES				
Amounts held for social services clients	\$ 5,418	\$ 1,025	\$ 1,056	\$ 5,387
Amounts held for locality rescue agencies	1,115,781	2,029,734	2,035,705	1,109,810
Total liabilities	<u>\$ 1,121,199</u>	<u>\$ 2,030,759</u>	<u>\$ 2,036,761</u>	<u>\$ 1,115,197</u>

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

COUNTY OF SHENANDOAH, VIRGINIA
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

Exhibit 36

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,432,598	\$ 1,116,002	\$ 5,548,600
Receivables (net of allowance for uncollectibles):			
Accounts receivable	294,828	6,771	301,599
Due from other funds	90,475	-	90,475
Due from other governmental units	1,337,958	11,077	1,349,035
Inventories	-	124,058	124,058
Prepaid items	45,380	-	45,380
Deposits	5,000	-	5,000
Total assets	<u>\$ 6,206,239</u>	<u>\$ 1,257,908</u>	<u>\$ 7,464,147</u>
LIABILITIES			
Accounts payable	\$ 1,185,836	\$ 3,573	\$ 1,189,409
Accrued payroll	2,739,826	75,012	2,814,838
Due to other funds	-	90,475	90,475
Due to primary government	1,773,806	-	1,773,806
Total liabilities	<u>\$ 5,699,468</u>	<u>\$ 169,060</u>	<u>\$ 5,868,528</u>
FUND BALANCES			
Nonspendable:			
Inventory	\$ -	\$ 124,058	\$ 124,058
Prepaid items	45,380	-	45,380
Assigned:			
Capital projects	461,391	-	461,391
Cafeteria	-	964,790	964,790
Total fund balances	<u>\$ 506,771</u>	<u>\$ 1,088,848</u>	<u>\$ 1,595,619</u>
Total liabilities and fund balances	<u>\$ 6,206,239</u>	<u>\$ 1,257,908</u>	<u>\$ 7,464,147</u>

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

Total fund balances per above \$ 1,595,619

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	41,730,330	
Machinery and equipment	3,062,683	
Construction in progress	<u>1,157,632</u>	51,675,920

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

Pension related items	\$ 7,206,969	
OPEB related items	<u>1,586,559</u>	8,793,528

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

Compensated absences	\$ (926,642)	
Net pension liability	(50,672,325)	
Net OPEB liabilities	<u>(15,314,000)</u>	(66,912,967)

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

Pension related items	\$ (7,136,090)	
OPEB related items	<u>(1,043,000)</u>	(8,179,090)

Net position of governmental activities \$ (13,026,990)

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

Exhibit 37

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 25,560	\$ 25,042	\$ 50,602
Charges for services	2,463,492	632,524	3,096,016
Miscellaneous	381,824	70,224	452,048
Recovered costs	69,625	-	69,625
Intergovernmental:			
Local government	30,362,433	-	30,362,433
Commonwealth	36,408,334	56,526	36,464,860
Federal	2,854,664	1,492,999	4,347,663
Total revenues	<u>\$ 72,565,932</u>	<u>\$ 2,277,315</u>	<u>\$ 74,843,247</u>
EXPENDITURES			
Current:			
Education	\$ 72,351,177	\$ 2,261,656	\$ 74,612,833
Total expenditures	<u>\$ 72,351,177</u>	<u>\$ 2,261,656</u>	<u>\$ 74,612,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 214,755</u>	<u>\$ 15,659</u>	<u>\$ 230,414</u>
Net change in fund balances	\$ 214,755	\$ 15,659	\$ 230,414
Fund balances - beginning	292,016	1,073,189	1,365,205
Fund balances - ending	<u>\$ 506,771</u>	<u>\$ 1,088,848</u>	<u>\$ 1,595,619</u>

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

Net change in fund balances - total governmental funds \$ 230,414

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	\$ 3,243,444	
Depreciation expense	(2,695,489)	
Allocation of debt financed school assets based on current year repayments	<u>1,775,157</u>	2,323,112

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	\$ (25,146)	
Pension expense	3,565,056	
OPEB expense	<u>(39,265)</u>	3,500,645

Change in net position of governmental activities \$ 6,054,171

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, 2019

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 16,000	\$ 16,000	\$ 25,560	\$ 9,560
Charges for services	2,706,620	2,706,620	2,463,492	(243,128)
Miscellaneous	328,000	328,000	381,824	53,824
Recovered costs	40,000	40,000	69,625	29,625
Intergovernmental:				
Local government	30,273,197	31,096,253	30,362,433	(733,820)
Commonwealth	36,351,832	36,351,832	36,408,334	56,502
Federal	2,839,957	2,839,957	2,854,664	14,707
Total revenues	<u>\$ 72,555,606</u>	<u>\$ 73,378,662</u>	<u>\$ 72,565,932</u>	<u>\$ (812,730)</u>
EXPENDITURES				
Current:				
Education	\$ 72,555,606	\$ 73,378,662	\$ 72,351,177	\$ 1,027,485
Total expenditures	<u>\$ 72,555,606</u>	<u>\$ 73,378,662</u>	<u>\$ 72,351,177</u>	<u>\$ 1,027,485</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 214,755	\$ 214,755
Net change in fund balances	\$ -	\$ -	\$ 214,755	\$ 214,755
Fund balances - beginning	-	-	292,016	292,016
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,771</u>	<u>\$ 506,771</u>

School Cafeteria Fund				
Budgeted Amounts		Actual	Variance with Final Budget	
Original	Final		Positive	(Negative)
\$ 11,282	\$ 11,282	\$ 25,042	\$ 13,760	
645,639	645,639	632,524	(13,115)	
70,116	70,116	70,224	108	
-	-	-	-	
-	-	-	-	
50,000	50,000	56,526	6,526	
1,298,127	1,298,127	1,492,999	194,872	
<u>\$ 2,075,164</u>	<u>\$ 2,075,164</u>	<u>\$ 2,277,315</u>	<u>\$ 202,151</u>	
\$ 2,275,164	\$ 2,275,164	\$ 2,261,656	\$ 13,508	
<u>\$ 2,275,164</u>	<u>\$ 2,275,164</u>	<u>\$ 2,261,656</u>	<u>\$ 13,508</u>	
\$ (200,000)	\$ (200,000)	\$ 15,659	\$ 215,659	
\$ (200,000)	\$ (200,000)	\$ 15,659	\$ 215,659	
200,000	200,000	1,073,189	873,189	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,088,848</u>	<u>\$ 1,088,848</u>	

SUPPORTING SCHEDULES

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

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 29,030,668	\$ 29,030,668	\$ 28,318,909	\$ (711,759)
Real and personal public service corporation taxes	1,511,955	1,511,955	1,922,007	410,052
Personal property taxes	12,040,130	12,040,130	13,187,819	1,147,689
Mobile home taxes	-	-	3,509	3,509
Machinery and tools taxes	3,252,051	3,252,051	2,851,756	(400,295)
Merchants capital	279,334	279,334	320,828	41,494
Penalties	340,917	340,917	415,896	74,979
Interest	339,540	339,540	343,190	3,650
Total general property taxes	\$ 46,794,595	\$ 46,794,595	\$ 47,363,914	\$ 569,319
Other local taxes:				
Local sales and use taxes	\$ 3,768,000	\$ 3,768,000	\$ 3,756,891	\$ (11,109)
Consumers' utility taxes	1,931,472	1,931,472	1,797,031	(134,441)
Utility license taxes	29,730	29,730	26,439	(3,291)
Motor vehicle licenses	870,000	870,000	916,167	46,167
Taxes on recordation and wills	340,000	340,000	404,259	64,259
Transient occupancy tax	148,070	148,070	166,242	18,172
Total other local taxes	\$ 7,087,272	\$ 7,087,272	\$ 7,067,029	\$ (20,243)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 19,500	\$ 19,500	\$ 20,763	\$ 1,263
Land use application fees	-	-	3,298	3,298
Transfer fees	-	-	2,002	2,002
Permits and other licenses	369,715	369,715	379,771	10,056
Total permits, privilege fees, and regulatory licenses	\$ 389,215	\$ 389,215	\$ 405,834	\$ 16,619
Fines and forfeitures:				
Court fines and forfeitures	\$ 63,000	\$ 63,000	\$ 41,221	\$ (21,779)
Revenue from use of money and property:				
Revenue from use of money	\$ 85,000	\$ 85,000	\$ 512,121	\$ 427,121
Revenue from use of property	377,752	377,752	377,153	(599)
Total revenue from use of money and property	\$ 462,752	\$ 462,752	\$ 889,274	\$ 426,522
Charges for services:				
Charges for courthouse security	\$ 96,200	\$ 96,200	\$ 76,116	\$ (20,084)
Law library fees	13,117	13,117	9,126	(3,991)
Charges for Commonwealth's Attorney	4,356	4,356	4,877	521
Charges for animal protection	9,430	9,430	9,425	(5)
Charges for courthouse construction	39,000	39,000	28,327	(10,673)
Charges for parks and recreation	378,124	378,124	474,038	95,914
Charges for spay and neuter	4,000	4,000	3,910	(90)
KidzRec	413,503	443,503	555,228	111,725
Charges for courthouse maintenance	25,000	25,000	18,293	(6,707)
Charges for ambulance recoveries	745,075	745,075	745,755	680
Charges for services - other	6,000	6,000	100,091	94,091
Total charges for services	\$ 1,733,805	\$ 1,763,805	\$ 2,025,186	\$ 261,381

