

County of Wythe, Virginia

Financial Statements



Fiscal Year Ended June 30, 2020

COUNTY OF WYTHE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF WYTHE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

COUNTY OF WYTHE, VIRGINIA

BOARD OF SUPERVISORS

	Brian Vaught, Chair	
Ryan Lawson, Vice Chair		B. G. "Gene" Horney, Jr.
Ryan M. Lawson		Coy L. McRoberts
Jamie Smith		Stacy Terry
	Martha Collins, Clerk	

COUNTY SCHOOL BOARD

	Charmer Frye, Chair	
Peggy Wagy, Vice Chair		Tonya Freeman
Don Goode		Lee Johnson
Ann Manley		Stephen Sage
	Catrina Hall, Clerk	

SOCIAL SERVICES BOARD

	Patty O'Quinn, Chair	
Jonathan Hammon, Vice Chair		Maggie Harless
Sandra Thomas		Brian Vaught
	Kimberly Ayers, Clerk	

OTHER OFFICIALS

Judge of the Circuit Court	Josiah T. Showalter, Jr.
Clerk of the Circuit Court	Jeremiah Musser
Judge of the General District Court	J.D. Bolt
Judge of the Juvenile & Domestic Relations Court	Bradley Dalton
Commonwealth's Attorney	Mike Jones
Commissioner of the Revenue	Kathy Vaught
Treasurer	Lori Guynn
Sheriff	Keith Dunagan
Superintendent of Schools	Dr. Scott L. Jeffries
Director of Social Services	Kimberly Ayers
County Administrator	Stephen Bear
County Attorney	Scot S. Farthing

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 Wythe, Virginia, as of and for the year ended June 30, 2020, 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 Wythe, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balance

As described in Note 21 to the financial statements, in 2020, the County restated beginning balances to include the Component Unit - Appalachian Regional Exposition Center Authority. 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 budgetary comparison information and schedules related to pension and OPEB funding on pages 96 and 97-110 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the County of Wythe, 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 the County of Wythe, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Wythe, Virginia's internal control over financial reporting and compliance.

Robinson, Fauser, Cox Associates

Blacksburg, Virginia
October 30, 2020

Basic Financial Statements

County of Wythe, Virginia
Statement of Net Position
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	APEX Center
ASSETS					
Cash and cash equivalents	\$ 51,363,336	\$ 4,244,636	\$ 55,607,972	\$ 3,892,447	\$ 120,979
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,935,780	-	1,935,780	-	-
Other local taxes	339,583	-	339,583	-	-
Accounts receivable	8,811	487,281	496,092	33,819	2,113
Due from other governmental units	1,862,233	3,991,955	5,854,188	1,376,213	-
Inventories	-	-	-	81,316	-
Prepaid items	-	-	-	649,130	72,833
Investment in land	14,029,913	-	14,029,913	-	-
Restricted assets:					
Cash and cash equivalents (in custody of others)	3,025,606	1,417,275	4,442,881	-	-
Certificates of deposits	443,238	-	443,238	-	-
Capital assets (net of accumulated depreciation):					
Land	4,032,359	233,205	4,265,564	774,089	-
Buildings and improvements	53,171,166	-	53,171,166	13,042,217	-
Machinery and equipment	2,748,683	310,200	3,058,883	1,951,342	20,300
Infrastructure	994,677	43,666,057	44,660,734	-	-
Construction in progress	1,134,969	67,007	1,201,976	-	-
Total assets	\$ 135,090,354	\$ 54,417,616	\$ 189,507,970	\$ 21,800,573	\$ 216,225
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,323,627	\$ 66,882	\$ 1,390,509	\$ 6,834,089	\$ -
OPEB related items	157,657	7,184	164,841	1,093,127	-
Total deferred outflows of resources	\$ 1,481,284	\$ 74,066	\$ 1,555,350	\$ 7,927,216	\$ -
LIABILITIES					
Accounts payable	\$ 490,898	\$ 41,780	\$ 532,678	\$ 283,493	\$ 18,692
Construction and retainage payables	58,497	-	58,497	-	-
Salaries payable	-	-	-	3,392,324	16,867
Customer deposits	-	77,437	77,437	-	-
Accrued interest payable	621,628	33,183	654,811	-	-
Unearned revenue	2,479,389	-	2,479,389	-	8,500
Deposits held in escrow	7,000	-	7,000	-	-
Long-term liabilities:					
Due within one year	3,755,246	1,353,648	5,108,894	515,840	4,111
Due in more than one year	50,165,171	23,632,333	73,797,504	43,783,192	1,370
Total liabilities	\$ 57,577,829	\$ 25,138,381	\$ 82,716,210	\$ 47,974,849	\$ 49,540
DEFERRED INFLOWS OF RESOURCES					
Property taxes paid in advance	\$ 113,421	\$ -	\$ 113,421	\$ -	\$ -
Pension related items	289,885	9,601	299,486	4,563,563	-
OPEB related items	310,325	14,041	324,366	1,251,406	-
Total deferred inflows of resources	\$ 713,631	\$ 23,642	\$ 737,273	\$ 5,814,969	\$ -
NET POSITION					
Net investment in capital assets	\$ 23,523,946	\$ 19,512,678	\$ 43,036,624	\$ 15,767,648	\$ 20,300
Restricted:					
Law library	18,976	-	18,976	-	-
Property seizure	207,202	-	207,202	-	-
Bond covenants	-	1,339,838	1,339,838	-	-
Courtroom security	234,435	-	234,435	-	-
Clerk's records grant	26,163	-	26,163	-	-
JAG	2,563	-	2,563	-	-
Electronic summons	251,379	-	251,379	-	-
Concealed weapons	76,364	-	76,364	-	-
School cafeterias	-	-	-	652,917	-
Unrestricted	53,939,150	8,477,143	62,416,293	(40,482,594)	146,385
Total net position	\$ 78,280,178	\$ 29,329,659	\$ 107,609,837	\$ (24,062,029)	\$ 166,685

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

County of Wythe, Virginia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Component Units	
			Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	School Board	APEX Center
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,691,818	\$ 2,369	\$ 295,656	\$ -	\$ (1,393,793)	\$ -	\$ -	\$ -
Judicial administration	1,465,861	11,006	986,402	-	(468,453)	-	-	-
Public safety	7,512,947	1,285,176	2,097,033	-	(4,130,738)	-	-	-
Public works	3,594,343	27,237	-	-	(3,567,106)	-	-	-
Health and welfare	7,930,667	-	5,728,406	-	(2,202,261)	-	-	-
Education	13,572,672	-	-	-	(13,572,672)	-	-	-
Parks, recreation, and cultural	608,950	59,721	4,500	-	(544,729)	-	-	-
Community development	1,268,938	-	-	214,800	(1,054,138)	-	-	-
Interest on long-term debt	1,585,273	-	-	-	(1,585,273)	-	-	-
Total governmental activities	\$ 39,231,469	\$ 1,385,509	\$ 9,111,997	\$ 214,800	\$ (28,519,163)	\$ -	\$ -	\$ -
Business-type activities:								
Water and sewer	\$ 4,107,787	\$ 3,275,364	\$ -	\$ 50,000	\$ -	\$ (782,423)	\$ -	\$ -
Total primary government	\$ 43,339,256	\$ 4,660,873	\$ 9,111,997	\$ 264,800	\$ (28,519,163)	\$ (782,423)	\$ -	\$ -
COMPONENT UNIT:								
School Board	\$ 41,786,487	\$ 1,089,599	\$ 30,151,229	\$ -	\$ -	\$ -	\$ (10,545,659)	\$ -
APEX Center	426,505	185,699	-	-	-	-	-	(240,806)
Total component unit	\$ 42,212,992	\$ 1,275,298	\$ 30,151,229	\$ -	\$ -	\$ -	\$ (10,545,659)	\$ (240,806)
General revenues:								
General property taxes			\$ 21,801,978	\$ -	\$ 21,801,978	\$ -	\$ -	\$ -
Other local taxes:								
Local sales and use taxes			4,153,137	-	4,153,137	-	-	-
Consumers' utility taxes			767,688	-	767,688	-	-	-
Motor vehicle licenses			443,646	-	443,646	-	-	-
Bank stock taxes			36,020	-	36,020	-	-	-
Taxes on recordation and wills			230,367	-	230,367	-	-	-
Hotel and motel room taxes			152,541	-	152,541	-	-	-
Restaurant food taxes			747,263	-	747,263	-	-	-
Admission tax			20,708	-	20,708	-	-	-
Unrestricted revenues from use of money and property			1,154,341	-	100,611	1,254,952	52,861	-
Miscellaneous			46,009	-	-	46,009	3,300	1,482
Payments from the County of Wythe, Virginia			-	-	-	-	10,765,046	301,144
Grants and contributions not restricted to specific programs			2,477,320	-	-	2,477,320	-	-
Transfers			1,076,606	-	(1,076,606)	-	-	-
Total general revenues and transfers			\$ 33,107,624	\$ (975,995)	\$ 32,131,629	\$ -	\$ 10,821,207	\$ 302,626
Change in net position			\$ 4,588,461	\$ (1,758,418)	\$ 2,830,043	\$ -	\$ 275,548	\$ 61,820
Net position - beginning, as restated			73,691,717	31,088,077	104,779,794	-	(24,337,577)	104,865
Net position - ending			\$ 78,280,178	\$ 29,329,659	\$ 107,609,837	\$ -	\$ (24,062,029)	\$ 166,685

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

County of Wythe, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	41,756,841	\$ 9,606,495	\$ 51,363,336
Receivables (net of allowance for uncollectibles):			
Property taxes receivable	1,935,780	-	1,935,780
Other local taxes receivable	339,583	-	339,583
Accounts receivable	-	8,811	8,811
Due from other governmental units	1,862,233	-	1,862,233
Restricted assets:			
Cash and cash equivalents	3,011,748	13,858	3,025,606
Certificates of deposit	443,238	-	443,238
Land held for resale	14,029,913	-	14,029,913
Total assets	<u>\$ 63,379,336</u>	<u>\$ 9,629,164</u>	<u>\$ 73,008,500</u>
LIABILITIES			
Accounts payable	\$ 490,898	\$ -	\$ 490,898
Construction and retainage payable	58,497	-	58,497
Unearned revenue	2,479,389	-	2,479,389
Deposits held in escrow	7,000	-	7,000
Total liabilities	<u>\$ 3,035,784</u>	<u>\$ -</u>	<u>\$ 3,035,784</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	\$ 1,786,706	\$ -	\$ 1,786,706
Unavailable revenue-land held for resale	14,029,913	-	14,029,913
Total deferred inflows of resources	<u>\$ 15,816,619</u>	<u>\$ -</u>	<u>\$ 15,816,619</u>
FUND BALANCES			
Restricted			
Law library	\$ 18,976	\$ -	\$ 18,976
Property seizure	207,202	-	207,202
Construction projects	2,825,023	13,858	2,838,881
Courtroom security	234,435	-	234,435
Clerk's records grant	26,163	-	26,163
JAG	2,563	-	2,563
Electronic summons	251,379	-	251,379
Concealed weapons	76,364	-	76,364
Committed for capital projects	2,116,348	9,615,306	11,731,654
Assigned for police activity	505,361	-	505,361
Unassigned	38,263,119	-	38,263,119
Total fund balances	<u>\$ 44,526,933</u>	<u>\$ 9,629,164</u>	<u>\$ 54,156,097</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,379,336</u>	<u>\$ 9,629,164</u>	<u>\$ 73,008,500</u>

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

County of Wythe, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	54,156,097
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 4,032,359	
Buildings and improvements	53,171,166	
Infrastructure	994,677	
Machinery and equipment	2,748,683	
Construction in progress	<u>1,134,969</u>	62,081,854

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. These amounts are as follows:

Unavailable revenue - property taxes	\$ 1,673,285	
Land held for resale	<u>14,029,913</u>	15,703,198

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

Pension related items	\$ 1,323,627	
OPEB related items	<u>157,657</u>	1,481,284

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

General obligation bonds	\$ (39,488,778)	
Literary loans	(9,518,003)	
Accrued interest payable	(621,628)	
Unamortized bond premium	(35,995)	
Compensated absences	(390,689)	
Capital lease	(191,063)	
Net OPEB liabilities	(1,241,071)	
Net pension liability	<u>(3,054,818)</u>	(54,542,045)

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

Pension related items	\$ (289,885)	
OPEB related items	<u>(310,325)</u>	(600,210)

Net position of governmental activities	\$	<u><u>78,280,178</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 21,608,077	\$ -	\$ 21,608,077
Other local taxes	6,551,370	-	6,551,370
Permits, privilege fees, and regulatory licenses	127,253	-	127,253
Fines and forfeitures	1,024,193	-	1,024,193
Revenue from the use of money and property	1,021,732	132,609	1,154,341
Charges for services	204,860	29,203	234,063
Miscellaneous	11,141	34,868	46,009
Recovered costs	529,848	5,000	534,848
Intergovernmental	11,804,117	-	11,804,117
Total revenues	<u>\$ 42,882,591</u>	<u>\$ 201,680</u>	<u>\$ 43,084,271</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,828,190	\$ -	\$ 1,828,190
Judicial administration	1,427,165	-	1,427,165
Public safety	7,036,194	-	7,036,194
Public works	2,146,372	-	2,146,372
Health and welfare	7,950,908	-	7,950,908
Education	12,566,648	-	12,566,648
Parks, recreation, and cultural	582,640	-	582,640
Community development	830,650	-	830,650
Capital projects	3,562,468	-	3,562,468
Debt service:			
Principal retirement	3,327,110	-	3,327,110
Interest and other fiscal charges	1,578,999	-	1,578,999
Bond issuance costs	10,000	-	10,000
Total expenditures	<u>\$ 42,847,344</u>	<u>\$ -</u>	<u>\$ 42,847,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 35,247</u>	<u>\$ 201,680</u>	<u>\$ 236,927</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 1,292,978	\$ 3,978,098	\$ 5,271,076
Transfers out	(3,087,475)	(1,106,995)	(4,194,470)
Proceeds of general obligation bonds	3,000,000	-	3,000,000
Sale of capital assets	25,003	-	25,003
Total other financing sources (uses)	<u>\$ 1,230,506</u>	<u>\$ 2,871,103</u>	<u>\$ 4,101,609</u>
Net change in fund balances	\$ 1,265,753	\$ 3,072,783	\$ 4,338,536
Fund balances - beginning	43,261,180	6,556,381	49,817,561
Fund balances - ending	<u>\$ 44,526,933</u>	<u>\$ 9,629,164</u>	<u>\$ 54,156,097</u>

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

County of Wythe, 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, 2020

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

Net change in fund balances - total governmental funds	\$	4,338,536
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 2,319,990	
Depreciation expense	<u>(2,152,566)</u>	167,424

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Disposal of assets		(540)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		193,901
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Debt issued or incurred:		
Issuance of general obligation debt	\$ (3,000,000)	
Principal repayments:		
General obligation bonds, literary loans, and lease agreements	<u>3,327,110</u>	327,110

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	\$ (41,921)	
Change in accrued interest payable	(11,075)	
Change in OPEB related items	46,450	
Change in pension related items	(446,225)	
Amortization of bond premium	<u>14,801</u>	(437,970)

Change in net position of governmental activities	\$	<u><u>4,588,461</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Wythe, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds		
	Water	Sewer	
	Department	Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,112,178	\$ 3,132,458	\$ 4,244,636
Accounts receivable	328,490	158,791	487,281
Due from other governmental units	3,991,955	-	3,991,955
Total unrestricted current assets	\$ 5,432,623	\$ 3,291,249	\$ 8,723,872
Restricted current assets:			
Cash and cash equivalents	\$ 1,401,451	\$ 15,824	\$ 1,417,275
Total restricted current assets	\$ 1,401,451	\$ 15,824	\$ 1,417,275
Total current assets	\$ 6,834,074	\$ 3,307,073	\$ 10,141,147
Noncurrent assets:			
Capital assets:			
Land	\$ 211,245	\$ 21,960	\$ 233,205
Utility plant in service	37,183,518	27,434,410	64,617,928
Machinery and equipment	446,606	102,773	549,379
Accumulated depreciation	(11,217,264)	(9,973,786)	(21,191,050)
Construction in progress	25,036	41,971	67,007
Total capital assets	\$ 26,649,141	\$ 17,627,328	\$ 44,276,469
Total noncurrent assets	\$ 26,649,141	\$ 17,627,328	\$ 44,276,469
Total assets	\$ 33,483,215	\$ 20,934,401	\$ 54,417,616
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 38,990	\$ 27,892	\$ 66,882
OPEB related items	3,970	3,214	7,184
Total deferred outflows of resources	\$ 42,960	\$ 31,106	\$ 74,066
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 34,477	\$ 7,303	\$ 41,780
Customers' deposits	61,613	15,824	77,437
Accrued interest payable	22,494	10,689	33,183
Compensated absences - current portion	9,499	11,344	20,843
Bonds payable - current portion	740,113	592,692	1,332,805
Total current liabilities	\$ 868,196	\$ 637,852	\$ 1,506,048
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 3,166	\$ 3,781	\$ 6,947
Bonds payable - net of current portion	17,375,945	6,055,041	23,430,986
Net pension liability	77,473	60,776	138,249
Net OPEB liabilities	31,409	24,742	56,151
Total noncurrent liabilities	\$ 17,487,993	\$ 6,144,340	\$ 23,632,333
Total liabilities	\$ 18,356,189	\$ 6,782,192	\$ 25,138,381
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 4,668	\$ 4,933	\$ 9,601
OPEB related items	7,854	6,187	14,041
Total deferred inflows of resources	\$ 12,522	\$ 11,120	\$ 23,642
NET POSITION			
Net investment in capital assets	\$ 8,533,083	\$ 10,979,595	\$ 19,512,678
Restricted for bond covenants	1,339,838	-	1,339,838
Unrestricted	5,284,543	3,192,600	8,477,143
Total net position	\$ 15,157,464	\$ 14,172,195	\$ 29,329,659

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

County of Wythe, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds		
	Water	Sewer	
	Department	Department	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer billings	\$ 1,836,849	\$ 1,434,325	\$ 3,271,174
Miscellaneous	4,190	-	4,190
Total operating revenues	\$ 1,841,039	\$ 1,434,325	\$ 3,275,364
OPERATING EXPENSES			
Personnel services	\$ 177,651	\$ 220,075	\$ 397,726
Fringe benefits	90,139	74,556	164,695
Professional services	12,632	20,239	32,871
Operating expenses	424,012	255,744	679,756
Purchase of water - regional plant	448,260	-	448,260
Repair and maintenance	75,601	133,658	209,259
Depreciation	933,699	709,211	1,642,910
Total operating expenses	\$ 2,161,994	\$ 1,413,483	\$ 3,575,477
Operating income (loss)	\$ (320,955)	\$ 20,842	\$ (300,113)
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ 46,058	\$ 54,553	\$ 100,611
Interest expense	(337,370)	(194,940)	(532,310)
Total nonoperating revenues (expenses)	\$ (291,312)	\$ (140,387)	\$ (431,699)
Income before contributions and transfers	\$ (612,267)	\$ (119,545)	\$ (731,812)
Capital contributions and construction grants	50,000	-	50,000
Transfers out	(1,038,350)	(38,256)	(1,076,606)
Change in net position	\$ (1,600,617)	\$ (157,801)	\$ (1,758,418)
Total net position - beginning	16,758,081	14,329,996	31,088,077
Total net position - ending	\$ 15,157,464	\$ 14,172,195	\$ 29,329,659

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

County of Wythe, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds		Total
	Water Department	Sewer Department	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,788,883	\$ 1,505,823	\$ 3,294,706
Payments to suppliers	(982,941)	(435,433)	(1,418,374)
Payments to and for employees	(251,468)	(277,284)	(528,752)
Net cash provided by (used for) operating activities	\$ 554,474	\$ 793,106	\$ 1,347,580
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (1,038,350)	\$ (38,256)	\$ (1,076,606)
Net cash provided by (used for) noncapital financing activities	\$ (1,038,350)	\$ (38,256)	\$ (1,076,606)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (279,959)	\$ (152,585)	\$ (432,544)
Construction grants	313,954	-	313,954
Principal payments on bonds	(719,857)	(572,674)	(1,292,531)
Proceeds from indebtedness	1,252,000	-	1,252,000
Interest expense	(339,644)	(193,656)	(533,300)
Net cash provided by (used for) capital and related financing activities	\$ 226,494	\$ (918,915)	\$ (692,421)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 46,058	\$ 54,553	\$ 100,611
Net cash provided by (used for) investing activities	\$ 46,058	\$ 54,553	\$ 100,611
Net increase (decrease) in cash and cash equivalents	\$ (211,324)	\$ (109,512)	\$ (320,836)
Cash and cash equivalents - beginning (including \$959,335 of restricted cash)	2,724,953	3,257,794	5,982,747
Cash and cash equivalents - ending (including \$1,417,275 of restricted cash)	\$ 2,513,629	\$ 3,148,282	\$ 5,661,911
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (320,955)	\$ 20,842	\$ (300,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 933,699	\$ 709,211	\$ 1,642,910
(Increase) decrease in accounts receivable	(52,560)	71,750	19,190
(Increase) decrease in deferred outflows of resources	(25,528)	(9,228)	(34,756)
Increase (decrease) in customer deposits	404	(252)	152
Increase (decrease) in accounts payable	(22,436)	(25,792)	(48,228)
Increase (decrease) in compensated absences	1,987	3,726	5,713
Increase (decrease) in net pension liability	39,745	24,935	64,680
Increase (decrease) in net OPEB liabilities	6,628	1,200	7,828
Increase (decrease) in deferred inflows of resources	(6,510)	(3,286)	(9,796)
Total adjustments	\$ 875,429	\$ 772,264	\$ 1,647,693
Net cash provided by (used for) operating activities	\$ 554,474	\$ 793,106	\$ 1,347,580

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

County of Wythe, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 36,814
Total assets	<u>\$ 36,814</u>
LIABILITIES	
Amounts held for social services clients	\$ 36,814
Total liabilities	<u>\$ 36,814</u>

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

COUNTY OF WYTHE, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County of Wythe, Virginia (“the County”) conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

The County of Wythe, Virginia (government) is a political subdivision governed by an elected seven-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 County has no blended component units.

Discretely Presented Component Units - The component unit column in the financial statements includes the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Wythe County School Board (“the School Board”) operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. Separate financial statements are not issued for the Component Unit - School Board.

The Appalachian Regional Exposition Center Authority (“the APEX Center”) operates a multi-use arena with seating capacity of 4,500. The APEX Center is fiscally dependent upon the County because the County provides significant funding. The APEX Center is presented as an enterprise fund type. Complete financial statements for the APEX Center may be attained from the APEX Center at 200 Apex Drive, Wytheville, Virginia 24382.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations -

The Counties of Wythe and Grayson participate in supporting the Wythe/Grayson Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2020, the County contributed \$324,455 to the Library.

Note 1-Summary of Significant Accounting Policies: (Continued)

A. Financial Reporting Entity: (Continued)

Jointly Governed Organizations - (Continued)

The Counties of Wythe and Smyth participate in supporting the Smyth/Wythe Airport Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2020, the County contributed \$53,720 to the Airport.

B. Government-wide and fund financial statements:

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

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

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 and major individual enterprise funds, if any, 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.

Note 1-Summary of Significant Accounting Policies: (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, 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. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenue. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

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 other funds. The general fund includes the activities of the Law Library Fund and the Property Seizure Fund.

The County reports the following major capital projects funds:

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. It 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 government reports the following major proprietary funds:

The *water department fund and sewer department fund* accounts for the activities of the County water and sewer system, which includes water distribution and sewage collections systems throughout the County.

Note 1-Summary of Significant Accounting Policies: (Continued)

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

Additionally, the government reports the following fund types:

Fiduciary funds (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds consist of the special welfare fund.

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 water and sewer function 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 County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Accordingly, investments totaling \$3,852,672 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

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

Note 1-Summary of Significant Accounting Policies: (Continued)

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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.”

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th.

Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. 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 \$959,691 at June 30, 2020. This allowance consists of delinquent taxes in the amount of \$199,845 and delinquent water and sewer bills of \$759,846.

6. 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.

7. Inventory

Land held for resale includes land, land improvement, and infrastructure at the Progress Park located in Wythe County. This inventory is valued at original cost. Fair market value cannot be determined as comparable sites do not exist within the vicinity of the County.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable 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 one year. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, liabilities, deferred inflows/outflows of resources, and net position/fund balance: (Continued)****8. Capital Assets (Continued)**

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

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. No interest was capitalized during the fiscal year.

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

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. The School Board and Social Services department accrue payments associated with sick leave upon retirement. The County does not pay for sick leave upon retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Pensions

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

Note 1-Summary of Significant Accounting Policies: (Continued)

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

11. Other Postemployment Benefits (OPEB)

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

12. 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.

13. Net Position

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

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

Note 1-Summary of Significant Accounting Policies: (Continued)

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

14. Net Position Flow Assumption

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

15. 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/expense) 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 liabilities measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable and unavailable revenue is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30th, property taxes paid in advance, and the value of land held for resale which are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, tax amounts prepaid are reported as deferred inflows are resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 1-Summary of Significant Accounting Policies: (Continued)

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

16. Fund Balance

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

Nonspendable - amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventory or are required to be maintained intact (corpus of a permanent fund).

Restricted - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.

Assigned - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by 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).

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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. The following funds have legally adopted budgets: General Fund and the School Operating Fund
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. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Capital Projects Fund. The School Fund is 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. The County's practice is to appropriate Capital Projects by Project.
8. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For fiscal year 2020, certain department(s) within the general fund expenditures exceeded their appropriations as demonstrated in Schedule 2 of this report.

C. Deficit fund equity

At June 30, 2020, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:**A. 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.

B. Investments

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County and its discretely presented component unit has an investment policy for custodial credit risk included within the County investment policy. The County’s investments at June 30, 2020 were held in the County’s name by the County’s custodial bank. The County’s investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2020 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
Wells Fargo Advantage MM Fund	\$	827,066
SNAP (State Non-arbitrage Pool)		13,858
VIP (Virginia Investment Pool)		3,011,748

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 3-Deposits and Investments: (Continued)****B. Investments (Continued)**Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year or less	1-5 Years
Wells Fargo Advantage MM Fund	\$ 827,066	\$ 827,066	-
Certificates of deposit	443,238	443,238	-
State Non-arbitrage Pool (SNAP)	13,858	13,858	-
VML/VACO Virginia Investment Pool (VIP)	3,011,748	3,011,748	-

Concentration of Credit Risk

At June 30, 2020, the County did not have any investments meeting the GASB 40 definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

External Investment Pools

The primary government is a participant in the Virginia Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VML/VACO Investment Pool investment at the net asset value (NAV). VML/VACO VIP allows the County to have the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

The primary government is a participant in the Virginia State Non-Arbitrage Program (SNAP) sponsored by the Virginia Treasury Board. The SNAP Program provides comprehensive investment management, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments. The Treasury Board has hired a program/investment manager, rebate calculation agent, central depository, custodian bank, and legal counsel to manage the program and provide services to investors. The value of the positions in the external investment pools (SNAP) is the same as the value of the pool shares. As SNAP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. SNAP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government		Component Unit
	Governmental	Business-type	School Board
	Activities	Activities	
<u>Local Government:</u>			
New River Valley Regional Water Authority	\$ -	\$ 2,396,814	\$ -
Town of Wytheville	-	1,595,141	-
<u>Commonwealth of Virginia:</u>			
Local sales tax	741,291	-	-
Local communication tax	103,714	-	-
State sales tax	-	-	607,309
Categorical aid	443,796	-	-
Non-categorical aid	16,793	-	-
Virginia public assistance funds	109,289	-	-
Community services act	213,509	-	-
<u>Federal Government:</u>			
Virginia public assistance funds	197,812	-	-
Categorical aid	36,029	-	768,904
Totals	<u>\$ 1,862,233</u>	<u>\$ 3,991,955</u>	<u>\$ 1,376,213</u>

The County constructed certain debt financed assets that are used by the New River Regional Water Authority and the Town of Wytheville, Virginia. The County has recorded a receivable in the Water Fund of \$3,991,955 for repayment of shared construction costs. The County bills these entities as debt service payments are due.