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 185,000	\$ 212,793	\$ 330,901	\$ 118,108
Refunds and recoveries	100,818	350,903	648,662	297,759
Total miscellaneous	<u>\$ 285,818</u>	<u>\$ 563,696</u>	<u>\$ 979,563</u>	<u>\$ 415,867</u>
Recovered costs:				
Other recovered costs	\$ 801,673	\$ 822,552	\$ 579,109	\$ (243,443)
Total recovered costs	<u>\$ 801,673</u>	<u>\$ 822,552</u>	<u>\$ 579,109</u>	<u>\$ (243,443)</u>
Total revenue from local sources	<u>\$ 57,618,130</u>	<u>\$ 57,946,887</u>	<u>\$ 59,351,130</u>	<u>\$ 1,404,243</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 41,298	\$ 41,298	\$ 38,527	\$ (2,771)
Mobile home titling tax	8,200	8,200	15,244	7,044
State recordation tax	220,113	220,113	253,385	33,272
Personal property tax relief funds	3,647,829	3,647,829	3,647,829	-
Total noncategorical aid	<u>\$ 3,917,440</u>	<u>\$ 3,917,440</u>	<u>\$ 3,954,985</u>	<u>\$ 37,545</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 371,262	\$ 371,686	\$ 375,749	\$ 4,063
Sheriff	1,825,515	1,825,515	1,811,239	(14,276)
Commissioner of revenue	126,521	126,521	129,355	2,834
Treasurer	130,184	130,184	128,061	(2,123)
Registrar/electoral board	45,255	45,255	42,436	(2,819)
Clerk of the Circuit Court	308,683	308,683	313,469	4,786
Total shared expenses	<u>\$ 2,807,420</u>	<u>\$ 2,807,844</u>	<u>\$ 2,800,309</u>	<u>\$ (7,535)</u>
Other categorical aid:				
Litter control grant	\$ 18,000	\$ 19,615	\$ 19,615	\$ -
Welfare administration and assistance	741,503	741,503	1,056,186	314,683
Forfeited drug assets	-	-	6,618	6,618
Comprehensive services act	2,269,922	2,269,922	2,537,565	267,643
VJCCCA grant	31,204	31,204	31,204	-
Victim-witness grant	106,678	106,678	26,425	(80,253)
Wireless E-911 grant	105,698	105,698	140,911	35,213
Fire programs fund	81,320	81,320	86,737	5,417
Extradition of prisoners	1,280	1,280	4,482	3,202
Rent health department	-	-	7,200	7,200
Other categorical aid	48,266	91,476	260,288	168,812
Total other categorical aid	<u>\$ 3,403,871</u>	<u>\$ 3,448,696</u>	<u>\$ 4,177,231</u>	<u>\$ 728,535</u>
Total categorical aid	<u>\$ 6,211,291</u>	<u>\$ 6,256,540</u>	<u>\$ 6,977,540</u>	<u>\$ 721,000</u>
Total revenue from the Commonwealth	<u>\$ 10,128,731</u>	<u>\$ 10,173,980</u>	<u>\$ 10,932,525</u>	<u>\$ 758,545</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 180,000	\$ 180,000	\$ 206,614	\$ 26,614
Categorical aid:				
DMV ground transportation safety grant	\$ 24,760	\$ 24,760	\$ 20,863	\$ (3,897)
U.S. Forest Service Patrol	7,751	7,751	6,822	(929)
Community coalition grant	-	5,041	5,041	-
Bullet proof vest grant	-	17,738	8,402	(9,336)
Welfare administration and assistance	2,292,471	2,292,471	1,923,378	(369,093)
Forfeited drug assets	224,678	224,678	32,230	(192,448)
Project lifesaver	3,505	3,505	670	(2,835)
Homeland security grant	23,509	58,009	31,107	(26,902)
Triad grant	2,940	2,940	2,875	(65)
Other categorical aid	-	-	71,633	71,633
Total categorical aid	\$ 2,579,614	\$ 2,636,893	\$ 2,103,021	\$ (533,872)
Total revenue from the federal government	\$ 2,759,614	\$ 2,816,893	\$ 2,309,635	\$ (507,258)
Total General Fund	\$ 70,506,475	\$ 70,937,760	\$ 72,593,290	\$ 1,655,530
Debt Service Funds:				
County Debt Service Fund:				
Revenue from local sources:				
Miscellaneous:				
Interest subsidy	\$ 511,900	\$ 511,900	\$ 518,011	\$ 6,111
Total miscellaneous	\$ 511,900	\$ 511,900	\$ 518,011	\$ 6,111
Total Debt Service Fund	\$ 511,900	\$ 511,900	\$ 518,011	\$ 6,111
Capital Projects Funds:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 230,954	\$ 230,954
Miscellaneous:				
Donations	\$ -	\$ 3,406,369	\$ 3,406,369	\$ -
Total miscellaneous	\$ -	\$ 3,406,369	\$ 3,406,369	\$ -
Total Capital Projects Fund	\$ -	\$ 3,406,369	\$ 3,637,323	\$ 230,954
Total Primary Government	\$ 71,018,375	\$ 74,856,029	\$ 76,748,624	\$ 1,892,595

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 16,000	\$ 16,000	\$ 25,560	\$ 9,560
Total revenue from use of money and property	\$ 16,000	\$ 16,000	\$ 25,560	\$ 9,560
Charges for services:				
Tuition and other payments	\$ 2,424,319	\$ 2,424,319	\$ 2,306,561	\$ (117,758)
Other charges for services	282,301	282,301	156,931	(125,370)
Total charges for services	\$ 2,706,620	\$ 2,706,620	\$ 2,463,492	\$ (243,128)
Miscellaneous:				
Other miscellaneous	\$ 328,000	\$ 328,000	\$ 381,824	\$ 53,824
Total miscellaneous	\$ 328,000	\$ 328,000	\$ 381,824	\$ 53,824
Recovered costs:				
Other recovered costs	\$ 40,000	\$ 40,000	\$ 69,625	\$ 29,625
Total revenue from local sources	\$ 3,090,620	\$ 3,090,620	\$ 2,940,501	\$ (150,119)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Shenandoah, Virginia	\$ 30,273,197	\$ 31,096,253	\$ 30,362,433	\$ (733,820)
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax	\$ 6,885,667	\$ 6,885,667	\$ 6,980,810	\$ 95,143
Basic aid	17,493,363	17,493,363	17,066,408	(426,955)
Remedial summer school	66,883	66,883	59,910	(6,973)
Foster home children	57,287	57,287	34,478	(22,809)
GED	15,717	15,717	16,710	993
Gifted and talented	181,052	181,052	177,844	(3,208)
Remedial education	590,231	590,231	579,772	(10,459)
Special education	1,719,998	1,719,998	1,689,521	(30,477)
Textbook payments	364,603	364,603	358,143	(6,460)
Vocational education	870,100	870,100	875,600	5,500
Fringe benefits	3,367,575	3,367,575	3,307,904	(59,671)
Early reading intervention	109,466	109,466	134,251	24,785
Mentor teacher program	8,893	8,893	5,572	(3,321)
Homebound	13,678	13,678	8,315	(5,363)
Special education regional program	1,225,055	1,225,055	1,016,890	(208,165)
At risk program	452,352	452,352	490,368	38,016
Primary class size payments	712,340	712,340	712,617	277
School technology funds	284,000	284,000	310,000	26,000
School construction	-	-	12,378	12,378
Special education- foster children	-	-	16,708	16,708
Algebra readiness	67,124	67,124	64,815	(2,309)
English as a second language	281,844	281,844	270,620	(11,224)
Enrollment loss	-	-	10,220	10,220
Virginia preschool initiative payment	510,926	510,926	527,693	16,767
Academic year governors school	-	-	207,242	207,242
National board certification bonus	13,800	13,800	12,500	(1,300)
Other categorical aid	1,059,878	1,059,878	1,461,045	401,167
Total categorical aid	\$ 36,351,832	\$ 36,351,832	\$ 36,408,334	\$ 56,502
Total revenue from the Commonwealth	\$ 36,351,832	\$ 36,351,832	\$ 36,408,334	\$ 56,502

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit School Board (continued):				
School Operating Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,171,581	\$ 1,171,581	\$ 1,130,794	\$ (40,787)
Forest reserve	14,900	14,900	16,074	1,174
Title II Part A	203,345	203,345	204,892	1,547
Title VI-B	1,266,785	1,266,785	1,261,068	(5,717)
Title III-Part A	36,509	36,509	-	(36,509)
Vocational education	100,000	100,000	117,829	17,829
Preschool	39,786	39,786	55,860	16,074
Other	7,051	7,051	68,147	61,096
Total categorical aid	\$ 2,839,957	\$ 2,839,957	\$ 2,854,664	\$ 14,707
Total revenue from the federal government	\$ 2,839,957	\$ 2,839,957	\$ 2,854,664	\$ 14,707
Total School Operating Fund	\$ 72,555,606	\$ 73,378,662	\$ 72,565,932	\$ (812,730)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 11,282	\$ 11,282	\$ 25,042	\$ 13,760
Charges for services:				
School food services	\$ 645,639	\$ 645,639	\$ 632,524	\$ (13,115)
Miscellaneous:				
Miscellaneous	\$ 70,116	\$ 70,116	\$ 70,224	\$ 108
Total revenue from local sources	\$ 727,037	\$ 727,037	\$ 727,790	\$ 753
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 50,000	\$ 50,000	\$ 56,526	\$ 6,526
Total revenue from the Commonwealth	\$ 50,000	\$ 50,000	\$ 56,526	\$ 6,526