Note 5-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 1,292,978	\$ 3,087,475
County Capital Projects Fund	3,978,098	1,106,995
Water Fund	-	1,038,350
Sewer Fund	-	38,256
Total	<u>\$ 5,271,076</u>	<u>\$ 5,271,076</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. There were no interfund obligations at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 5-Interfund Transfers/Component Unit Contributions: (Continued)**

Primary government contributions to component units for the year ended June 30, 2020, consisted of the following:

Component Unit:	
School Board	\$ 9,759,022
APEX Center	301,144

There were no component unit obligations at June 30, 2020.

Note 6-Long-Term Obligations:**Primary Government - Governmental Activities Obligations:**

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and placements:				
General obligation bonds	\$ 39,240,078	\$ 3,000,000	\$ (2,751,300)	\$ 39,488,778
GO bond premium	50,796	-	(14,801)	35,995
Literary loans	10,018,951	-	(500,948)	9,518,003
Capital leases	265,925	-	(74,862)	191,063
Compensated absences	348,768	303,497	(261,576)	390,689
Net OPEB liabilities	1,215,049	227,427	(201,405)	1,241,071
Net pension liability	1,849,797	3,987,943	(2,782,922)	3,054,818
Total	\$ 52,989,364	\$ 7,518,867	\$ (6,587,814)	\$ 53,920,417

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements			
	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2021	\$ 2,879,114	\$ 1,334,329	\$ 500,948	\$ 190,361
2022	2,949,346	1,219,106	500,948	180,341
2023	3,009,018	1,099,771	500,948	170,322
2024	2,439,857	994,892	500,948	160,303
2025	2,062,351	912,440	500,948	150,284
2026-2030	10,650,394	3,434,471	2,504,740	601,137
2031-2035	12,065,651	1,591,366	2,504,740	350,663
2036-2040	3,433,047	177,738	2,003,783	100,189
Totals	<u>\$ 39,488,778</u>	<u>\$10,764,113</u>	<u>\$ 9,518,003</u>	<u>\$ 1,903,600</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds						
GO bond	3.1-5.35%	11/6/03	2024	\$ 7,435,478	\$ 1,690,182	\$ 410,230
VPSA GO bond	2.35-5.1%	11/7/02	2023	9,209,707	1,549,278	507,785
VPSA GO bond	4.255%-5.1%	10/24/06	2027	3,593,557	1,365,601	187,581
GO bond*	4.10%	3/15/10	2030	3,440,000	2,970,000	250,000
Rural Development GO bond	3.75%	12/29/10	2023	1,550,000	366,714	123,809
GO bond	2.14-3.34%	12/18/14	2035	9,063,000	7,179,638	403,707
GO bond	2.50%	12/30/15	2035	5,000,000	4,684,840	223,913
GO refunding bond	3.98%	5/31/18	2034	8,059,999	7,451,575	267,693
VML/VACO Series 2017	3.05%	12/12/17	2038	10,000,000	9,290,000	393,000
GO bond	3.32%	12/19/19	2040	2,275,000	2,230,830	82,935
GO bond	2.57%	12/19/19	2040	725,000	710,120	28,461
Total General Obligation Bonds					<u>\$ 39,488,778</u>	<u>\$ 2,879,114</u>
Add: Unamortized premium on						
\$7,435,478 GO bond	n/a	11/6/03	2024	476,903	\$ 25,074	\$ 10,661
\$3,593,557 GO bond	n/a	10/24/06	2027	102,414	10,921	2,482
Total Unamortized premiums					<u>\$ 35,995</u>	<u>\$ 13,143</u>
Total General Obligation Bonds and unamortized premiums					<u>\$ 39,524,773</u>	<u>\$ 2,892,257</u>
Literary Loans:						
State Literary Fund Loan	2.00%	10/1/2018	2039	7,500,000	\$ 7,125,000	\$ 375,000
State Literary Fund Loan	2.00%	10/1/2018	2039	2,518,951	2,393,003	125,948
Total Literary Loans					<u>\$ 9,518,003</u>	<u>\$ 500,948</u>
Total Direct Borrowings and Placements					<u>\$ 49,042,776</u>	<u>\$ 3,393,205</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 390,689	\$ 293,017
Net OPEB Liabilities	n/a	n/a	n/a	n/a	1,241,071	-
Capital Leases	n/a	n/a	n/a	n/a	191,063	69,024
Net Pension Liability	n/a	n/a	n/a	n/a	3,054,818	-
Total Other Obligations					<u>\$ 4,877,641</u>	<u>\$ 362,041</u>
Total Long-term obligations					<u>\$ 53,920,417</u>	<u>\$ 3,755,246</u>

* Build America Bonds - effective yield

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Obligations: (Continued)

The County's 2013 refunding bond requires that the County maintains liquidity such that on June 30 of each year, the balance of cash and cash equivalents held in the general fund shall be at least equal to forty percent (40%) of the amount of the County's general obligation debt outstanding on such date. As of June 30th, the County was in compliance with this bond covenant.

The County's general obligation bonds and literary loans are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

In an event of default occurs with VPSA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

Primary Government - Business-type Activities Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2020:

	Balance July 1, 2019	Increase/ Issuances	Decrease/ Retirements	Balance June 30, 2020
Direct borrowings and placements:				
General obligation and revenue bonds	\$ 24,809,812	\$ 1,252,000	\$ (1,292,531)	\$ 24,769,281
General obligation bond discount	(6,405)	-	915	(5,490)
Compensated absences	22,077	22,271	(16,558)	27,790
Net OPEB liabilities	48,323	16,632	(8,804)	56,151
Net pension liability	73,569	190,151	(125,471)	138,249
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 24,947,376	\$ 1,481,054	\$ (1,442,449)	\$ 24,985,981

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)Primary Government - Business-type Activities Obligations: (Continued)Details of long-term obligations:

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

Year Ending June 30,	Direct Borrowings and Placements General Obligation and Revenue Bonds	
	Principal	Interest
2021	\$ 1,333,720	\$ 608,490
2022	1,369,576	571,509
2023	1,405,871	533,271
2024	1,447,591	493,818
2025	1,484,879	452,738
2026-2030	4,334,832	1,834,950
2031-2035	3,687,724	1,400,982
2036-2040	2,830,241	974,186
2041-2045	2,482,582	652,233
2046-2050	2,652,736	340,956
2051-2055	1,473,005	104,023
2056-2060	266,524	8,778
Totals	<u>\$ 24,769,281</u>	<u>\$ 7,975,934</u>

COUNTY OF WYTHE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Obligations: (Continued)

Details of long-term obligations: (Continued)

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation and Revenue Bonds						
VRA GO Bond	0.00%	2/1/14	2025	\$ 110,100	\$ 26,199	\$ 5,240
VRA GO Bond	0.00%	5/15/12	2033	1,369,871	824,500	68,493
VRA GO Bond***	0.65%	9/30/16	2029	2,103,600	1,871,060	102,870
Rural Development Bond	4.50%	7/24/97	2037	2,521,100	1,600,487	68,891
Rural Development Bond	4.50%	10/31/02	2042	497,100	375,501	10,824
Rural Development Bond	4.50%	10/31/02	2042	547,700	414,023	11,919
Rural Development Bond	4.125%	6/23/10	2040	1,511,260	1,354,357	23,184
Rural Development Bond*	2.375%	3/31/10	2040	1,100,000	339,690	8,011
Rural Development Bond	2.375%	6/29/11	2051	640,000	559,726	12,523
Rural Development Bond	2.375%	6/14/11	2051	3,316,000	2,903,876	64,777
Rural Development Bond	2.375%	8/11/10	2049	1,065,000	883,565	21,949
Rural Development Bond	2.125%	11/16/12	2052	1,374,000	1,234,346	27,032
Rural Development Bond	2.125%	10/7/15	2055	3,754,000	3,570,983	70,682
Rural Development Bond	2.500%	5/19/16	2056	1,358,000	1,304,365	26,483
Rural Development Bond	3.500%	5/19/16	2056	684,000	659,566	12,128
GO Bond	4.36%	12/15/05	2026	5,900,000	2,330,979	346,283
GO Bond	2.36%	12/18/14	2035	927,000	734,256	41,293
GO Bond**	2.00%	11/19/14	2020	151,809	107,336	4,507
Less: Unamortized GO Bond discount					(5,490)	(915)
VML/VACO Series 2017	2.25%	12/20/2017	2026	3,184,693	2,437,907	386,125
Rural Development Bond	2.13%	9/19/2019	2060	1,252,000	1,236,559	20,506
Total Direct Borrowings and Placements					\$ 24,763,791	\$ 1,332,805
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 27,790	\$ 20,843
Net OPEB Liabilities	n/a	n/a	n/a	n/a	56,151	-
Net Pension Liability	n/a	n/a	n/a	n/a	138,249	-
Total Other Obligations					\$ 222,190	\$ 20,843
Total Long-term obligations					\$ 24,985,981	\$ 1,353,648

* Loan issued by Carroll County PSA in the amount of \$5,000,000 with an underlying agreement that Wythe County is responsible for 7.9733% of such loan.

** As of June 30, 2020, \$127,715 has been drawn down.

*** As of June 30, 2020, \$2,078,192 has been drawn down.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 6-Long-Term Obligations: (Continued)**Primary Government - Business-type Activities Obligations: (Continued)Details of long-term obligations: (Continued)

The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

In an event of default occurs with VRA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

Note 7-Long-Term Obligations - Component Unit:Discretely Presented Component Unit - School Board Obligations:

The following is a summary of long-term obligation transactions of the School Board for the year ended June 30, 2020.

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020
Compensated absences	\$ 634,198	\$ 529,237	\$ (475,649)	\$ 687,786
Net OPEB liabilities	9,669,906	1,512,729	(1,479,649)	9,702,986
Net pension liability	30,801,278	11,781,963	(8,674,981)	33,908,260
Total	\$ 41,105,382	\$ 13,823,929	\$ (10,630,279)	\$ 44,299,032

Details of long-term obligations:

	Balance Governmental Activities	Amount Due Within One Year
Other Obligations:		
Compensated Absences	\$ 687,786	\$ 515,840
Net OPEB Liabilities	9,702,986	-
Net Pension Liability	33,908,260	-
Total Long-term obligations	\$ 44,299,032	\$ 515,840

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans:**Aggregate Pension Information**

The following is a summary of deferred outflows, deferred inflows, net pension liabilities, and pension expense for the year ended June 30, 2020.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,390,509	\$ 299,486	\$ 3,193,067	\$ 1,038,977	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	238,822	49,267	652,820	261,251
School Board Professional	-	-	-	-	6,595,267	4,514,296	33,255,440	2,802,547
Totals	\$ 1,390,509	\$ 299,486	\$ 3,193,067	\$ 1,038,977	\$ 6,834,089	\$ 4,563,563	\$ 33,908,260	\$ 3,063,798

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by a Virginia Retirement System (the System) along with plans for other groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through Wythe County and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

- 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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 8-Pension Plans: (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

Note 8-Pension Plans: (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, 2020 was 8.28% 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 County were \$569,220 and \$504,820 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

At June 30, 2020, the County reported a liability of \$3,193,067 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Contributions as of June 30, 2019 and 2018 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2019 and 2018, the County's proportion was 95.20% and 95.66%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Wythe County's Retirement Plan and the Component Unit School Board's (nonprofessional) was based on an actuarial valuation as of June 30, 2018, 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	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 8-Pension Plans: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Wythe County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 8-Pension Plans: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 8-Pension Plans: (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 8-Pension Plans: (Continued)***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the employer for the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 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.