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit School Board (continued):				
School Cafeteria Fund (continued):				
Intergovernmental: (continued)				
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 1,298,127	\$ 1,298,127	\$ 1,343,438	\$ 45,311
USDA commodities	-	-	149,561	149,561
Total categorical aid	<u>\$ 1,298,127</u>	<u>\$ 1,298,127</u>	<u>\$ 1,492,999</u>	<u>\$ 194,872</u>
Total revenue from the federal government	<u>\$ 1,298,127</u>	<u>\$ 1,298,127</u>	<u>\$ 1,492,999</u>	<u>\$ 194,872</u>
Total School Cafeteria Fund	<u>\$ 2,075,164</u>	<u>\$ 2,075,164</u>	<u>\$ 2,277,315</u>	<u>\$ 202,151</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 74,630,770</u>	<u>\$ 75,453,826</u>	<u>\$ 74,843,247</u>	<u>\$ (610,579)</u>

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

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 228,996	\$ 228,996	\$ 228,987	\$ 9
General and financial information:				
County administrator	\$ 439,964	\$ 489,964	\$ 423,561	\$ 66,403
Finance	277,835	277,835	233,443	44,392
Legal services	90,000	90,000	176,768	(86,768)
Commissioner of revenue	483,656	483,656	458,874	24,782
Reassessment	-	-	249	(249)
Treasurer	586,290	586,290	578,961	7,329
Central accounting	76,000	76,000	85,133	(9,133)
Data processing	140,907	185,907	180,870	5,037
Geographic information system	108,294	116,294	103,606	12,688
Total general and financial information	\$ 2,202,946	\$ 2,305,946	\$ 2,241,465	\$ 64,481
Board of elections:				
Electoral board and officials	\$ 80,179	\$ 102,912	\$ 66,097	\$ 36,815
Registrar	129,058	129,058	124,926	4,132
Total board of elections	\$ 209,237	\$ 231,970	\$ 191,023	\$ 40,947
Total general government administration	\$ 2,641,179	\$ 2,766,912	\$ 2,661,475	\$ 105,437
Judicial administration:				
Courts:				
Circuit court	\$ 75,049	\$ 75,049	\$ 66,909	\$ 8,140
General district court	9,400	9,400	7,892	1,508
Special magistrates	3,025	4,025	2,052	1,973
Clerk of the circuit court	611,650	633,694	600,747	32,947
Sheriff	818,378	905,998	917,089	(11,091)
Juvenile domestic	14,450	13,450	10,419	3,031
Law library	23,500	7,500	8,100	(600)
Records restoration	-	-	24,458	(24,458)
Victim witness	106,372	85,532	85,455	77
Total courts	\$ 1,661,824	\$ 1,734,648	\$ 1,723,121	\$ 11,527
Commonwealth's attorney:				
Commonwealth's attorney	\$ 554,452	\$ 575,716	\$ 574,319	\$ 1,397
Total judicial administration	\$ 2,216,276	\$ 2,310,364	\$ 2,297,440	\$ 12,924
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,430,676	\$ 5,624,250	\$ 5,480,409	\$ 143,841
Total law enforcement and traffic control	\$ 5,430,676	\$ 5,624,250	\$ 5,480,409	\$ 143,841
Fire and rescue services:				
Volunteer fire department	\$ 1,140,645	\$ 1,162,760	\$ 1,042,054	\$ 120,706
Ambulance and rescue services	-	30,084	35,542	(5,458)
Forest fire extinction	9,495	9,495	11,095	(1,600)
Fire and rescue services	4,555,679	4,577,095	4,764,977	(187,882)
Total fire and rescue services	\$ 5,705,819	\$ 5,779,434	\$ 5,853,668	\$ (74,234)

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Correction and detention:				
Jail	\$ 2,672,372	\$ 2,672,373	\$ 2,973,273	\$ (300,900)
Juvenile probation and detention	566,555	566,556	560,935	5,621
Total correction and detention	<u>\$ 3,238,927</u>	<u>\$ 3,238,929</u>	<u>\$ 3,534,208</u>	<u>\$ (295,279)</u>
Inspections:				
Building	<u>\$ 419,299</u>	<u>\$ 445,199</u>	<u>\$ 456,009</u>	<u>\$ (10,810)</u>
Other protection:				
Animal control	\$ 163,731	\$ 236,043	\$ 213,409	\$ 22,634
Animal shelter	259,379	309,312	250,151	59,161
Medical examiner	900	1,069	1,623	(554)
Emergency services	1,455,326	1,455,326	1,396,294	59,032
Total other protection	<u>\$ 1,879,336</u>	<u>\$ 2,001,750</u>	<u>\$ 1,861,477</u>	<u>\$ 140,273</u>
Total public safety	<u>\$ 16,674,057</u>	<u>\$ 17,089,562</u>	<u>\$ 17,185,771</u>	<u>\$ (96,209)</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ -	\$ -	\$ 74,114	\$ (74,114)
Total sanitation and waste removal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,114</u>	<u>\$ (74,114)</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 1,223,037</u>	<u>\$ 1,540,472</u>	<u>\$ 1,552,945</u>	<u>\$ (12,473)</u>
Total public works	<u>\$ 1,223,037</u>	<u>\$ 1,540,472</u>	<u>\$ 1,627,059</u>	<u>\$ (86,587)</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 325,047</u>	<u>\$ 325,047</u>	<u>\$ 325,047</u>	<u>\$ -</u>
Mental health and mental retardation:				
Northwestern Community Services Board	<u>\$ 247,662</u>	<u>\$ 247,662</u>	<u>\$ 247,662</u>	<u>\$ -</u>
Total mental health and mental retardation	<u>\$ 247,662</u>	<u>\$ 247,662</u>	<u>\$ 247,662</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,239,184	\$ 4,270,316	\$ 4,215,000	\$ 55,316
Comprehensive services act	3,385,922	3,385,922	4,044,584	(658,662)
Area Agency on Aging	78,000	78,000	78,000	-
Tax relief for the elderly	239,929	239,929	270,996	(31,067)
Other local health and welfare organizations	59,500	59,500	59,500	-
Total welfare administration	<u>\$ 8,002,535</u>	<u>\$ 8,033,667</u>	<u>\$ 8,668,080</u>	<u>\$ (634,413)</u>
Total health and welfare	<u>\$ 8,575,244</u>	<u>\$ 8,606,376</u>	<u>\$ 9,240,789</u>	<u>\$ (634,413)</u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 49,936	\$ 49,936	\$ 49,936	\$ -
Contribution to County School Board	30,273,197	31,096,253	30,362,433	733,820
Total education	<u>\$ 30,323,133</u>	<u>\$ 31,146,189</u>	<u>\$ 30,412,369</u>	<u>\$ 733,820</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 736,607	\$ 789,404	\$ 905,514	\$ (116,110)
KidzRec	421,350	451,343	508,722	(57,379)
Total parks and recreation	<u>\$ 1,157,957</u>	<u>\$ 1,240,747</u>	<u>\$ 1,414,236</u>	<u>\$ (173,489)</u>
Cultural enrichment:				
Contributions to community programs	\$ 9,500	\$ 9,500	\$ 14,850	\$ (5,350)
Total cultural enrichment	<u>\$ 9,500</u>	<u>\$ 9,500</u>	<u>\$ 14,850</u>	<u>\$ (5,350)</u>
Library:				
Contribution to County Library	\$ 788,089	\$ 798,349	\$ 769,445	\$ 28,904
Total parks, recreation, and cultural	<u>\$ 1,955,546</u>	<u>\$ 2,048,596</u>	<u>\$ 2,198,531</u>	<u>\$ (149,935)</u>
Community development:				
Planning and community development:				
Community development	\$ 421,095	\$ 424,595	\$ 281,890	\$ 142,705
Economic development	634,453	700,094	694,514	5,580
Litter control	18,000	19,615	18,704	911
Total planning and community development	<u>\$ 1,073,548</u>	<u>\$ 1,144,304</u>	<u>\$ 995,108</u>	<u>\$ 149,196</u>
Environmental management:				
Soil and water conservation district	\$ 359,043	\$ 359,043	\$ 359,416	\$ (373)
Total environmental management	<u>\$ 359,043</u>	<u>\$ 359,043</u>	<u>\$ 359,416</u>	<u>\$ (373)</u>
Cooperative extension program:				
Extension office	\$ 157,828	\$ 157,828	\$ 126,251	\$ 31,577
Total community development	<u>\$ 1,590,419</u>	<u>\$ 1,661,175</u>	<u>\$ 1,480,775</u>	<u>\$ 180,400</u>
Nondepartmental:				
Judgments and settlements	\$ 475	\$ 475	\$ 720	\$ (245)
Revenue refunds	24,550	24,550	5,742	18,808
Contingencies	515,675	473,380	206,220	267,160
Total nondepartmental	<u>\$ 540,700</u>	<u>\$ 498,405</u>	<u>\$ 212,682</u>	<u>\$ 285,723</u>
Capital projects:				
Other capital projects	\$ 1,506,849	\$ -	\$ -	\$ -
Total capital projects	<u>\$ 1,506,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total General Fund	<u><u>\$ 67,246,440</u></u>	<u><u>\$ 67,668,051</u></u>	<u><u>\$ 67,316,891</u></u>	<u><u>\$ 351,160</u></u>