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 7,721,705	\$ 3,193,067	\$ (445,434)

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

For the year ended June 30, 2020, the County recognized pension expense of \$1,038,977. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 8-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,775	\$ -
Change in assumptions	613,924	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,590	13,778
Net difference between projected and actual earnings on pension plan investments	-	285,708
Employer contributions subsequent to the measurement date	569,220	-
Total	<u>\$ 1,390,509</u>	<u>\$ 299,486</u>

\$569,220 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2021	\$ 542,855
2022	(34,460)
2023	(7,049)
2024	20,457
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans: (Continued)***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 (Nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	76
Inactive members:	
Vested inactive members	6
Non-vested inactive members	25
Inactive members active elsewhere in VRS	<u>28</u>
Total inactive members	59
Active members	<u>64</u>
Total covered employees	<u><u>199</u></u>

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 8.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 8-Pension Plans: (Continued)****Component Unit School Board (nonprofessional) (Continued)*****Contributions (Continued)***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$113,218 and \$109,285 for the years ended June 30, 2020 and June 30, 2019, 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 Component Unit School Board's (nonprofessional) net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 6,333,972	\$ 5,936,694	\$ 397,278
Changes for the year:			
Service cost	\$ 134,549	\$ -	\$ 134,549
Interest	428,825	-	428,825
Changes of assumptions	164,871	-	164,871
Differences between expected and actual experience	83,874	-	83,874
Contributions - employer	-	109,285	(109,285)
Contributions - employee	-	65,072	(65,072)
Net investment income	-	386,449	(386,449)
Benefit payments, including refunds of employee contributions	(415,806)	(415,806)	-
Administrative expenses	-	(3,986)	3,986
Other changes	-	(243)	243
Net changes	\$ 396,313	\$ 140,771	\$ 255,542
Balances at June 30, 2019	\$ 6,730,285	\$ 6,077,465	\$ 652,820

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 8-Pension Plans: (Continued)****Component Unit School Board (nonprofessional) (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,358,289	\$ 652,820	\$ 85,957

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

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized pension expense of \$261,251. At June 30, 2020, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,352	\$ -
Changes of assumptions	83,252	-
Net difference between projected and actual earnings on pension plan investments	-	49,267
Employer contributions subsequent to the measurement date	113,218	-
Total	<u>\$ 238,822</u>	<u>\$ 49,267</u>

Note 8-Pension Plans: (Continued)**Component Unit School Board (nonprofessional) (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$113,218 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. 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>Component Unit School Board (nonprofessional)</u>
2021	\$ 125,764
2022	(52,790)
2023	(742)
2024	4,105
Thereafter	-

Component Unit School Board (professional)***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Additional information regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 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 \$3,302,199 and \$3,237,661 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 8-Pension Plans: (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, 2020, the school division reported a liability of \$33,255,440 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.2527% as compared to 0.2585% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,802,547. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,129,486
Net difference between projected and actual earnings on pension plan investments	-	730,211
Changes of assumptions	3,293,068	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,654,599
Employer contributions subsequent to the measurement date	3,302,199	-
Total	\$ 6,595,267	\$ 4,514,296

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

\$3,302,199 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. 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>	
2021	\$ (608,374)
2022	(1,084,962)
2023	(56,334)
2024	324,108
Thereafter	204,334

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plans: (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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		<u>36,522,769</u>
Employers' Net Pension Liability (Asset)	\$	<u><u>13,160,567</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

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

Note 8-Pension Plans: (Continued)**Component Unit School Board (professional) (Continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 50,063,884	\$ 33,255,440	\$ 19,357,969

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 4,032,359	\$ -	\$ -	\$ 4,032,359
Construction in progress	10,340,146	1,075,075	(10,280,252)	1,134,969
Total capital assets not being depreciated	<u>\$ 14,372,505</u>	<u>\$ 1,075,075</u>	<u>\$ (10,280,252)</u>	<u>\$ 5,167,328</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 60,870,081	\$ 10,280,252	\$ -	\$ 71,150,333
Infrastructure	3,322,389	-	-	3,322,389
Machinery and equipment	6,545,942	1,244,915	(38,890)	7,751,967
Total capital assets being depreciated	<u>\$ 70,738,412</u>	<u>\$ 11,525,167</u>	<u>\$ (38,890)</u>	<u>\$ 82,224,689</u>
Accumulated depreciation:				
Buildings and improvements	\$ (16,432,784)	\$ (1,546,383)	\$ -	\$ (17,979,167)
Infrastructure	(2,161,170)	(166,542)	-	(2,327,712)
Machinery and equipment	(4,601,993)	(439,641)	38,350	(5,003,284)
Total accumulated depreciation	<u>\$ (23,195,947)</u>	<u>\$ (2,152,566)</u>	<u>\$ 38,350</u>	<u>\$ (25,310,163)</u>
Total capital assets being depreciated, net	<u>\$ 47,542,465</u>	<u>\$ 9,372,601</u>	<u>\$ (540)</u>	<u>\$ 56,914,526</u>
Governmental activities capital assets, net	<u>\$ 61,914,970</u>	<u>\$ 10,447,676</u>	<u>\$ (10,280,792)</u>	<u>\$ 62,081,854</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 233,205	\$ -	\$ -	\$ 233,205
Construction in progress	249,930	191,769	(374,692)	67,007
Total capital assets not being depreciated	<u>\$ 483,135</u>	<u>\$ 191,769</u>	<u>\$ (374,692)</u>	<u>\$ 300,212</u>
Capital assets, being depreciated:				
Utility plant in service	\$ 64,214,686	\$ 403,242	\$ -	\$ 64,617,928
Machinery and equipment	376,116	173,263	-	549,379
Total capital assets being depreciated	<u>\$ 64,590,802</u>	<u>\$ 576,505</u>	<u>\$ -</u>	<u>\$ 65,167,307</u>
Accumulated depreciation:				
Utility plant in service	\$ (19,354,529)	\$ (1,597,342)	\$ -	\$ (20,951,871)
Machinery and equipment	(193,611)	(45,568)	-	(239,179)
Total accumulated depreciation	<u>\$ (19,548,140)</u>	<u>\$ (1,642,910)</u>	<u>\$ -</u>	<u>\$ (21,191,050)</u>
Total capital assets being depreciated, net	<u>\$ 45,042,662</u>	<u>\$ (1,066,405)</u>	<u>\$ -</u>	<u>\$ 43,976,257</u>
Business-type activities capital assets, net	<u>\$ 45,525,797</u>	<u>\$ (874,636)</u>	<u>\$ (374,692)</u>	<u>\$ 44,276,469</u>

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

Governmental activities:	
General government administration	\$ 59,409
Judicial administration	10,583
Public safety	365,565
Public works	292,761
Education	1,006,024
Parks, recreation, and culture	18,103
Community development	400,121
Total depreciation expense-governmental activities	<u>\$ 2,152,566</u>
Business type activities:	
Water and sewer	\$ 1,642,910
Total depreciation expense-Primary Government	<u>\$ 3,795,476</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 774,089	\$ -	\$ -	\$ 774,089
Construction in progress	780,987	2,784,807	(3,565,794)	-
Total capital assets not being depreciated	<u>\$ 1,555,076</u>	<u>\$ 2,784,807</u>	<u>\$ (3,565,794)</u>	<u>\$ 774,089</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 24,687,806	\$ 3,565,794	\$ -	\$ 28,253,600
Machinery and equipment	9,252,675	43,829	-	9,296,504
Total capital assets being depreciated	<u>\$ 33,940,481</u>	<u>\$ 3,609,623</u>	<u>\$ -</u>	<u>\$ 37,550,104</u>
Accumulated depreciation:				
Buildings and improvements	\$(14,735,495)	\$ (475,888)	\$ -	\$(15,211,383)
Machinery and equipment	(6,968,588)	(376,574)	-	(7,345,162)
Total accumulated depreciation	<u>\$(21,704,083)</u>	<u>\$ (852,462)</u>	<u>\$ -</u>	<u>\$(22,556,545)</u>
Total capital assets being depreciated, net	<u>\$ 12,236,398</u>	<u>\$ 2,757,161</u>	<u>\$ -</u>	<u>\$ 14,993,559</u>
Governmental activities capital assets, net	<u>\$ 13,791,474</u>	<u>\$ 5,541,968</u>	<u>\$ (3,565,794)</u>	<u>\$ 15,767,648</u>

All depreciation of the component-unit School Board is posted to the education function in the financial statements.

Note 10-Risk Management:

The County and School Board are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County and School Board participate with other localities in a public entity risk pool for their coverage of worker's compensation with the Virginia Municipal League Pool and public officials' liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County pays an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pool will be self-sustaining through member premiums. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Commitments and Contingent Liabilities:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no material matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

A software provider has filed a complaint against the County requesting damages of \$45,000. The County is vigorously defending this claim. The amount of payment, if any, cannot be reasonably estimated and therefore the County has not recorded a liability in the accompanying financial statements.

The County has been named as a defendant in a Worker's Compensation Claim related to the construction of the Appalachian Regional Exposition Center (APEX Center). The County will vigorously defend this claim. The amount of payment, if any, cannot be reasonably estimated and therefore the County has not recorded a liability in the accompanying financial statements.

The County has received notices of other potential claims. The amount(s) of payments (if any), cannot be reasonably estimated and therefore the County has not recorded a liability in the accompanying financial statements.

The County and School Board had the following construction commitments at June 30, 2020:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Outstanding at June 30, 2020</u>
County		
APEX Center	\$ 6,559,973	\$ 25,000
APEX Barn	732,437	95,997
Totals	<u>\$ 7,292,410</u>	<u>\$ 120,997</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Jeremiah Musser, Clerk of the Circuit Court	\$ 1,500,000
Lori Guynn, Treasurer	400,000
Kathy Vaught, Commissioner of the Revenue	3,000
Keith Dunagen, Sheriff	30,000
<u>Aetna Casualty and Surety - Surety:</u>	
All social services employees: blanket bond	\$ 100,000
<u>United States Fidelity and Guaranty Company-Surety:</u>	
Stephen Bear, County Administrator	\$ 2,000
Martha Collins, Administrative Secretary	2,000
Tim Spraker, Building Inspector	2,000

Component Unit - School Board:

<u>United States Fire Insurance Company - Surety:</u>	
Catrina Hall, Clerk of the School Board	\$ 25,000
All school board employees: blanket bond	10,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13-Unearned and Deferred/Unavailable Revenue:

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Primary Government:		
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for funding of current expenditures	\$ -	\$ 1,673,285
Prepaid property taxes due subsequent to June 30, 2020 but paid in advance by the taxpayers	113,421	113,421
Unavailable revenue represents the proceeds of land held for resale of which are not available for funding of current expenditures	-	14,029,913
Unearned revenue:		
Unspent Coronavirus Relief Funds received during the current fiscal year	2,479,389	2,479,389
Total	<u>\$ 2,592,810</u>	<u>\$ 18,296,008</u>

Note 14-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net pension liabilities, and pension expense for the year ended June 30, 2020.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program								
County	\$ 114,256	\$ 66,950	\$ 530,139	\$ 7,814	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,045	7,396	116,187	3,614
School Board Professional	-	-	-	-	338,036	185,548	1,745,894	24,030
Health Insurance Credit Program	-	-	-	-	16,875	3,143	132,220	12,455
Teacher Health Insurance Credit Program	-	-	-	-	333,571	210,619	3,275,885	239,901
County Stand-Alone Plan	50,585	257,416	767,083	9,945	-	-	-	-
School Stand-Alone Plan	-	-	-	-	378,600	844,700	4,432,800	223,900
Totals	<u>\$ 164,841</u>	<u>\$ 324,366</u>	<u>\$ 1,297,222</u>	<u>\$ 17,759</u>	<u>\$ 1,093,127</u>	<u>\$ 1,251,406</u>	<u>\$ 9,702,986</u>	<u>\$ 503,900</u>

Note 15-Other Postemployment Benefits - Health Insurance:

Plan Description

In addition to the pension benefits described in Note 9, the County administers a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides postemployment 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.

Benefits Provided

The County administers a cost-sharing healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the County and their dependents in the health and dental insurance programs available to County employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the County. An eligible County retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the County and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 years of service. The benefits, employee contributions and the employer contributions are governed by the County Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

Contributions

The Board does 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 Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$19,603.

Total OPEB Liability

At June 30, 2020, the County reported a liability of \$767,083 for its proportionate share of the total OPEB liability. The County's total OPEB liability was measured as of July 1, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2019. At June 30, 2019 and 2018, the County's proportion was 95.62% and 95.66%, respectively.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50% annually.
Discount Rate	3.13%

Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

Note 15-Other Postemployment Benefits - Health Insurance: (Continued)***Actuarial Assumptions (Continued)***

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

Discount Rate

The discount rate has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 849,413	\$ 767,083	\$ 693,453

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50% decreasing to an ultimate rate of 4.00%) or one percentage point higher (6.50% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 671,077	\$ 767,083	\$ 880,586

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$9,945. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 220,410
Change in assumptions	30,982	37,006
Employer contributions subsequent to the measurement date	<u>19,603</u>	<u>-</u>
Total	\$ <u>50,585</u>	\$ <u>257,416</u>

\$19,603 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (49,149)
2022	(49,149)
2023	(49,149)
2024	(49,149)
2025	(28,687)
Thereafter	(1,151)

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

Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:***Plan Description***

In addition to the pension benefits described in Note 9, the School Board administers a single-employer defined benefit healthcare plan, The Wythe County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
(Continued)

Benefits Provided

The Component Unit School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health and dental insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health and dental insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must have attained the age of fifty (50). Alternatively, an employee is also eligible to participate at age fifty-five (55) with 5 year of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action.

Plan Membership

At July 1, 2019 (measurement date), the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	49
Active employees	<u>530</u>
Total	<u>579</u>

Contributions

The board does 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 School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$216,800.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2019.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Salaries are assumed to increase 2.50% annually.
Discount Rate	3.13%

Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
(Continued)**Actuarial Assumptions (Continued)**

Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

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

Changes in Total OPEB Liability

	Component Unit School Board Total OPEB Liability
Beginning Balance	\$ 4,512,500
Changes for the year:	
Service cost	168,800
Interest	165,600
Difference between expected and actual experience	(383,600)
Changes in assumptions	186,300
Benefit payments	(216,800)
Net changes	(79,700)
Ending Balance	\$ 4,432,800

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 4,844,400	\$ 4,432,800	\$ 4,055,800

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:**
(Continued)***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50% decreasing to an ultimate rate of 4.00%) or one percentage point higher (6.50% decreasing to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 3,900,300	\$ 4,432,800	\$ 5,064,400

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$223,900. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 522,400
Change in assumptions	161,800	322,300
Employer contributions subsequent to the measurement date	216,800	-
Total	\$ 378,600	\$ 844,700

Note 16-Other Postemployment Benefits - Health Insurance - Component Unit School Board:
(Continued)***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***
(Continued)

\$216,800 reported as deferred outflows of resources related to OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2021	\$	(117,300)
2022		(117,300)
2023		(117,300)
2024		(117,300)
2025		(117,300)
Thereafter		(96,400)

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan):***Plan Description***

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

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the Group Life Insurance Plan from the County were \$38,116 and \$33,160 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$7,748 and \$7,371 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$111,698 and \$109,348 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

County of Wythe, Virginia Group Life Insurance Plan

At June 30, 2020, the entity reported a liability of \$530,139 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 performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0327% as compared to 0.0344% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$7,814. 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.