Governmental Funds
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Funds:				
County Debt Service Fund				
Debt service:				
Principal	\$ 4,123,898	\$ 4,123,898	\$ 4,437,300	\$ (313,402)
Interest and other fiscal charges	1,761,459	1,761,459	2,094,365	(332,906)
Total County Debt Service Fund	<u>\$ 5,885,357</u>	<u>\$ 5,885,357</u>	<u>\$ 6,531,665</u>	<u>\$ (646,308)</u>
Capital Projects Funds:				
County Capital Projects Fund				
Capital projects expenditures:				
911 Radio	\$ -	\$ 8,750,000	\$ 863,839	\$ 7,886,161
Construction of sheriff's office	-	11,107,966	3,133,250	7,974,716
CAD upgrade	-	102,246	75,669	26,577
Emergency communications center	-	31,912	38,694	(6,782)
Other	-	-	41,081	(41,081)
Total County Capital Projects Expenditures	<u>\$ -</u>	<u>\$ 19,992,124</u>	<u>\$ 4,152,533</u>	<u>\$ 15,839,591</u>
Debt service:				
Bond issuance costs	\$ -	\$ -	\$ 118,057	\$ (118,057)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,057</u>	<u>\$ (118,057)</u>
Total County Capital Projects Fund	<u>\$ -</u>	<u>\$ 19,992,124</u>	<u>\$ 4,270,590</u>	<u>\$ 15,721,534</u>
Total Primary Government	<u>\$ 73,131,797</u>	<u>\$ 93,545,532</u>	<u>\$ 78,119,146</u>	<u>\$ 15,544,443</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instructional	\$ 55,118,195	\$ 55,733,439	\$ 53,523,928	\$ 2,209,511
Operating costs:				
Attendance and health services	\$ 2,962,126	\$ 2,962,126	\$ 3,338,687	\$ (376,561)
Pupil transportation	4,692,698	4,692,698	5,541,247	(848,549)
Operation and maintenance of school plant	6,744,198	7,036,303	6,028,294	1,008,009
Electronic technology	1,788,389	1,704,096	2,016,331	(312,235)
Facilities	1,250,000	1,250,000	1,902,690	(652,690)
Total operating costs	<u>\$ 17,437,411</u>	<u>\$ 17,645,223</u>	<u>\$ 18,827,249</u>	<u>\$ (1,182,026)</u>
Total School operating fund	<u>\$ 72,555,606</u>	<u>\$ 73,378,662</u>	<u>\$ 72,351,177</u>	<u>\$ 1,027,485</u>
School Cafeteria Fund:				
Education:				
School food services:				
School cafeteria	\$ 2,275,164	\$ 2,275,164	\$ 2,261,656	\$ 13,508
Total school cafeteria fund	<u>\$ 2,275,164</u>	<u>\$ 2,275,164</u>	<u>\$ 2,261,656</u>	<u>\$ 13,508</u>
Total Discretely Presented Component Unit School Board	<u>\$ 74,830,770</u>	<u>\$ 75,653,826</u>	<u>\$ 74,612,833</u>	<u>\$ 1,040,993</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

6-10

Debt Capacity

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

11-13

Demographic and Economic Information

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

14-15

Operating Information

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.

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Sources:

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

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COUNTY OF SHENANDOAH, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities:				
Net investment in capital assets	\$ 4,902,912	\$ 3,331,416	\$ (352,810)	\$ 766,198
Restricted	315,168	4,372,985	3,896,099	6,120,414
Unrestricted	<u>5,193,805</u>	<u>5,091,476</u>	<u>16,893,494</u>	<u>16,233,023</u>
Total governmental activities net position	<u>\$ 10,411,885</u>	<u>\$ 12,795,877</u>	<u>\$ 20,436,783</u>	<u>\$ 23,119,635</u>
Business-type Activities:				
Net investment in capital assets	\$ 3,093,376	\$ 3,633,593	\$ 6,106,858	\$ 6,744,936
Restricted	-	-	-	-
Unrestricted	<u>1,415,311</u>	<u>1,436,310</u>	<u>(9,436,571)</u>	<u>(9,790,291)</u>
Total business-type activities net position	<u>\$ 4,508,687</u>	<u>\$ 5,069,903</u>	<u>\$ (3,329,713)</u>	<u>\$ (3,045,355)</u>
Primary government:				
Net investment in capital assets	\$ 7,996,288	\$ 6,965,009	\$ 5,754,048	\$ 7,511,134
Restricted	315,168	4,372,985	3,896,099	6,120,414
Unrestricted	<u>6,609,116</u>	<u>6,527,786</u>	<u>7,456,923</u>	<u>6,442,732</u>
Total primary government net position	<u>\$ 14,920,572</u>	<u>\$ 17,865,780</u>	<u>\$ 17,107,070</u>	<u>\$ 20,074,280</u>

Table 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,474,405	\$ 3,945,296	\$ 4,603,873	\$ 5,506,961	\$ 7,241,929	\$ 11,418,828
4,442,313	3,577,673	3,625,033	5,648,061	5,939,307	5,130,470
20,139,058	16,908,410	14,181,432	16,345,010	17,011,415	18,486,326
<u>\$ 27,055,776</u>	<u>\$ 24,431,379</u>	<u>\$ 22,410,338</u>	<u>\$ 27,500,032</u>	<u>\$ 30,192,651</u>	<u>\$ 35,035,624</u>
\$ 7,182,189	\$ 7,613,307	\$ 11,198,699	\$ 11,391,963	\$ 11,091,949	\$ 11,351,123
-	-	-	-	-	-
(7,811,096)	(9,038,825)	(11,194,508)	(9,748,424)	(9,588,862)	(9,790,428)
<u>\$ (628,907)</u>	<u>\$ (1,425,518)</u>	<u>\$ 4,191</u>	<u>\$ 1,643,539</u>	<u>\$ 1,503,087</u>	<u>\$ 1,560,695</u>
\$ 9,656,594	\$ 11,558,603	\$ 15,802,572	\$ 16,898,924	\$ 18,333,878	\$ 22,769,951
4,442,313	3,577,673	3,625,033	5,648,061	5,939,307	5,130,470
12,327,962	7,869,585	2,986,924	6,596,586	7,422,553	8,695,898
<u>\$ 26,426,869</u>	<u>\$ 23,005,861</u>	<u>\$ 22,414,529</u>	<u>\$ 29,143,571</u>	<u>\$ 31,695,738</u>	<u>\$ 36,596,319</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	2010	2011	2012	2013
Expenses				
Governmental Activities:				
General government administration	\$ 2,694,098	\$ 2,402,794	\$ 2,714,331	\$ 2,463,006
Judicial administration	1,563,538	1,794,214	1,908,573	1,982,483
Public safety	11,327,324	11,247,826	11,627,376	13,053,085
Public works	3,669,994	4,836,959	1,840,310	1,414,273
Health and welfare	6,147,406	6,728,853	7,462,916	6,971,130
Education	24,147,779	24,476,243	25,310,174	24,661,559
Parks, recreation, and cultural	1,820,175	1,487,353	1,528,660	1,426,020
Community development	965,207	1,606,664	745,870	892,852
Interest on long-term debt	2,152,971	2,728,110	2,845,792	2,639,028
Total governmental activities expenses	\$ 54,488,492	\$ 57,309,016	\$ 55,984,002	\$ 55,503,436
Business-type Activities:				
Sanitary Districts	\$ 2,354,749	\$ 2,297,808	\$ 2,211,341	\$ 2,249,735
North Fork Wastewater	-	-	169,990	209,261
Landfill	-	-	2,768,790	2,833,612
Total business-type activities expenses	\$ 2,354,749	\$ 2,297,808	\$ 5,150,121	\$ 5,292,608
Total primary government expenses	\$ 56,843,241	\$ 59,606,824	\$ 61,134,123	\$ 60,796,044
Program Revenues				
Governmental Activities:				
Charges for services:				
General government administration	\$ 363,868	\$ 362,673	\$ 363,009	\$ 332,185
Judicial administration	269,943	292,908	258,918	249,069
Public safety	122,681	78,043	73,224	1,046,987
Public works	1,005,193	1,070,662	-	-
Health and welfare	-	-	-	27,283
Education	469,308	465,158	388,851	355,435
Parks, recreation, and cultural	534,855	481,901	454,494	262,619
Operating grants and contributions	8,116,656	8,500,571	8,043,215	7,994,332
Capital grants and contributions	-	3,996,634	1,411,363	1,102,782
Total governmental activities program revenues	\$ 10,882,504	\$ 15,248,550	\$ 10,993,074	\$ 11,370,692
Business-type Activities:				
Charges for services:				
Sanitary Districts	\$ 1,446,521	\$ 1,555,987	\$ 1,534,485	\$ 1,628,981
North Fork Wastewater	-	-	132,693	100,784
Landfill	-	-	1,081,369	1,095,874
Capital grants and contributions	175,383	239,000	329,067	515,666
Total business-type activities program revenues	\$ 1,621,904	\$ 1,794,987	\$ 3,077,614	\$ 3,341,305
Total primary government program revenues	\$ 12,504,408	\$ 17,043,537	\$ 14,070,688	\$ 14,711,997
Net (expense) / revenue				
Governmental Activities	\$ (43,605,988)	\$ (42,060,466)	\$ (44,990,928)	\$ (44,132,744)
Business-type Activities	(732,845)	(502,821)	(2,072,507)	(1,951,303)
Total primary government net expense	\$ (44,338,833)	\$ (42,563,287)	\$ (47,063,435)	\$ (46,084,047)

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,969,430	\$ 2,668,706	\$ 2,897,841	\$ 2,844,200	\$ 2,986,698	\$ 2,763,462
2,073,679	2,083,473	2,042,118	2,214,773	2,303,707	2,380,720
13,932,695	12,701,606	14,947,334	15,601,779	15,269,440	17,046,346
1,228,217	1,677,832	1,147,692	1,203,056	1,130,117	1,605,648
6,420,661	6,513,167	7,143,608	8,038,337	8,379,289	9,041,290
25,808,176	27,252,564	28,333,067	27,662,686	29,061,555	32,187,526
1,548,584	1,589,374	1,666,378	1,977,186	2,162,708	2,163,070
1,086,801	732,115	1,491,749	1,099,573	1,114,388	1,092,330
2,285,296	2,187,944	2,037,564	1,879,970	1,715,549	2,042,052
<u>\$ 56,353,539</u>	<u>\$ 57,406,781</u>	<u>\$ 61,707,351</u>	<u>\$ 62,521,560</u>	<u>\$ 64,123,451</u>	<u>\$ 70,322,444</u>
\$ 2,189,967	\$ 2,199,988	\$ 2,233,317	\$ 2,050,702	\$ 2,089,228	\$ 2,139,489
177,751	256,978	272,530	265,486	276,138	179,363
409,841	2,726,110	4,063,526	2,802,246	2,737,626	2,830,512
<u>\$ 2,777,559</u>	<u>\$ 5,183,076</u>	<u>\$ 6,569,373</u>	<u>\$ 5,118,434</u>	<u>\$ 5,102,992</u>	<u>\$ 5,149,364</u>
<u>\$ 59,131,098</u>	<u>\$ 62,589,857</u>	<u>\$ 68,276,724</u>	<u>\$ 67,639,994</u>	<u>\$ 69,226,443</u>	<u>\$ 75,471,808</u>
\$ 329,430	\$ 426,174	\$ 412,296	\$ 426,606	\$ 519,425	\$ 104,001
196,855	231,627	206,785	237,787	208,277	177,960
924,949	622,799	861,624	741,236	952,459	1,161,014
2,400	8,022	473	-	2,400	-
-	-	-	-	-	-
397,445	367,829	390,566	-	-	-
428,031	383,428	427,623	844,570	1,060,521	1,029,266
8,941,953	7,492,689	8,263,660	11,213,697	8,576,980	9,080,561
1,190,549	492,667	390,388	79,708	700,000	3,406,369
<u>\$ 12,411,612</u>	<u>\$ 10,025,235</u>	<u>\$ 10,953,415</u>	<u>\$ 13,543,604</u>	<u>\$ 12,020,062</u>	<u>\$ 14,959,171</u>
\$ 1,650,491	\$ 1,662,924	\$ 1,823,913	\$ 1,783,104	\$ 1,832,866	\$ 1,821,974
105,479	66,336	65,473	85,581	103,685	139,400
1,036,704	1,207,176	1,240,290	1,367,091	1,387,496	1,406,250
202,000	104,333	36,168	117,500	134,000	28,833
<u>\$ 2,994,674</u>	<u>\$ 3,040,769</u>	<u>\$ 3,165,844</u>	<u>\$ 3,353,276</u>	<u>\$ 3,458,047</u>	<u>\$ 3,396,457</u>
<u>\$ 15,406,286</u>	<u>\$ 13,066,004</u>	<u>\$ 14,119,259</u>	<u>\$ 16,896,880</u>	<u>\$ 15,478,109</u>	<u>\$ 18,355,628</u>
\$ (43,941,927)	\$ (47,381,546)	\$ (50,753,936)	\$ (48,977,956)	\$ (52,103,389)	\$ (55,363,273)
217,115	(2,142,307)	(3,403,529)	(1,765,158)	(1,644,945)	(1,752,907)
<u>\$ (43,724,812)</u>	<u>\$ (49,523,853)</u>	<u>\$ (54,157,465)</u>	<u>\$ (50,743,114)</u>	<u>\$ (53,748,334)</u>	<u>\$ (57,116,180)</u>

COUNTY OF SHENANDOAH, VIRGINIA

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

	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 31,119,938	\$ 31,699,815	\$ 33,793,896	\$ 35,569,694
Local sales and use taxes	2,909,578	3,048,872	3,168,917	3,224,641
Consumer utility taxes	325,862	298,353	1,962,053	1,943,136
Motor vehicle licenses taxes	815,279	857,901	826,120	825,623
Taxes on recordation and wills	1,995,591	1,994,437	258,430	347,126
Other local taxes	107,777	147,423	164,242	154,857
Unrestricted grants and contributions	3,842,578	3,791,210	3,959,108	3,874,170
Unrestricted revenues from use of money and property	121,661	133,941	258,340	130,565
Miscellaneous	455,690	2,816,283	1,237,842	2,705,887
Transfers	-	(343,777)	7,002,886	(1,632,819)
Total governmental activities	\$ 41,693,954	\$ 44,444,458	\$ 52,631,834	\$ 47,142,880
Business-type Activities:				
Property taxes	\$ 541,459	\$ 561,634	\$ 562,552	\$ 592,586
Unrestricted revenues from use of money and property	21,019	19,004	23,331	10,256
Miscellaneous	114,601	139,622	89,893	-
Transfers	-	343,777	(7,002,886)	1,632,819
Total business-type activities	\$ 677,079	\$ 1,064,037	\$ (6,327,110)	\$ 2,235,661
Total primary government	\$ 42,371,033	\$ 45,508,495	\$ 46,304,724	\$ 49,378,541
Change in Net Position				
Governmental Activities	\$ (1,912,034)	\$ 2,383,992	\$ 7,640,906	\$ 3,010,136
Business-type Activities	(55,766)	561,216	(8,399,617)	284,358
Total primary government	\$ (1,967,800)	\$ 2,945,208	\$ (758,711)	\$ 3,294,494

Table 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 37,418,269	\$ 39,124,452	\$ 41,148,042	\$ 42,461,477	\$ 44,834,747	\$ 47,553,596
3,207,116	3,262,733	3,246,390	3,536,415	3,651,977	3,756,891
1,994,637	1,955,209	1,881,288	1,937,678	1,867,094	1,797,031
830,861	864,693	871,892	871,435	891,545	916,167
304,745	291,431	347,726	410,384	366,337	404,259
160,650	166,728	176,892	168,394	212,490	192,681
4,066,927	4,036,318	4,092,036	4,146,519	4,104,013	4,161,599
360,343	452,848	422,388	569,096	705,696	1,120,228
1,106,265	771,242	782,381	1,323,671	1,155,162	1,497,574
(1,571,745)	(1,363,318)	(4,236,140)	(1,357,419)	(1,143,142)	(1,193,780)
\$ 47,878,068	\$ 49,562,336	\$ 48,732,895	\$ 54,067,650	\$ 56,645,919	\$ 60,206,246
\$ 572,600	\$ 569,402	\$ 580,181	\$ 560,226	\$ 562,737	\$ 566,297
6,084	2,685	5,783	12,389	23,197	37,537
48,904	59,139	11,134	8,040	8,727	12,901
1,571,745	1,363,318	4,236,140	1,357,419	1,143,142	1,193,780
\$ 2,199,333	\$ 1,994,544	\$ 4,833,238	\$ 1,938,074	\$ 1,737,803	\$ 1,810,515
\$ 50,077,401	\$ 51,556,880	\$ 53,566,133	\$ 56,005,724	\$ 58,383,722	\$ 62,016,761
\$ 3,936,141	\$ 2,180,790	\$ (2,021,041)	\$ 5,089,694	\$ 4,542,530	\$ 4,842,973
2,416,448	(147,763)	1,429,709	172,916	92,858	57,608
\$ 6,352,589	\$ 2,033,027	\$ (591,332)	\$ 5,262,610	\$ 4,635,388	\$ 4,900,581

COUNTY OF SHENANDOAH, VIRGINIA

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Total
2010 \$	31,119,938	\$ 2,909,578	\$ 1,995,591	\$ 815,279	\$ 325,862	\$ 37,166,248
2011	31,699,815	3,048,872	1,994,437	857,901	298,353	37,899,378
2012	33,793,896	3,168,917	1,962,053	826,120	258,430	40,009,416
2013	35,569,694	3,224,641	1,943,136	825,623	347,126	41,910,220
2014	37,418,269	3,207,116	1,994,637	830,861	304,745	43,755,628
2015	39,124,452	3,262,733	1,955,209	864,693	291,431	45,498,518
2016	41,148,042	3,246,390	1,881,288	871,892	347,726	47,495,338
2017	42,461,477	3,536,415	1,937,678	871,435	410,384	49,217,389
2018	44,834,747	3,651,977	1,867,094	891,545	366,377	51,611,740
2019	47,553,596	3,756,891	1,797,031	916,167	404,259	54,427,944

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COUNTY OF SHENANDOAH, VIRGINIA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund				
Unreserved	\$ 10,747,591	\$ -	\$ -	\$ -
Nonspendable	-	42,362	88,905	16,995
Restricted	-	4,372,985	3,896,099	3,938,418
Committed	-	-	5,035	-
Assigned	-	1,132,855	1,043,063	1,178,694
Unassigned	-	9,686,116	9,655,914	10,497,972
Total general fund	\$ <u>10,747,591</u>	\$ <u>15,234,318</u>	\$ <u>14,689,016</u>	\$ <u>15,632,079</u>
All other governmental funds				
Reserved				
Unreserved, reported in:				
Special revenue funds	\$ 566,016	\$ -	\$ -	\$ -
Capital projects funds	18,156,955	-	-	-
Debt service funds	-	-	-	-
Restricted, reported in:				
Capital projects funds	-	8,653,713	2,505,751	1,788,689
Committed, reported in:				
Landfill contingency	-	-	39,303	-
Assigned, reported in:				
Debt service funds	-	-	-	-
Capital projects funds	-	6,918,627	8,046,955	8,780,403
Special revenue funds	-	576,406	99,893	99,903
Total all other governmental funds	\$ <u>18,722,971</u>	\$ <u>16,148,746</u>	\$ <u>10,691,902</u>	\$ <u>10,668,995</u>

Note: The County implemented GASB Statement 54 beginning with fiscal year 2011-see Note 1 in the Notes to Basic Financial Statements section of the report.