Component Unit School Board (nonprofessional) Group Life Insurance Plan

At June 30, 2020, the entity reported a liability of \$116,187 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0071% as compared to 0.0071% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$3,614. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)****Component Unit School Board (professional) Group Life Insurance Plan*

At June 30, 2020, the entity reported a liability of \$1,745,894 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.1073% as compared to 0.1092% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$24,030. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, 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 (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,258	\$ 6,876	\$ 7,727	\$ 1,505	\$ 116,112	\$ 22,646
Net difference between projected and actual earnings on GLI OPEB plan investments	-	10,890	-	2,387	-	35,862
Change in assumptions	33,469	15,986	7,335	3,504	110,226	52,646
Changes in proportion	7,413	33,198	3,235	-	-	74,394
Employer contributions subsequent to the measurement date	38,116	-	7,748	-	111,698	-
Total	\$ 114,256	\$ 66,950	\$ 26,045	\$ 7,396	\$ 338,036	\$ 185,548

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (Continued)***

\$38,116, \$7,748, and \$111,698 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2021	\$ (2,561)	\$ 1,340	\$ (10,138)
2022	(2,560)	1,340	(10,137)
2023	2,052	2,351	5,052
2024	5,081	2,779	20,024
2025	5,619	2,416	27,542
Thereafter	1,559	675	8,447

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Actuarial Assumptions (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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 17-Group Life Insurance (GLI) Plan (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (8.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 696,455	\$ 530,139	\$ 395,261
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 152,638	\$ 116,187	\$ 86,627
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 2,293,621	\$ 1,745,894	\$ 1,301,702

Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is 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.

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

As of the June 30, 2018 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>32</u>
Total inactive members	<u>32</u>
Active members	<u>64</u>
Total covered employees	<u>96</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 Component Unit School Board (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2020 was 0.82% 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 Component Unit School Board (nonprofessional) to the HIC Plan were \$12,038 and \$11,757 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, 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	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 159,000	\$ 27,000	\$ 132,000
Changes for the year:			
Service cost	\$ 2,703	\$ -	\$ 2,703
Interest	10,626	-	10,626
Differences between expected and actual experience	(3,647)	-	(3,647)
Assumption changes	3,036	-	3,036
Contributions - employer	-	11,429	(11,429)
Net investment income	-	1,507	(1,507)
Benefit payments	(15,620)	(15,620)	-
Administrative expenses	-	(30)	30
Other changes	617	209	408
Net changes	\$ (2,285)	\$ (2,505)	\$ 220
Balances at June 30, 2019	\$ 156,715	\$ 24,495	\$ 132,220

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability	\$ 145,476	\$ 132,220	\$ 120,664

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

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$12,455. At June 30, 2020, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,527	\$ 2,775
Net difference between projected and actual earnings on HIC OPEB plan investments	-	274
Change in assumptions	2,310	94
Employer contributions subsequent to the measurement date	12,038	-
Total	\$ 16,875	\$ 3,143

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 18-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)***

\$12,038 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. 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

2021	\$	851
2022		908
2023		(88)
2024		23
2025		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Program is 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.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):***Plan Description***

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

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire 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 Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 HIC Plan were \$257,119 and \$251,826 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2020, the school division reported a liability of \$3,275,885 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.2502% as compared to 0.2567% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$239,901. Since there was a change in proportionate share measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,555
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	207	-
Change in assumptions	76,245	22,763
Change in proportion	-	169,301
Employer contributions subsequent to the measurement date	<u>257,119</u>	<u>-</u>
Total	\$ <u><u>333,571</u></u>	\$ <u><u>210,619</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)

\$257,119 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$	(26,605)
2022		(26,608)
2023		(25,173)
2024		(25,653)
2025		(21,754)
Thereafter		(8,374)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Plan was based on an actuarial valuation as of June 30, 2018, 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	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

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

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 19-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 3,666,272	\$ 3,275,885	\$ 2,944,251

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is 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.

Note 20-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$43,045.

Note 21-Capital Leases:

The County has entered into capital leases for the purchase of election machines and police vehicles. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through the capital leases are as follows:

Election machines	\$ 150,327
Police vehicles	237,172
Total capital assets	<u>\$ 387,499</u>
Accumulated Depreciation	(95,184)
Net Book Value of Capital Assets	<u>\$ 292,315</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 21-Capital Leases: (Continued)**

Present value of future minimum lease payments:

Year Ending June 30,	Capital Lease
2021	\$ 90,345
2022	74,360
2023	58,701
2024	12,433
Total minimum lease payments	\$ 235,839
Less: amount representing interest	(44,776)
Present value of future minimum lease payments	\$ 191,063

Note 21-Restatement of Net Position:

Net position has been restated to include the Component Unit - APEX Center as noted below:

	Discretely Presented Component Unit - APEX Center
Net Position, as previously reported	\$ -
APEX Center restatement	104,865
Net Position, as restated	\$ 104,865

Note 22-Subsequent Events:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The County of Wythe, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the Federal Government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the Federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 22-Subsequent Events: (Continued)

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly from the Federal Government. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The County of Wythe, Virginia, received the second round of CRF funds in the amount of \$2,502,568 on August 17, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

On October 15, 2020, the County issued \$17,585,000 General Obligation Bond, Series 2020A (tax exempt) and \$9,482,000 General Obligation Bond, Series 2020B (taxable). Proceeds of this bond will be used to pay (a) the costs incurred in issuing the bond, (b) costs of an addition to the County office building, and (c) the principal and interest on the following bonds of the County:

- \$3,440,000 General Obligation Bond, Series 2010A, dated March 15, 2010;
- \$9,990,000 General Obligation Bond, Series 2014, dated December 18, 2014;
- \$5,000,000 General Obligation Bond, Series 2015, dated December 30, 2015;
- \$2,275,000 General Obligation Bond, Series 2019A (taxable), dated December 19, 2019;
- \$725,000 General Obligation Bond, Series 2019B (non-taxable), dated December 19, 2019.

Note 23-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

Note 23-Upcoming Pronouncements: (Continued)

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

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

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

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

Note 23-Upcoming Pronouncements: (Continued)

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

Required Supplementary Information

County of Wythe, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	<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				
General property taxes	\$ 20,709,000	\$ 20,709,000	\$ 21,608,077	\$ 899,077
Other local taxes	5,997,000	5,997,000	6,551,370	554,370
Permits, privilege fees, and regulatory licenses	70,400	70,400	127,253	56,853
Fines and forfeitures	1,195,000	1,195,000	1,024,193	(170,807)
Revenue from the use of money and property	881,930	881,930	1,021,732	139,802
Charges for services	265,000	265,500	204,860	(60,640)
Miscellaneous	-	-	11,141	11,141
Recovered costs	884,172	918,171	529,848	(388,323)
Intergovernmental:				
Commonwealth	9,882,395	10,237,395	8,611,587	(1,625,808)
Federal	2,724,019	2,809,369	3,192,530	383,161
Total revenues	\$ 42,608,916	\$ 43,083,765	\$ 42,882,591	\$ (201,174)
EXPENDITURES				
Current:				
General government administration	\$ 1,870,408	\$ 1,950,011	\$ 1,828,190	\$ 121,821
Judicial administration	1,555,941	1,593,232	1,427,165	166,067
Public safety	7,308,463	7,891,308	7,036,194	855,114
Public works	2,290,732	2,445,554	2,146,372	299,182
Health and welfare	9,399,205	9,642,816	7,950,908	1,691,908
Education	13,648,999	17,650,582	12,566,648	5,083,934
Parks, recreation, and cultural	692,766	708,942	582,640	126,302
Community development	1,151,564	1,331,040	830,650	500,390
Capital projects	4,369,000	8,508,581	3,562,468	4,946,113
Debt service:				
Principal retirement	3,376,585	3,376,585	3,327,110	49,475
Interest and other fiscal charges	1,505,378	1,607,851	1,578,999	28,852
Bond issuance costs	10,000	10,000	10,000	-
Total expenditures	\$ 47,179,041	\$ 56,716,502	\$ 42,847,344	\$ 13,869,158
Excess (deficiency) of revenues over (under) expenditures	\$ (4,570,125)	\$ (13,632,737)	\$ 35,247	\$ 13,667,984
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 154,000	\$ 154,000	\$ 1,292,978	\$ 1,138,978
Transfers out	(100,000)	(100,000)	(3,087,475)	(2,987,475)
Issuance of general obligation bonds	3,500,000	3,500,000	3,000,000	(500,000)
Sale of capital assets	-	13,213	25,003	11,790
Total other financing sources (uses)	\$ 3,554,000	\$ 3,567,213	\$ 1,230,506	\$ (2,336,707)
Net change in fund balances	\$ (1,016,125)	\$ (10,065,524)	\$ 1,265,753	\$ 11,331,277
Fund balances - beginning	1,016,125	10,065,524	43,261,180	33,195,656
Fund balances - ending	\$ -	\$ -	\$ 44,526,933	\$ 44,526,933

County of Wythe, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2014 through June 30, 2019

Date (1)	Proportion of the Net Pension Liability (Asset) (NPLA) (2)	Proportionate Share of the NPLA (3)	Covered Payroll (4)	Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset) (6)
Primary Government					
2019	95.20%	\$ 3,193,067	\$ 6,376,852	50.07%	91.14%
2018	95.66%	1,923,366	6,523,683	29.48%	94.30%
2017	96.16%	1,841,338	6,519,560	28.24%	94.37%
2016	96.35%	3,656,416	6,168,475	59.28%	88.53%
2015	96.42%	2,513,192	6,040,131	41.61%	92.90%
2014	96.42%	2,483,113	6,030,523	41.18%	91.69%
Component Unit School Board (professional)					
2019	0.2527%	\$ 33,255,440	\$ 20,985,461	158.47%	73.51%
2018	0.2585%	30,404,000	20,774,929	146.35%	74.81%
2017	0.2652%	32,609,000	20,823,957	156.59%	72.92%
2016	0.2678%	37,532,000	20,401,102	183.97%	68.28%
2015	0.2741%	34,501,000	20,379,338	169.29%	70.68%
2014	0.2808%	33,939,000	18,333,516	185.12%	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.

County of Wythe, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 134,549	\$ 132,216	\$ 121,007	\$ 136,260	\$ 149,645	\$ 133,560
Interest	428,825	417,302	414,940	412,919	398,722	388,911
Changes in assumptions	164,871	-	(31,193)	-	-	-
Differences between expected and actual experience	83,874	29,714	(54,011)	(67,963)	90,642	-
Benefit payments	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)	(376,325)
Net change in total pension liability	\$ 396,313	\$ 165,785	\$ 30,191	\$ (2,901)	\$ 250,714	\$ 146,146
Total pension liability - beginning	6,333,972	6,168,187	6,137,996	6,140,897	5,890,183	5,744,037
Total pension liability - ending (a)	\$ 6,730,285	\$ 6,333,972	\$ 6,168,187	\$ 6,137,996	\$ 6,140,897	\$ 5,890,183
Plan fiduciary net position						
Contributions - employer	\$ 109,285	\$ 116,776	\$ 115,538	\$ 133,755	\$ 134,262	\$ 133,742
Contributions - employee	65,072	63,367	62,491	59,098	60,221	62,468
Net investment income	386,449	418,789	639,326	90,042	247,316	764,259
Benefit payments	(415,806)	(413,447)	(420,552)	(484,117)	(388,295)	(376,325)
Administrator charges	(3,986)	(3,737)	(3,850)	(3,593)	(3,530)	(4,237)
Other	(243)	(368)	(562)	(39)	(51)	40
Net change in plan fiduciary net position	\$ 140,771	\$ 181,380	\$ 392,391	\$ (204,854)	\$ 49,923	\$ 579,947
Plan fiduciary net position - beginning	5,936,694	5,755,314	5,362,923	5,567,777	5,517,854	4,937,907
Plan fiduciary net position - ending (b)	\$ 6,077,465	\$ 5,936,694	\$ 5,755,314	\$ 5,362,923	\$ 5,567,777	\$ 5,517,854
School Division's net pension liability - ending (a) - (b)	\$ 652,820	\$ 397,278	\$ 412,873	\$ 775,073	\$ 573,120	\$ 372,329
Plan fiduciary net position as a percentage of the total pension liability	90.30%	93.73%	93.31%	87.37%	90.67%	93.68%
Covered payroll	\$ 1,415,719	\$ 1,355,799	\$ 1,329,756	\$ 1,240,650	\$ 1,228,806	\$ 1,243,058
School Division's net pension liability as a percentage of covered payroll	46.11%	29.30%	31.05%	62.47%	46.64%	29.95%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is unavailable. However, additional years will be included as they become available.