Table 4

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
39,075	70,758	45,765	42,998	160,559	336,882	
4,217,739	3,509,063	3,625,033	5,648,061	5,939,307	5,130,470	
-	-	-	-	-	-	
1,247,724	1,495,113	1,496,740	961,601	979,660	1,261,466	
<u>12,772,653</u>	<u>13,577,568</u>	<u>10,656,213</u>	<u>12,871,656</u>	<u>14,582,450</u>	<u>13,463,207</u>	
\$ <u>18,277,191</u>	\$ <u>18,652,502</u>	\$ <u>15,823,751</u>	\$ <u>19,524,316</u>	\$ <u>21,661,976</u>	\$ <u>20,192,025</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	-	
-	182,987	-	-	-	-	
224,574	68,610	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	184,372	184,372	
8,192,892	7,937,178	7,863,564	8,104,694	8,102,474	22,528,595	
<u>164,067</u>	<u>188,603</u>	<u>188,603</u>	<u>188,603</u>	<u>188,603</u>	<u>267,535</u>	
\$ <u>8,581,533</u>	\$ <u>8,377,378</u>	\$ <u>8,052,167</u>	\$ <u>8,293,297</u>	\$ <u>8,475,449</u>	\$ <u>22,980,502</u>	

COUNTY OF SHENANDOAH, VIRGINIA

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

	2010	2011	2012	2013
Revenues				
General property taxes	\$ 30,805,595	\$ 31,744,361	\$ 33,009,862	\$ 35,693,366
Other local taxes	6,154,087	6,346,986	6,379,762	6,495,383
Permits, privilege fees and regulatory licenses	340,486	330,143	321,647	347,305
Fines and forfeitures	114,651	107,215	77,345	78,423
Revenue from use of money and property	121,661	133,941	258,340	130,565
Charges for services	2,310,711	2,313,987	1,139,504	1,847,850
Miscellaneous	455,690	2,334,514	1,237,842	2,705,887
Recovered costs	312,420	482,269	276,297	499,341
Intergovernmental:				
Commonwealth	10,126,436	10,387,854	9,948,179	10,281,425
Federal	1,832,798	5,900,561	3,465,508	2,689,859
Total revenues	\$ 52,574,535	\$ 60,081,831	\$ 56,114,286	\$ 60,769,404
Expenditures				
General government administration	\$ 2,637,070	\$ 2,228,906	\$ 2,435,352	\$ 2,540,618
Judicial administration	1,553,936	1,579,642	1,685,561	1,764,922
Public safety	10,965,435	10,781,294	11,645,005	13,244,694
Public works	2,686,143	2,983,349	1,100,767	1,062,575
Health and welfare	6,127,943	6,707,951	6,876,762	6,775,287
Education	21,303,551	21,197,950	22,090,351	22,094,286
Parks, recreation and cultural	1,780,076	1,469,314	1,487,219	1,384,394
Community development	965,488	930,856	953,673	951,035
Nondepartmental	196,308	15,159	133,482	16,891
Capital projects	7,338,539	10,764,620	6,628,375	6,932,038
Debt service:				
Principal	4,430,936	4,390,177	7,176,059	3,897,642
Interest and other fiscal charges	1,875,209	2,932,961	2,800,854	2,569,834
Bond issuance costs	-	-	57,604	156,175
Total expenditures	\$ 61,860,634	\$ 65,982,179	\$ 65,071,064	\$ 63,390,391
Excess (deficiency) of revenues over (under) expenditures	\$ (9,286,099)	\$ (5,900,348)	\$ (8,956,778)	\$ (2,620,987)
Other financing sources (uses)				
Transfers in	\$ 6,078,976	\$ 3,874,348	\$ 5,861,710	\$ 5,868,257
Transfers out	(6,078,976)	(3,874,348)	(7,192,458)	(7,501,076)
Refunding bonds issued	-	-	-	-
Bonds issued	15,760,000	7,435,000	3,255,000	4,495,000
Premium on bonds issued	723,003	-	499,512	285,655
Capital leases	452,301	377,850	530,868	393,307
Notes Payable	662,649	-	-	-
Total other financing sources (uses)	\$ 17,597,953	\$ 7,812,850	\$ 2,954,632	\$ 3,541,143
Net change in fund balances	\$ 8,311,854	\$ 1,912,502	\$ (6,002,146)	\$ 920,156
Debt service as a percentage of noncapital expenditures	11.57%	13.26%	16.98%	11.84%

Table 5

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 37,482,790	\$ 39,515,727	\$ 40,894,148	\$ 42,563,588	\$ 45,169,428	\$ 47,363,914
6,498,009	6,540,794	6,524,188	6,924,306	6,989,443	7,067,029
349,335	445,277	432,609	372,308	426,374	405,834
71,259	83,303	66,671	60,697	51,449	41,221
360,343	452,848	509,396	569,096	705,696	1,120,228
1,858,516	1,511,299	1,800,087	1,817,194	2,265,259	2,025,186
1,805,065	1,092,112	1,267,177	1,206,726	1,855,162	4,903,943
550,983	512,397	492,482	526,766	497,565	579,109
10,303,365	9,562,497	10,334,634	10,317,912	10,513,169	10,932,525
3,896,064	2,459,177	2,332,300	5,122,012	2,167,824	2,309,635
\$ 63,175,729	\$ 62,175,431	\$ 64,653,692	\$ 69,480,605	\$ 70,641,369	\$ 76,748,624
\$ 2,463,728	\$ 2,735,318	\$ 2,861,575	\$ 2,488,722	\$ 2,618,367	\$ 2,661,475
1,822,544	1,890,580	1,949,965	1,971,210	2,132,675	2,297,440
14,007,900	13,795,977	14,736,082	15,198,189	15,984,765	17,185,771
1,172,071	1,088,347	1,149,372	1,140,004	1,157,835	1,627,059
6,353,432	6,836,916	7,474,288	8,037,115	8,556,685	9,240,789
23,354,643	24,856,868	25,685,320	25,490,023	26,617,409	30,412,369
1,408,573	1,465,408	1,522,188	1,944,929	2,194,716	2,198,531
1,033,232	1,058,542	1,629,086	1,377,922	1,460,829	1,480,775
13,374	14,152	13,533	21,829	105,689	212,682
3,535,193	672,597	676,488	255,451	933,869	4,152,533
3,802,563	3,830,034	4,037,566	4,160,835	4,212,946	4,437,300
2,476,051	2,396,218	2,246,551	2,095,262	1,932,353	2,094,365
-	-	-	-	-	118,057
\$ 61,443,304	\$ 60,640,957	\$ 63,982,014	\$ 64,181,491	\$ 67,908,138	\$ 78,119,146
\$ 1,732,425	\$ 1,534,474	\$ 671,678	\$ 5,299,114	\$ 2,733,231	\$ (1,370,522)
\$ 5,833,132	\$ 5,565,693	\$ 5,235,600	\$ 5,408,275	\$ 6,038,539	\$ 6,427,200
(7,404,877)	(6,929,011)	(9,471,740)	(6,765,694)	(7,181,681)	(7,620,980)
-	-	-	-	-	-
-	-	-	-	-	13,970,000
-	-	-	-	-	1,530,581
396,970	-	410,500	-	729,723	98,823
-	-	-	-	-	-
\$ (1,174,775)	\$ (1,363,318)	\$ (3,825,640)	\$ (1,357,419)	\$ (413,419)	\$ 14,405,624
\$ 557,650	\$ 171,156	\$ (3,153,962)	\$ 3,941,695	\$ 2,319,812	\$ 13,035,102
10.86%	10.55%	9.98%	9.83%	9.32%	9.06%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2010 \$	30,805,595 \$	2,909,578 \$	1,248,883 \$	815,279 \$	325,862 \$	36,105,197
2011	31,744,361	3,048,872	1,994,437	857,901	298,353	37,943,924
2012	33,009,862	3,168,917	1,962,053	826,120	258,430	39,225,382
2013	35,693,366	3,224,641	1,943,136	825,623	347,126	42,033,892
2014	37,482,790	3,207,116	1,994,637	830,861	304,745	43,820,149
2015	39,515,727	3,262,733	1,955,209	864,693	291,431	45,889,793
2016	40,894,148	3,246,390	1,881,288	871,892	347,726	47,241,444
2017	42,563,588	3,536,415	1,937,678	871,435	410,384	49,319,500
2018	45,169,428	3,651,977	1,867,094	891,545	366,337	51,946,381
2019	47,363,914	3,756,891	1,797,031	916,167	404,259	54,238,262

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COUNTY OF SHENANDOAH, VIRGINIA

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

Fiscal Year		Real Estate (1)		Personal Property		Mobile Homes		Machinery and Tools		Merchants' Capital		Public Service (2)
2010	\$	4,371,701,000	\$	346,758,402	\$	4,443,414	\$	64,372,075	\$	46,001,179	\$	149,466,288
2011		4,403,310,900		357,328,471		4,360,059		78,202,016		44,439,756		200,723,875
2012		4,413,197,300		363,099,193		4,271,041		74,030,957		45,520,162		194,503,654
2013		4,441,341,600		367,548,462		4,141,738		75,260,772		46,502,386		194,991,068
2014		4,465,692,800		381,440,803		4,202,476		74,590,349		48,541,466		209,304,337
2015		4,479,926,100		393,610,302		4,298,296		70,749,206		47,243,710		222,281,742
2016		4,364,147,300		420,770,509		4,870,181		80,349,258		46,311,933		241,371,336
2017		4,383,540,000		431,716,486		4,964,567		96,057,176		53,095,887		254,718,911
2018		4,406,982,871		389,568,841		4,883,411		96,239,068		56,513,020		267,575,579
2019		4,429,431,900		461,818,927		4,937,071		94,669,186		54,758,072		289,945,878

Source: Commissioner of Revenue

(1) Real estate assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

(3) Source: Virginia Department of Taxation.