County of Wythe, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 569,220	\$ 569,220	\$ -	\$ 7,451,177	7.64%
2019	504,820	504,820	-	6,376,852	7.92%
2018	548,796	548,796	-	6,523,683	8.41%
2017	553,130	553,130	-	6,519,560	8.48%
2016	709,867	709,867	-	6,168,475	11.51%
2015	700,844	700,844	-	6,040,131	11.60%
Component Unit School Board (nonprofessional)					
2020	\$ 113,218	\$ 113,218	\$ -	\$ 1,468,734	7.71%
2019	109,285	109,285	-	1,415,719	7.72%
2018	116,776	116,776	-	1,355,799	8.61%
2017	115,538	115,538	-	1,329,756	8.69%
2016	133,755	133,755	-	1,240,650	10.78%
2015	134,362	134,362	-	1,228,806	10.93%
2014	133,742	133,742	-	1,243,058	10.76%
2013	125,228	125,228	-	1,162,746	10.77%
2012	138,525	138,525	-	1,565,251	8.85%
2011	135,500	135,500	-	1,531,077	8.85%
Component Unit School Board (professional)					
2020	\$ 3,302,199	\$ 3,302,199	\$ -	\$ 21,533,806	15.33%
2019	3,237,661	3,237,661	-	20,985,461	15.43%
2018	3,359,679	3,359,679	-	20,774,929	16.17%
2017	3,028,364	3,028,364	-	20,823,957	14.54%
2016	2,853,193	2,853,193	-	20,401,102	13.99%
2015	2,946,998	2,946,998	-	20,379,338	14.46%
2014	2,137,688	2,137,688	-	18,333,516	11.66%
2013	2,372,402	2,372,402	-	20,346,501	11.66%
2012	1,215,732	1,215,732	-	19,205,877	6.33%
2011	973,244	973,244	-	24,764,478	3.93%

Current year and prior year contributions for the Primary Government and Component Unit School Board (professional) are from County and School Board records. For Component Unit School Board (nonprofessional), current year contributions are from School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

Schedule is intended to show information for 10 years. Prior to 2015, the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

County of Wythe, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuations were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Wythe, Virginia
 Schedule of County's Proportionate Share of the Total Health Insurance OPEB Liability
 For the Measurement Dates of July 1, 2017 through July 1, 2019

Date (1)	Proportion of the Total OPEB Liability (Asset) (TOLA) (2)	Proportionate Share of the TOLA (3)	Covered- Employee Payroll (4)	Proportionate Share of the TOLA as a Percentage of Covered-Employee Payroll (3)/(4) (5)
2019	95.62% \$	767,083	\$ 5,440,144	14.10%
2018	95.66%	741,073	5,442,289	13.62%
2017	95.66%	991,422	5,837,938	16.98%

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.

County of Wythe, Virginia
Schedule of Changes in Total Health Insurance OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of July 1, 2017 through July 1, 2019

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 168,800	\$ 197,600	\$ 192,800
Interest	165,600	183,100	178,300
Changes in assumptions	186,300	(437,300)	-
Differences between expected and actual experience	(383,600)	(256,900)	
Benefit payments	(216,800)	(239,500)	(239,500)
Net change in total OPEB liability	\$ (79,700)	\$ (553,000)	\$ 131,600
Total OPEB liability - beginning	4,512,500	5,065,500	4,933,900
Total OPEB liability - ending	\$ <u>4,432,800</u>	\$ <u>4,512,500</u>	\$ <u>5,065,500</u>
 Covered-employee payroll	 \$ 21,538,700	 \$ 21,538,700	 \$ 20,624,300
 Component Unit School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 20.58%	 20.95%	 24.56%

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

County of Wythe, Virginia
Notes to Required Supplementary Information - County and Component Unit School Board Health Insurance OPEB
For the Year Ended June 30, 2020

Primary Government

Valuation Date: 7/1/2018
Measurement Date: 7/1/2019

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	3.13%
Inflation	2.50%
Healthcare Trend Rate	Medical per capita costs, average costs, retiree contributions, and premiums are assumed to increase (2.04%) for fiscal year end 2019 (to select actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

Component Unit School Board

Valuation Date: 7/1/2018
Measurement Date: 7/1/2019

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	3.13%
Inflation	2.50%
Healthcare Trend Rate	Medical per capita costs, average costs, retiree contributions, and premiums are assumed to increase (2.04%) for fiscal year end 2019 (to select actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% per year to an ultimate rate of 5.00%.
Salary Increase Rates	Salaries are assumed to increase 2.50% annually.
Retirement Age	The average age at retirement is 62.
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

County of Wythe, Virginia
Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.0327%	\$ 530,139	\$ 6,376,851	8.31%	52.00%
2018	0.0344%	522,299	6,523,683	8.01%	51.22%
2017	0.0354%	532,726	6,519,560	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.0071%	\$ 116,187	\$ 1,417,544	8.20%	52.00%
2018	0.0071%	108,000	1,355,799	7.97%	51.22%
2017	0.0072%	108,000	1,329,756	8.12%	48.86%
Component Unit School Board (professional)					
2019	0.1073%	\$ 1,745,894	\$ 21,028,211	8.30%	52.00%
2018	0.1092%	1,658,000	20,774,929	7.98%	51.22%
2017	0.1129%	1,699,000	20,823,957	8.16%	48.86%

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

County of Wythe, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 38,116	\$ 38,116	\$ -	\$ 7,325,551	0.52%
2019	33,160	33,160	-	6,376,851	0.52%
2018	33,739	33,739	-	6,523,683	0.52%
2017	33,958	33,958	-	6,519,560	0.52%
2016	33,034	29,918	3,116	6,168,475	0.49%
2015	32,066	29,041	3,026	6,040,131	0.48%
Component Unit School Board (nonprofessional)					
2020	\$ 7,748	\$ 7,748	\$ -	\$ 1,487,842	0.52%
2019	7,371	7,371	-	1,417,544	0.52%
2018	7,051	7,051	-	1,355,799	0.52%
2017	6,915	6,915	-	1,329,756	0.52%
2016	5,946	5,946	-	1,240,650	0.48%
2015	5,893	5,893	-	1,228,806	0.48%
2014	5,967	5,967	-	1,243,058	0.48%
2013	5,581	5,581	-	1,162,746	0.48%
2012	4,383	4,383	-	1,565,251	0.28%
2011	4,287	4,287	-	1,531,077	0.28%
Component Unit School Board (professional)					
2020	\$ 111,698	\$ 111,698	\$ -	\$ 21,549,379	0.52%
2019	109,348	109,348	-	21,028,211	0.52%
2018	108,031	108,031	-	20,774,929	0.52%
2017	108,289	108,289	-	20,823,957	0.52%
2016	98,014	98,014	-	20,401,102	0.48%
2015	97,823	97,823	-	20,379,338	0.48%
2014	98,598	98,598	-	18,333,516	0.54%
2013	97,639	97,639	-	20,346,501	0.48%
2012	53,739	53,739	-	19,205,877	0.28%
2011	51,733	51,733	-	24,764,478	0.21%

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County. Additional years will be included as they become available.

County of Wythe, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Wythe, Virginia
 Schedule of Changes in the Component Unit School Board (nonprofessional) Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
Total HIC OPEB Liability			
Service cost	\$ 2,703	\$ 2,000	\$ 2,000
Interest	10,626	10,000	11,000
Differences between expected and actual experience	(3,647)	5,000	-
Changes of assumptions	3,036	-	-
Benefit payments	(15,620)	(16,000)	(16,000)
Other	617	-	-
Net change in total HIC OPEB liability	\$ (2,285)	\$ 1,000	\$ (3,000)
Total HIC OPEB Liability - beginning	159,000	158,000	161,000
Total HIC OPEB Liability - ending (a)	\$ 156,715	\$ 159,000	\$ 158,000
Plan fiduciary net position			
Contributions - employer	\$ 11,429	\$ 11,000	\$ 11,000
Net investment income	1,507	2,000	3,000
Benefit payments	(15,620)	(16,000)	(16,000)
Administrator charges	(30)	-	-
Other	209	(1,000)	1,000
Net change in plan fiduciary net position	\$ (2,505)	\$ (4,000)	\$ (1,000)
Plan fiduciary net position - beginning	27,000	31,000	32,000
Plan fiduciary net position - ending (b)	\$ 24,495	\$ 27,000	\$ 31,000
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 132,220	\$ 132,000	\$ 127,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	15.63%	16.98%	19.62%
Covered payroll	\$ 1,415,719	\$ 1,355,799	\$ 1,329,756
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	9.34%	9.74%	9.55%

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.

County of Wythe, Virginia
 Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
 Teacher Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.2502%	\$ 3,275,885	\$ 20,985,461	15.61%	8.97%
2018	0.2567%	3,259,000	20,774,929	15.69%	8.08%
2017	0.2639%	3,347,000	20,823,957	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.

County of Wythe, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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)
Component Unit School Board (nonprofessional)					
2020	\$ 12,038	\$ 12,038	\$ -	\$ 1,468,734	0.82%
2019	11,757	11,757	-	1,415,719	0.83%
2018	10,843	10,843	-	1,355,799	0.80%
2017	11,000	11,000	-	1,329,756	0.83%
2016	9,538	9,538	-	1,240,650	0.77%
2015	9,454	9,454	-	1,228,806	0.77%
2014	9,572	9,572	-	1,243,058	0.77%
2013	8,977	8,977	-	1,162,746	0.77%
2012	12,052	12,052	-	1,565,251	0.77%
2011	11,797	11,797	-	1,531,077	0.77%
Component Unit School Board (professional)					
2020	\$ 257,119	\$ 257,119	\$ -	\$ 21,500,625	1.20%
2019	251,826	251,826	-	20,985,461	1.20%
2018	255,531	255,531	-	20,774,929	1.23%
2017	231,155	231,155	-	20,823,957	1.11%
2016	216,447	216,447	-	20,401,102	1.06%
2015	216,025	216,025	-	20,379,338	1.06%
2014	227,968	227,968	-	18,333,516	1.24%
2013	225,876	225,876	-	20,346,501	1.11%
2012	115,235	115,235	-	19,205,877	0.60%
2011	110,856	110,856	-	24,764,478	0.45%

County of Wythe, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

Component Unit School Board (nonprofessional)

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Component Unit School Board (professional)

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Other Supplementary Information

County of Wythe, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 91,500	\$ 91,500	\$ 132,609	\$ 41,109
Charges for services	32,500	32,500	29,203	(3,297)
Miscellaneous	-	-	34,868	34,868
Recovered costs	-	-	5,000	5,000
Total revenues	<u>\$ 124,000</u>	<u>\$ 124,000</u>	<u>\$ 201,680</u>	<u>\$ 77,680</u>
Excess (deficiency) of revenues over (under) expenditures	124,000	124,000	201,680	77,680
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 3,978,098	\$ 3,978,098
Transfers out	(124,000)	(124,000)	(1,106,995)	(982,995)
Total other financing sources (uses)	<u>\$ (124,000)</u>	<u>\$ (124,000)</u>	<u>\$ 2,871,103</u>	<u>\$ 2,995,103</u>
Net change in fund balances	\$ -	\$ -	\$ 3,072,783	\$ 3,072,783
Fund balances - beginning	-	-	6,556,381	6,556,381
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,629,164</u>	<u>\$ 9,629,164</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for and reports the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Wythe, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 3,892,447
Receivables (net of allowance for uncollectibles):	
Accounts receivable	33,819
Due from other governmental units	1,376,213
Inventories (restricted for school cafeterias)	81,316
Prepaid items	649,130
Total assets	<u>\$ 6,032,925</u>
LIABILITIES	
Accounts payable	\$ 283,493
Salaries payable	3,392,324
Total liabilities	<u>\$ 3,675,817</u>
FUND BALANCES	
Nonspendable	\$ 730,446
Restricted:	
School cafeterias	571,601
Unassigned	1,055,061
Total fund balances	<u>\$ 2,357,108</u>
Total liabilities and fund balances	<u>\$ 6,032,925</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 2,357,108
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 774,089
Buildings and improvements	13,042,217
Machinery and equipment	<u>1,951,342</u>
	15,767,648
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 6,834,089
OPEB related items	<u>1,093,127</u>
	7,927,216
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (687,786)
Net OPEB liabilities	(9,702,986)
Net pension liability	<u>(33,908,260)</u>
	(44,299,032)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (4,563,563)
OPEB related items	<u>(1,251,406)</u>
	(5,814,969)
Net position of governmental activities	<u>\$ (24,062,029)</u>

County of Wythe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 52,861
Charges for services	1,089,599
Miscellaneous	3,300
Recovered costs	508,708
Intergovernmental:	
Local government	9,759,022
Commonwealth	26,334,112
Federal	3,817,117
Total revenues	<u>\$ 41,564,719</u>
EXPENDITURES	
Current:	
Education	\$ 43,655,793
Total expenditures	<u>\$ 43,655,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,091,074)</u>
OTHER FINANCING SOURCES (USES)	
Sale of capital assets	\$ 9,447
Total other financing sources (uses)	<u>\$ 9,447</u>
Net change in fund balances	\$ (2,081,627)
Fund balances - beginning	4,438,735
Fund balances - ending	<u><u>\$ 2,357,108</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net change in fund balances - total governmental funds - per above	\$ (2,081,627)
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 capital outlays exceeded depreciation expense in the current period.	
Capital outlays	\$ 2,828,636
Depreciation expense	<u>(852,462)</u>
	1,976,174
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	\$ (53,588)
Change in OPEB related items	85,333
Change in pension related items	<u>349,256</u>
Change in net position of governmental activities	<u><u>\$ 275,548</u></u>