Table 7

	Total Taxable Assessed Value	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	4,982,742,358	\$ 4,877,868,192	102.15%	\$ 7.84
	5,088,365,077	5,202,827,277	97.80%	7.84
	5,094,622,307	4,702,872,987	108.33%	7.92
	5,129,786,026	4,735,332,803	108.33%	8.33
	5,183,772,231	4,785,167,757	108.33%	8.39
	5,218,109,356	4,910,237,467	106.27%	8.39
	5,157,820,517	4,999,826,015	103.16%	8.55
	5,224,093,027	5,195,001,021	100.56%	8.55
	5,221,762,790	5,192,683,761	100.56%	8.63
	5,335,561,034	5,305,848,284	100.56%	8.93

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

Direct Rates							Total Direct Rate
Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital		
2010	\$ 0.47	\$ 3.15	\$ 0.47	\$ 3.15	\$ 0.60	\$	7.84
2011	0.47	3.15	0.47	3.15	0.60		7.84
2012	0.51	3.15	0.51	3.15	0.60		7.92
2013	0.54	3.50	0.54	3.15	0.60		8.33
2014	0.57	3.50	0.57	3.15	0.60		8.39
2015	0.57	3.50	0.57	3.15	0.60		8.39
2016	0.60	3.60	0.60	3.15	0.60		8.55
2017	0.60	3.60	0.60	3.15	0.60		8.55
2018	0.64	3.60	0.64	3.15	0.60		8.63
2019	0.64	3.90	0.64	3.15	0.60		8.93

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 2019		Fiscal Year 2010	
		2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
EIP 495 Radio Station Road LLC	Mfg	\$ 20,428,900	18.47%	\$ -	0.00%
North Shenandoah Investors LLC	Investments	-	0.00%	20,432,600	18.18%
Art Mortgage Borrower	Distribution	12,357,400	11.17%	13,795,500	12.28%
Howell Metal	Mfg	11,342,000	10.25%	10,628,100	9.46%
Bowman Andros Products	Mfg	9,756,400	8.82%	8,015,100	7.13%
Lowes Home Centers	Retail	9,308,000	8.42%	9,499,400	8.45%
Wal-Mart Real Estate	Retail	8,673,100	7.84%	9,269,000	8.25%
294 Front Royal LLC	Mfg	8,522,300	7.71%	10,718,600	9.54%
Valley Fertilizer and Chemical Co	Retail	8,409,800	7.60%	6,299,900	5.61%
Telesat Network Services	Communications	8,067,300	7.29%	-	0.00%
Masco Cabinetry	Mfg	7,068,600	6.39%	7,889,100	7.02%
Shenandoah Investors LLC	Investments	6,673,100	6.03%	-	0.00%
Loral Cyberstar Data Services	Communications	-	0.00%	9,013,000	8.02%
Spectrum I Woodstock	Retail	-	0.00%	6,804,000	6.06%
		<u>\$ 110,606,900</u>	<u>100.00%</u>	<u>\$ 112,364,300</u>	<u>100.00%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax (1,3) Levy for Fiscal Year		Collected within the Fiscal Year of the Levy (1,3)		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$	31,762,302	\$ 28,815,151	90.72%	\$ 2,895,373	\$ 31,710,524	99.84%
2011		32,838,732	29,867,700	90.95%	2,899,244	32,766,944	99.78%
2012		35,018,934	33,281,231	95.04%	1,638,116	34,919,347	99.72%
2013		36,226,476	33,721,380	93.08%	2,391,032	36,112,412	99.69%
2014		39,644,404	37,448,266	94.46%	1,855,843	39,304,109	99.14%
2015		39,858,420	37,876,812	95.03%	1,631,731	39,508,543	99.12%
2016		41,321,753	39,421,018	95.40%	1,427,067	40,848,085	98.85%
2017		43,635,676	41,757,773	95.70%	1,231,656	42,989,429	98.52%
2018		47,552,508	45,380,283	95.43%	768,383	46,148,666	97.05%
2019		48,210,765	46,001,197	95.42%	-	46,001,197	95.42%

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	Capital Leases	General Obligation Bonds	Notes Payable
2010	\$ 45,560,848	\$ 3,459,500	\$ 4,338,322	\$ 1,865,903	\$ 2,339,188	\$ 6,888
2011	50,367,176	3,145,000	3,972,674	1,060,237	2,284,811	1,379
2012	48,306,971	2,830,500	3,255,000	1,145,505	3,072,421	-
2013	45,442,086	2,516,000	7,595,000	1,131,300	2,802,329	-
2014	42,362,464	2,201,500	7,435,000	1,196,369	2,266,352	-
2015	39,210,472	1,887,000	7,265,000	863,395	1,906,076	-
2016	35,949,790	1,572,500	7,000,000	937,079	1,570,934	-
2017	32,565,081	1,258,000	6,720,000	616,021	1,341,214	-
2018	29,045,994	943,500	6,435,000	1,111,953	1,254,010	-
2019	26,927,746	629,000	20,105,000	897,373	1,168,777	-

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

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

Table 11

Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 53,284	\$ 57,623,933	4.34%	\$ 1,404
46,585	60,877,862	4.54%	1,450
4,301	58,614,698	4.24%	1,386
-	59,486,715	6.55%	1,644
-	55,461,685	6.57%	1,573
247,294	51,379,237	3.45%	1,207
187,007	47,217,310	3.05%	1,106
456,030	42,956,346	2.63%	998
731,182	39,521,639	2.38%	936
536,176	50,264,072	2.91%	1,164

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2010	\$ 49,020,348	\$ -	\$ 49,020,348	0.98%	\$ 1,195
2011	53,512,176	-	53,512,176	1.05%	1,274
2012	51,137,471	-	51,137,471	1.00%	1,209
2013	47,958,086	-	47,958,086	0.93%	1,326
2014	44,563,964	-	44,563,964	0.86%	1,264
2015	41,097,472	-	41,097,472	0.79%	965
2016	37,522,290	-	37,522,290	0.73%	879
2017	33,823,081	-	33,823,081	0.65%	786
2018	29,989,494	-	29,989,494	0.57%	710
2019	27,556,746	-	27,556,746	0.52%	638

(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						
	Water/Sewer/Refuse and Septage Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2010	\$ 2,121,710	\$ 1,925,427	\$ 196,283	\$ 284,415	\$ 116,742	48.93%	
2011	2,276,247	1,863,237	413,010	264,005	102,950	112.55%	
2012	3,424,323	4,594,573	(1,170,250)	249,378	85,698	-349.25%	
2013	3,428,481	4,581,746	(1,153,265)	274,393	142,435	-276.68%	
2014	3,420,262	2,680,364	739,898	535,977	97,195	116.86%	
2015	3,567,662	5,103,920	(1,536,258)	360,276	78,771	-349.91%	
2016	3,726,774	6,505,367	(2,778,593)	335,145	63,841	-696.41%	
2017	3,235,776	5,065,643	(1,829,867)	290,957	52,791	-532.33%	
2018	3,324,047	5,053,336	(1,729,289)	205,199	50,253	-676.95%	
2019	3,367,624	5,088,964	(1,721,340)	280,239	60,400	-505.33%	

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
2010	41,036	1,328,335,320	32,370	40.9	6,106	8.30%
2011	41,993	1,340,290,581	31,917	42.2	6,094	7.00%
2012	42,289	1,380,820,428	32,652	43.5	6,076	6.60%
2013	42,583	1,491,086,328	35,016	43.7	6,069	6.20%
2014	42,684	1,550,624,352	36,328	43.8	6,115	5.60%
2015	43,021	1,630,323,816	37,896	44.0	5,969	4.70%
2016	42,228	1,659,180,348	39,291	44.1	5,913	4.30%
2017	43,175	1,724,409,500	39,940	44.5	5,991	3.70%
2018	43,225	1,859,323,375	43,015	44.4	6,082	3.20%
2019	43,497	1,974,198,339	45,387	44.5	6,058	2.60%