County of Wythe, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 52,861	\$ 52,861
Charges for services	1,344,938	1,344,938	1,089,599	(255,339)
Miscellaneous	-	-	3,300	3,300
Recovered costs	420,000	420,000	508,708	88,708
Intergovernmental:				
Local government	13,603,359	13,609,410	9,759,022	(3,850,388)
Commonwealth	26,266,776	26,266,776	26,334,112	67,336
Federal	3,618,067	3,618,067	3,817,117	199,050
Total revenues	\$ 45,253,140	\$ 45,259,191	\$ 41,564,719	\$ (3,694,472)
EXPENDITURES				
Current:				
Education	\$ 45,249,781	\$ 45,255,832	\$ 43,655,793	\$ 1,600,039
Debt service:				
Principal retirement	3,359	3,359	-	3,359
Total expenditures	\$ 45,253,140	\$ 45,259,191	\$ 43,655,793	\$ 1,603,398
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (2,091,074)	\$ (2,091,074)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 9,447	\$ 9,447
Total other financing sources (uses)	\$ -	\$ -	\$ 9,447	\$ 9,447
Net change in fund balances	\$ -	\$ -	\$ (2,081,627)	\$ (2,081,627)
Fund balances - beginning	-	-	4,438,735	4,438,735
Fund balances - ending	\$ -	\$ -	\$ 2,357,108	\$ 2,357,108

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,239,000	\$ 12,239,000	\$ 12,409,290	\$ 170,290
Real and personal public service corporation taxes	1,600,000	1,600,000	1,957,455	357,455
Personal property taxes	4,300,000	4,300,000	4,796,888	496,888
Mobile home taxes	45,000	45,000	71,579	26,579
Machinery and tools taxes	2,000,000	2,000,000	1,681,104	(318,896)
Merchant's capital taxes	375,000	375,000	372,546	(2,454)
Penalties	50,000	50,000	132,755	82,755
Interest	100,000	100,000	186,460	86,460
Total general property taxes	\$ 20,709,000	\$ 20,709,000	\$ 21,608,077	\$ 899,077
Other local taxes:				
Local sales and use taxes	\$ 3,750,000	\$ 3,750,000	\$ 4,153,137	\$ 403,137
Consumers' utility and consumption taxes	700,000	700,000	767,688	67,688
Motor vehicle licenses	340,000	340,000	443,646	103,646
Bank stock taxes	30,000	30,000	36,020	6,020
Taxes on recordation and wills	150,000	150,000	230,367	80,367
Hotel and motel room taxes	187,000	187,000	152,541	(34,459)
Restaurant food taxes	800,000	800,000	747,263	(52,737)
Admissions tax	40,000	40,000	20,708	(19,292)
Total other local taxes	\$ 5,997,000	\$ 5,997,000	\$ 6,551,370	\$ 554,370
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 3,671	\$ (1,329)
Land use application fees	1,000	1,000	1,402	402
Transfer fees	500	500	967	467
Building permits	50,000	50,000	48,195	(1,805)
Concealed weapons permits	10,000	10,000	33,689	23,689
Other permits and licenses	3,900	3,900	39,329	35,429
Total permits, privilege fees, and regulatory licenses	\$ 70,400	\$ 70,400	\$ 127,253	\$ 56,853
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,125,000	\$ 1,125,000	\$ 973,980	\$ (151,020)
Electronic summons fees	70,000	70,000	50,213	(19,787)
Total fines and forfeitures	\$ 1,195,000	\$ 1,195,000	\$ 1,024,193	\$ (170,807)
Revenue from use of money and property:				
Revenue from use of money	\$ 629,436	\$ 629,436	\$ 765,931	\$ 136,495
Revenue from use of property	252,494	252,494	255,801	3,307
Total revenue from use of money and property	\$ 881,930	\$ 881,930	\$ 1,021,732	\$ 139,802

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for sheriff's fees	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Charges for animal control	3,000	3,000	5,308	2,308
Charges for Commonwealth's Attorney	1,500	1,500	4,599	3,099
Charges for courthouse security	180,000	180,000	128,825	(51,175)
Charges for law library	4,000	4,000	6,407	2,407
Charges for parks and recreation	75,000	75,500	59,721	(15,779)
Total charges for services	\$ 265,000	\$ 265,500	\$ 204,860	\$ (60,640)
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 11,141	\$ 11,141
Total miscellaneous	\$ -	\$ -	\$ 11,141	\$ 11,141
Recovered costs:				
Social services	\$ 50,000	\$ 50,000	\$ 101,325	\$ 51,325
Crossroads	-	-	170,204	170,204
Other recovered costs	834,172	868,171	258,319	(609,852)
Total recovered costs	\$ 884,172	\$ 918,171	\$ 529,848	\$ (388,323)
Total revenue from local sources	\$ 30,002,502	\$ 30,037,001	\$ 31,078,474	\$ 1,041,473
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 4,000	\$ 4,000	\$ 4,268	\$ 268
Communication sales and use tax	700,000	700,000	632,219	(67,781)
Mobile home titling tax	20,000	20,000	26,559	6,559
Grantor's tax	70,000	70,000	105,470	35,470
State recordation tax	35,000	35,000	43,984	8,984
Personal property tax relief funds	1,500,814	1,500,814	1,500,814	-
Total noncategorical aid	\$ 2,329,814	\$ 2,329,814	\$ 2,313,314	\$ (16,500)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 533,237	\$ 533,237	\$ 539,144	\$ 5,907
Sheriff	1,482,984	1,482,984	1,510,882	27,898
Commissioner of revenue	119,514	119,514	120,654	1,140
Treasurer	121,627	121,627	128,877	7,250
Registrar/electoral board	54,000	54,000	46,125	(7,875)
Clerk of the Circuit Court	330,612	330,612	339,711	9,099
Total shared expenses	\$ 2,641,974	\$ 2,641,974	\$ 2,685,393	\$ 43,419

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 2,934,865	\$ 2,934,865	\$ 1,664,255	\$ (1,270,610)
Comprehensive Services Act program	1,448,992	1,448,992	1,329,218	(119,774)
Litter control grant	9,200	9,200	7,678	(1,522)
Fire program grant	60,000	60,000	71,171	11,171
Wireless E-911 grant	22,000	22,000	116,632	94,632
Four for life grant	24,000	24,000	-	(24,000)
Arts grant	4,500	4,500	4,500	-
Asset forfeiture collections	-	-	97,941	97,941
VJCCA	39,740	39,740	39,741	1
VDOT Fund	-	-	14,800	14,800
Victim witness grant	97,310	97,310	24,327	(72,983)
Tobacco indemnification funds	200,000	530,000	200,000	(330,000)
School resource officer	70,000	70,000	15,307	(54,693)
Other state grants	-	25,000	27,310	2,310
Total other categorical aid	<u>\$ 4,910,607</u>	<u>\$ 5,265,607</u>	<u>\$ 3,612,880</u>	<u>\$ (1,652,727)</u>
Total categorical aid	<u>\$ 7,552,581</u>	<u>\$ 7,907,581</u>	<u>\$ 6,298,273</u>	<u>\$ (1,609,308)</u>
Total revenue from the Commonwealth	<u>\$ 9,882,395</u>	<u>\$ 10,237,395</u>	<u>\$ 8,611,587</u>	<u>\$ (1,625,808)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 80,000	\$ 80,000	\$ 164,006	\$ 84,006
Total noncategorical aid	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 164,006</u>	<u>\$ 84,006</u>
Categorical aid:				
Public assistance and welfare administration	\$ 2,619,100	\$ 2,619,100	\$ 2,734,933	\$ 115,833
State and highway safety grants	-	64,200	53,105	(11,095)
Victim witness grant	-	-	43,479	43,479
Emergency management grant	-	-	126,582	126,582
Violence against women	24,919	24,919	24,919	-
Edward Byrne memorial justice assistance grant	-	21,150	22,327	1,177
Coronavirus relief fund	-	-	23,179	23,179
Total categorical aid	<u>\$ 2,644,019</u>	<u>\$ 2,729,369</u>	<u>\$ 3,028,524</u>	<u>\$ 299,155</u>
Total revenue from the federal government	<u>\$ 2,724,019</u>	<u>\$ 2,809,369</u>	<u>\$ 3,192,530</u>	<u>\$ 383,161</u>
Total General Fund	<u>\$ 42,608,916</u>	<u>\$ 43,083,765</u>	<u>\$ 42,882,591</u>	<u>\$ (201,174)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 84,000	\$ 84,000	\$ 122,609	\$ 38,609
Revenue from the use of property	7,500	7,500	10,000	2,500
Total revenue from use of money and property	<u>\$ 91,500</u>	<u>\$ 91,500</u>	<u>\$ 132,609</u>	<u>\$ 41,109</u>

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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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>
Capital Projects Fund: (Continued)				
County Capital Projects Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse maintenance	\$ 30,000	\$ 30,000	\$ 24,366	\$ (5,634)
Electronic summons fees	-	-	2,871	2,871
Charges for jail processing	2,500	2,500	1,966	(534)
Total charges for services	<u>\$ 32,500</u>	<u>\$ 32,500</u>	<u>\$ 29,203</u>	<u>\$ (3,297)</u>
Miscellaneous:				
Industrial development funds	\$ -	\$ -	\$ 34,868	\$ 34,868
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,868</u>	<u>\$ 34,868</u>
Recovered costs:				
Miscellaneous	\$ -	\$ -	\$ 5,000	\$ 5,000
Total recovered costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total revenue from local sources	<u>\$ 124,000</u>	<u>\$ 124,000</u>	<u>\$ 201,680</u>	<u>\$ 77,680</u>
Total County Capital Projects Fund	<u>\$ 124,000</u>	<u>\$ 124,000</u>	<u>\$ 201,680</u>	<u>\$ 77,680</u>
Total Primary Government	<u>\$ 42,732,916</u>	<u>\$ 43,207,765</u>	<u>\$ 43,084,271</u>	<u>\$ (123,494)</u>
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 money	\$ -	\$ -	\$ 52,861	\$ 52,861
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,861</u>	<u>\$ 52,861</u>
Charges for services:				
Cafeteria sales	\$ 724,938	\$ 724,938	\$ 527,119	\$ (197,819)
Transportation of pupils	36,000	36,000	29,589	(6,411)
Dual course credits	584,000	584,000	532,891	(51,109)
Total charges for services	<u>\$ 1,344,938</u>	<u>\$ 1,344,938</u>	<u>\$ 1,089,599</u>	<u>\$ (255,339)</u>
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 3,300	\$ 3,300
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,300</u>	<u>\$ 3,300</u>
Recovered costs:				
E-rate	\$ 90,000	\$ 90,000	\$ -	\$ (90,000)
Medicaid reimbursements	300,000	300,000	287,513	(12,487)
CCEC reimbursements	-	-	42,767	42,767
Sale of supplies	-	-	99	99
Insurance recoveries	-	-	41,616	41,616
Other recovered costs	30,000	30,000	136,713	106,713
Total recovered costs	<u>\$ 420,000</u>	<u>\$ 420,000</u>	<u>\$ 508,708</u>	<u>\$ 88,708</u>
Total revenue from local sources	<u>\$ 1,764,938</u>	<u>\$ 1,764,938</u>	<u>\$ 1,654,468</u>	<u>\$ (110,470)</u>

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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 Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Wythe, Virginia	\$ 13,603,359	\$ 13,609,410	\$ 9,759,022	\$ (3,850,388)
Total revenues from local governments	\$ 13,603,359	\$ 13,609,410	\$ 9,759,022	\$ (3,850,388)
Revenue from the Commonwealth:				
Categorical aid:				
Adult secondary education	\$ 16,710	\$ 16,710	\$ 16,773	\$ 63
Alternative education	138,869	138,869	138,869	-
At risk four-year olds	303,509	303,509	264,486	(39,023)
At risk payments	463,000	463,000	467,929	4,929
Basic school aid	12,426,507	12,426,507	12,359,381	(67,126)
CTE competitive grant	-	-	37,500	37,500
Early reading intervention	87,059	87,059	77,895	(9,164)
English as second language	3,228	3,228	2,824	(404)
Gifted and talented	131,768	131,768	131,784	16
Governor's school	26,572	26,572	26,572	-
Group life insurance instructional	52,707	52,707	52,714	7
Homebound education	69,849	69,849	41,936	(27,913)
Other state funds	66,482	66,482	74,688	8,206
Mentor teacher program	2,889	2,889	2,528	(361)
Primary class size	319,068	319,068	322,801	3,733
Project graduation	4,028	4,028	4,028	-
Reading recovery	31,939	31,939	25,136	(6,803)
Regional program tuition	160,000	160,000	214,005	54,005
Regular foster care	100,000	100,000	78,588	(21,412)
Remedial education	413,752	413,752	413,801	49
Compensation supplement	757,800	757,800	760,549	2,749
Remedial summer education	2,461	2,461	1,406	(1,055)
Retirement	1,686,632	1,686,632	1,686,834	202
School food	41,892	41,892	51,066	9,174
Share of state sales tax	4,747,450	4,747,450	4,861,516	114,066
Social security fringe benefits	764,255	764,255	764,347	92
State lottery payments	971,851	971,851	964,685	(7,166)
Industry certification	7,500	7,500	11,614	4,114
Special education	1,083,134	1,083,134	1,083,264	130
Special education - foster children	84,497	84,497	89,703	5,206
Algebra readiness	55,687	55,687	59,040	3,353
National board certification	10,000	10,000	7,500	(2,500)
Technology resource	388,000	388,000	388,000	-
Textbook payment	265,355	265,355	265,386	31
Vocational education - adult	2,819	2,819	4,663	1,844
Vocational occupational preparedness	41,893	41,893	42,623	730
Vocational standards of quality payments	537,614	537,614	537,678	64
Total categorical aid	\$ 26,266,776	\$ 26,266,776	\$ 26,334,112	\$ 67,336
Total revenue from the Commonwealth	\$ 26,266,776	\$ 26,266,776	\$ 26,334,112	\$ 67,336