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

Principal Employers
Current Year and Nine Years Prior

Employer	Fiscal Year 2019		Fiscal Year 2010	
	Employees	Rank	Employees	Rank
Shenandoah County School Board	1000+	1	1000+	1
George's Chicken	500 to 999	2	500 to 999	2
Shentel Management Company	500 to 999	3	250 to 499	9
Bowman Andros Products	500 to 999	4	-	-
LSC Communications US, LLC	250 to 499	5	-	-
County of Shenandoah	250 to 499	6	250 to 499	5
Valley Health System	250 to 499	7	250 to 499	6
Iac Strasburg LLC	250 to 499	8	250 to 499	4
Masco Builder Cabinet Group	250 to 499	9	250 to 499	-
Mercury Paper	100 to 249	10	-	-
R.R. Donnelly and Sons Company	-	-	500 to 999	3
Howell Metal Company	-	-	250 to 499	7
Bowman Apple Products	-	-	100 to 249	10
Wal Mart	-	-	250 to 499	8

Source: Virginia Employment Commission-LMI

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

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government administration	25	22	22	21	24	24	24	23	23	29
Judicial administration	21	21	19	15	19	19	19	20	26	23
Public safety:										
Sheriff's department	70	70	71	84	69	57	57	57	59	58
Fire and rescue	32	33	34	42	44	48	48	50	50	56
Building inspections	7	7	5	5	6	6	6	6	6	7
Animal control	2	2	2	2	2	2	2	2	2	2
Emergency communications	*	*	*	*	18	18	18	18	18	21
Public works:										
General maintenance	7	7	6	6	6	6	6	6	6	6
Landfill	20	20	22	19	17	17	17	17	17	17
Health and welfare:										
Department of social services	35	35	35	35	35	41	41	40	44	46
Culture and recreation:										
Parks and recreation	5	4	5	5	5	5	5	5	5	7
Library	5	6	6	6	6	6	7	8	8	8
Tourism	*	1	1	1	1	1	1	1	1	2
Community development:										
Planning	5	4	5	5	5	5	5	5	5	3
Totals	<u>234</u>	<u>232</u>	<u>233</u>	<u>246</u>	<u>257</u>	<u>255</u>	<u>256</u>	<u>258</u>	<u>270</u>	<u>285</u>

Source: Individual County departments

* Information unavailable

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests										
Traffic violations/arrests	2800	2200	2110	2070	2195	2138	2269	2017	2275	2075
Civil papers	9269	9163	12308	10500	12428	13141	11912	14055	14303	13921
Fire and rescue:										
Number of calls answered	9998	10303	13124	11150	5933	7232	7426	7469	7677	7562
Building inspections:										
Permits issued	127	88	90	78	82	99	89	115	1610	130
Animal control:										
Number of calls answered	1636	1544	1729	1643	1847	1656	1548	1576	1717	2233
Public works										
Landfill:										
Refuse collected (tons/day)	130	133	116	117.02	132	138.5	148.3	162.2	179	154
Recycling (tons/day)	7.5	9.0	7.8	6.8	7.2	7.0	7.3	18.4	7.4	7
Health and welfare										
Department of Social Services:										
Caseload	5780	5998	5854	5753	10905	*	10935	11000	10219	10953
Culture and recreation										
Parks and recreation:										
Recreation facility permits	2059	1298	1291	1137	1853	1833	1743	1762	1680	2270
Youth sports participants	1430	1449	1209	1156	1013	1403	1512	1644	1732	2216
Community development										
Planning:										
Zoning permits issued	303	374	438	375	331	260	318	293	330	364
Component Unit - School Board										
Education:										
School age population	6106	6094	6076	6069	6115	5696	5913	5991	6082	6058
Number of teachers	501	496	523	520	521	522	529	530	538	541
Local expenditures per pupil	3433	3440	3557	3711	3832	4116	4414	4347	4484	4873

Source: Individual County departments

* Information unavailable

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Administration buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	2	2	2	2	2	3	3	5	4	3
Public safety										
Sheriffs department:										
Patrol units	50	47	46	51	56	56	56	56	58	60
Building inspections:										
Vehicles	5	5	4	4	4	4	4	4	4	5
Animal control:										
Vehicles	2	2	2	2	2	2	2	2	2	2
Public works										
General maintenance:										
Trucks/vehicles	6	6	6	6	6	6	7	7	5	8
Landfill:										
Vehicles	20	22	22	23	23	23	19	22	22	24
Equipment	16	16	18	21	21	21	18	20	20	19
Sites	15	15	15	15	16	16	16	15	15	15
Health and welfare										
Department of Social Services:										
Vehicles	10	10	10	12	12	12	12	13	13	13
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	5	5	5	4	4	4	4	4	5	6
Parks acreage	345	345	345	645	645	645	645	645	645	645
Tennis courts	2	2	2	2	2	2	2	2	2	2
Community development										
Planning:										
Vehicles	2	2	2	2	2	2	2	4	4	3
Component Unit - School Board										
Education:										
Schools	10	10	10	10	10	10	10	10	10	10
School buses	104	109	108	108	110	110	112	112	112	112

Source: Individual County departments

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Shenandoah, Virginia, as of and for the year ended June 30, 2019, 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 November 30, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Shenandoah, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Shenandoah, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Shenandoah, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Fanner, Cox Associates

Staunton, Virginia
November 30, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited County of Shenandoah, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Shenandoah, Virginia's major federal programs for the year ended June 30, 2019. County of Shenandoah, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Shenandoah, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 30, 2019

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
Department of Agriculture:			
Pass Through Payments:			
Department of Social Services:			
Supplemental Nutrition Assistance Program Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unavailable	\$ 458,613
Total Department of Agriculture			\$ 458,613
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	Unavailable	\$ 252,997
Refugee and Entrant Assistance - State Administered Programs	93.566	Unavailable	2,908
Promoting Safe and Stable Families	93.556	Unavailable	19,078
Low-Income Home Energy Assistance	93.568	Unavailable	39,348
Child Care Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Unavailable	45,007
Chafee Education and Training Vouchers Program	93.599	Unavailable	735
Foster Care - Title IV-E	93.658	Unavailable	227,837
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	Unavailable	272
Chafee Foster Care Independence Program	93.674	Unavailable	3,191
Social Services Block Grant	93.667	Unavailable	188,803
Children's Health Insurance Program	93.767	Unavailable	11,429
Adoption Assistance	93.659	Unavailable	153,205
Medical Assistance Program	93.778	Unavailable	519,955
Total Department of Health and Human Services			\$ 1,464,765
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	112485, 114,363	\$ 31,107
Total Department of Homeland Security			\$ 31,107
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
ATF Overtime	16.000	Unavailable	\$ 6,822
Local Law Enforcement Block Grant	16.000	Unavailable	8,586
Subtotal CFDA 16.000			\$ 15,408
Crime Victim Assistance	16.575	CJS7601601	71,633
Equitable Sharing Program	16.922	Unavailable	243,093
Bulletproof Vest Partnership Program	16.607	Unavailable	8,402
Total Department of Justice			\$ 338,536

COUNTY OF SHENANDOAH, VIRGINIA

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

Federal Grantor/Pass - Through Grantor/ Program Title or Cluster title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Highway Safety Cluster:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-18 58199 WES DEL,154 AL-19 59172	\$ 20,863
Total Department of Transportation			\$ 20,863
Total Expenditures of Federal Awards - Primary Government			\$ 2,313,884
COMPONENT UNIT SCHOOL BOARD:			
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
School Breakfast Program	10.553	40253	\$ 353,177
National School Lunch Program	10.555	40254	990,261
Department of Agriculture:			
Food Distribution-School Lunch	10.555	Unavailable	148,862
Subtotal CFDA 10.555			\$ 1,139,123
Summer Food Service Program for Children	10.559	Unavailable	699
Total Child Nutrition Cluster			\$ 1,492,999
Schools and Roads - Grants to States	10.665	43841	16,074
Total Department of Agriculture			\$ 1,509,073
Department of Education:			
Pass Through Payments:			
Title I Grants to Local Educational Agencies	84.010	42901	\$ 1,130,794
Student Support and Academic Enrichment Program	84.424	60281	31,177
Supporting Effective Instruction State Grants	84.367	61480	204,892
Special Education Cluster:			
Special Education - State Grants	84.027	43071	\$ 1,261,068
Special Education - Preschool Grants	84.173	62521	55,860
Total Special Education Cluster:			\$ 1,316,928
Career and Technical Education - Basic Grants to States	84.048	61095	117,829
English Language Acquisition State Grants	84.365	60512	36,970
Total Department of Education			\$ 2,838,590
Total Expenditures of Federal Awards Component Unit School Board			\$ 4,347,663
Total Expenditures of Federal Awards			\$ 6,661,547

COUNTY OF SHENANDOAH, VIRGINIA

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

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, 2019. 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, 2019, the County had food commodities totaling \$124,058 in inventory.

NOTE D - Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

NOTE E - Loans

County of Shenandoah had no federal loans required to be presented in the Schedule.

NOTE F - Subrecipients

No awards were passed through to subrecipients.

NOTE G-RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	\$	2,309,635
Reconciling items:		
Expenditures with forfeited drug asset proceeds less than current year revenues		210,863
Payment in lieu of taxes not included above		(206,614)
Total primary government	\$	<u>2,313,884</u>
Discretely presented component unit - School Board	\$	<u>4,347,663</u>
Total discretely presented component unit - School Board	\$	<u>4,347,663</u>
Total expenditures of federal awards per basic financial statements	\$	<u><u>6,661,547</u></u>
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	\$	<u><u>6,661,547</u></u>

COUNTY OF SHENANDOAH, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? yes x none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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16.922	 Equitable Sharing Program
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Child Nutrition Cluster

10.553	 School Breakfast Program
10.555	 National School Lunch Program
10.555	 Food Distribution

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