County of Wythe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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 Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve funds	\$ 66,781	\$ 66,781	\$ 70,146	\$ 3,365
Title I	1,026,205	1,026,205	1,126,004	99,799
Title VI-B, special education flow-through	868,854	868,854	816,179	(52,675)
Title VI-B, preschool	28,260	28,260	30,873	2,613
Vocational education	72,000	72,000	104,729	32,729
National school food program	940,000	940,000	790,622	(149,378)
School breakfast program	340,000	340,000	303,576	(36,424)
Improving teacher quality	160,967	160,967	156,018	(4,949)
Rural and low income schools	-	-	3,607	3,607
Summer food	40,000	40,000	371,614	331,614
Title IV student support and academic enrichment grants	75,000	75,000	18,637	(56,363)
Child nutrition direct certification performance awards	-	-	25,112	25,112
Total categorical aid	<u>\$ 3,618,067</u>	<u>\$ 3,618,067</u>	<u>\$ 3,817,117</u>	<u>\$ 199,050</u>
Total revenue from the federal government	<u>\$ 3,618,067</u>	<u>\$ 3,618,067</u>	<u>\$ 3,817,117</u>	<u>\$ 199,050</u>
Total School Operating Fund	<u>\$ 45,253,140</u>	<u>\$ 45,259,191</u>	<u>\$ 41,564,719</u>	<u>\$ (3,694,472)</u>

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 242,632	\$ 254,385	\$ 255,596	\$ (1,211)
Total legislative	\$ 242,632	\$ 254,385	\$ 255,596	\$ (1,211)
General and financial administration:				
County administrator	\$ 351,802	\$ 386,555	\$ 366,274	\$ 20,281
Commissioner of revenue	304,275	304,275	285,186	19,089
Treasurer	353,917	382,261	353,315	28,946
Financial administration	246,967	251,074	231,353	19,721
Mapping	21,500	21,500	13,620	7,880
Public information office	69,456	69,467	61,876	7,591
Technology	127,617	128,249	125,825	2,424
Total general and financial administration	\$ 1,475,534	\$ 1,543,381	\$ 1,437,449	\$ 105,932
Board of elections:				
Electoral board and officials	\$ 58,410	\$ 58,413	\$ 45,188	\$ 13,225
Registrar	93,832	93,832	89,957	3,875
Total board of elections	\$ 152,242	\$ 152,245	\$ 135,145	\$ 17,100
Total general government administration	\$ 1,870,408	\$ 1,950,011	\$ 1,828,190	\$ 121,821
Judicial administration:				
Courts:				
Circuit court	\$ 51,487	\$ 69,441	\$ 49,855	\$ 19,586
General district court	10,250	10,250	7,101	3,149
Juvenile and domestic relations court	9,119	9,119	6,589	2,530
Magistrates	1,630	1,630	616	1,014
Clerk of the circuit court	505,039	508,089	455,395	52,694
Commissioner of accounts	6,200	6,200	-	6,200
Courtroom security	238,672	238,997	168,593	70,404
Law library	12,600	12,600	8,872	3,728
Total courts	\$ 834,997	\$ 856,326	\$ 697,021	\$ 159,305
Commonwealth's attorney:				
Commonwealth's attorney	\$ 720,944	\$ 736,906	\$ 730,144	\$ 6,762
Total commonwealth's attorney	\$ 720,944	\$ 736,906	\$ 730,144	\$ 6,762
Total judicial administration	\$ 1,555,941	\$ 1,593,232	\$ 1,427,165	\$ 166,067
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,367,268	\$ 3,505,580	\$ 3,283,434	\$ 222,146
Total law enforcement and traffic control	\$ 3,367,268	\$ 3,505,580	\$ 3,283,434	\$ 222,146
Fire and rescue services:				
Fire department	\$ 366,996	\$ 570,017	\$ 400,192	\$ 169,825
Consolidated dispatch	671,553	695,706	424,741	270,965
Ambulance and rescue services	184,209	275,097	236,489	38,608
Total fire and rescue services	\$ 1,222,758	\$ 1,540,820	\$ 1,061,422	\$ 479,398

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Jail	\$ 1,600,000	\$ 1,600,000	\$ 1,705,815	\$ (105,815)
Probation office	2,300	2,300	1,679	621
Total correction and detention	<u>\$ 1,602,300</u>	<u>\$ 1,602,300</u>	<u>\$ 1,707,494</u>	<u>\$ (105,194)</u>
Inspections:				
Building	\$ 107,910	\$ 113,508	\$ 100,940	\$ 12,568
Total inspections	<u>\$ 107,910</u>	<u>\$ 113,508</u>	<u>\$ 100,940</u>	<u>\$ 12,568</u>
Other protection:				
Animal control	\$ 182,839	\$ 184,361	\$ 158,136	\$ 26,225
Medical examiner	500	500	380	120
Wireless E-911 grant	30,560	30,560	33,386	(2,826)
Emergency services	104,237	111,707	84,352	27,355
VAVWA Law enforcement	41,447	41,447	40,915	532
PAF	25,800	76,420	53,593	22,827
Victim witness program	98,503	98,503	93,336	5,167
School resource officer	524,341	556,871	401,438	155,433
Sheriff IT	-	28,731	17,368	11,363
Total other protection	<u>\$ 1,008,227</u>	<u>\$ 1,129,100</u>	<u>\$ 882,904</u>	<u>\$ 246,196</u>
Total public safety	<u>\$ 7,308,463</u>	<u>\$ 7,891,308</u>	<u>\$ 7,036,194</u>	<u>\$ 855,114</u>
Public works:				
Engineering:				
Engineering	\$ 131,742	\$ 132,212	\$ 129,198	\$ 3,014
Total engineering	<u>\$ 131,742</u>	<u>\$ 132,212</u>	<u>\$ 129,198</u>	<u>\$ 3,014</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,533,790	\$ 1,533,817	\$ 1,451,008	\$ 82,809
Total sanitation and waste removal	<u>\$ 1,533,790</u>	<u>\$ 1,533,817</u>	<u>\$ 1,451,008</u>	<u>\$ 82,809</u>
Maintenance of general buildings and grounds:				
Courthouse building	\$ 283,689	\$ 389,410	\$ 255,098	\$ 134,312
County administrative building	192,874	192,813	143,602	49,211
Sixth Street building	2,066	2,066	1,674	392
Building and grounds maintenance	131,449	136,114	113,155	22,959
Library building	4,377	47,377	46,690	687
Spiller annex building	500	500	-	500
Fairview house building	8,875	9,875	5,716	4,159
Other properties	1,370	1,370	231	1,139
Total maintenance of general buildings and grounds	<u>\$ 625,200</u>	<u>\$ 779,525</u>	<u>\$ 566,166</u>	<u>\$ 213,359</u>
Total public works	<u>\$ 2,290,732</u>	<u>\$ 2,445,554</u>	<u>\$ 2,146,372</u>	<u>\$ 299,182</u>

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 366,116	\$ 366,116	\$ 366,116	\$ -
National emergency	-	22,111	11,802	10,309
CARES act expenses	-	-	2,670	(2,670)
Total health	\$ 366,116	\$ 388,227	\$ 380,588	\$ 7,639
Mental health and mental retardation:				
Community services board	\$ 164,349	\$ 164,349	\$ 164,349	\$ -
Total mental health and mental retardation	\$ 164,349	\$ 164,349	\$ 164,349	\$ -
Welfare:				
Public assistance	\$ 8,837,026	\$ 9,058,526	\$ 7,375,194	\$ 1,683,332
Family resource center	3,750	3,750	2,813	937
District III coop	27,964	27,964	27,964	-
Total welfare	\$ 8,868,740	\$ 9,090,240	\$ 7,405,971	\$ 1,684,269
Total health and welfare	\$ 9,399,205	\$ 9,642,816	\$ 7,950,908	\$ 1,691,908
Education:				
Other instructional costs:				
Contributions to Community College	\$ 45,640	\$ 45,640	\$ 22,820	\$ 22,820
Contribution to County School Board	13,603,359	13,609,410	9,759,021	3,850,389
School Construction	-	3,995,532	2,784,807	1,210,725
Total education	\$ 13,648,999	\$ 17,650,582	\$ 12,566,648	\$ 5,083,934
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation Commission	\$ 176,015	\$ 178,830	\$ 134,682	\$ 44,148
Rural Retreat Lake campground	90,961	96,060	67,905	28,155
Rural Retreat Lake swimming pool	47,534	47,534	26,345	21,189
Ager Park	18,433	24,895	11,778	13,117
Sheffey Recreation Center	29,718	29,718	13,933	15,785
Max Meadows ball park	5,650	7,450	3,542	3,908
Total parks and recreation	\$ 368,311	\$ 384,487	\$ 258,185	\$ 126,302
Library:				
Contribution to regional library	\$ 324,455	\$ 324,455	\$ 324,455	\$ -
Total library	\$ 324,455	\$ 324,455	\$ 324,455	\$ -
Total parks, recreation, and cultural	\$ 692,766	\$ 708,942	\$ 582,640	\$ 126,302

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning commission	\$ 93,471	\$ 93,471	\$ 89,823	\$ 3,648
Regional water	336,165	336,165	-	336,165
Wythe county joint IDA	241,870	296,870	266,870	30,000
Appalachian Regional Expo	-	110,749	127,048	(16,299)
Regional tourism	35,500	35,500	10,000	25,500
Smyth/Wythe airport commission	53,720	53,720	53,720	-
New River/Highlands RC&D	1,000	1,000	1,000	-
Virginia Industrial Advancement	307,286	307,446	213,558	93,888
Total planning and community development	<u>\$ 1,069,012</u>	<u>\$ 1,234,921</u>	<u>\$ 762,019</u>	<u>\$ 472,902</u>
Environmental management:				
Contribution to soil and water district	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Total environmental management	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 74,552	\$ 88,119	\$ 60,631	\$ 27,488
Total cooperative extension program	<u>\$ 74,552</u>	<u>\$ 88,119</u>	<u>\$ 60,631</u>	<u>\$ 27,488</u>
Total community development	<u>\$ 1,151,564</u>	<u>\$ 1,331,040</u>	<u>\$ 830,650</u>	<u>\$ 500,390</u>
Capital projects: (1)				
Progress park improvements and land purchase	\$ 45,000	\$ 85,000	\$ 21,859	\$ 63,141
Road construction	500,000	1,203,204	1,152,434	50,770
EXPO Center	1,000,000	1,864,969	949,954	915,015
Other capital projects	2,824,000	5,355,408	1,438,221	3,917,187
Total capital projects	<u>\$ 4,369,000</u>	<u>\$ 8,508,581</u>	<u>\$ 3,562,468</u>	<u>\$ 4,946,113</u>
Debt service:				
Principal retirement	\$ 3,376,585	\$ 3,376,585	\$ 3,327,110	\$ 49,475
Interest and other fiscal charges	1,505,378	1,607,851	1,578,999	28,852
Bond issuance costs	10,000	10,000	10,000	-
Total debt service	<u>\$ 4,891,963</u>	<u>\$ 4,994,436</u>	<u>\$ 4,916,109</u>	<u>\$ 78,327</u>
Total General Fund	<u>\$ 47,179,041</u>	<u>\$ 56,716,502</u>	<u>\$ 42,847,344</u>	<u>\$ 13,869,158</u>
Total Primary Government	<u>\$ 47,179,041</u>	<u>\$ 56,716,502</u>	<u>\$ 42,847,344</u>	<u>\$ 13,869,158</u>

(1) Budgeted within departmental budgets

County of Wythe, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</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:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 1,353,939	\$ 1,353,939	\$ 1,274,746	\$ 79,193
Total administration of schools	<u>\$ 1,353,939</u>	<u>\$ 1,353,939</u>	<u>\$ 1,274,746</u>	<u>\$ 79,193</u>
Instruction costs:				
Instruction	\$ 33,220,017	\$ 33,220,017	\$ 31,986,710	\$ 1,233,307
Technology instruction	1,442,534	1,442,534	1,512,313	(69,779)
Total instruction costs	<u>\$ 34,662,551</u>	<u>\$ 34,662,551</u>	<u>\$ 33,499,023</u>	<u>\$ 1,163,528</u>
Operating costs:				
Pupil transportation	\$ 2,775,233	\$ 2,775,233	\$ 2,393,833	\$ 381,400
Operation and maintenance of school plant	4,371,228	4,377,279	4,430,746	(53,467)
Total operating costs	<u>\$ 7,146,461</u>	<u>\$ 7,152,512</u>	<u>\$ 6,824,579</u>	<u>\$ 327,933</u>
School food services:				
Administration of school food program	\$ 2,086,830	\$ 2,086,830	\$ 2,057,445	\$ 29,385
Total school food services	<u>\$ 2,086,830</u>	<u>\$ 2,086,830</u>	<u>\$ 2,057,445</u>	<u>\$ 29,385</u>
Total education	<u>\$ 45,249,781</u>	<u>\$ 45,255,832</u>	<u>\$ 43,655,793</u>	<u>\$ 1,600,039</u>
Debt service:				
Principal retirement	\$ 3,359	\$ 3,359	\$ -	\$ 3,359
Total debt service	<u>\$ 3,359</u>	<u>\$ 3,359</u>	<u>\$ -</u>	<u>\$ 3,359</u>
Total School Operating Fund	<u>\$ 45,253,140</u>	<u>\$ 45,259,191</u>	<u>\$ 43,655,793</u>	<u>\$ 1,603,398</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 45,253,140</u>	<u>\$ 45,259,191</u>	<u>\$ 43,655,793</u>	<u>\$ 1,603,398</u>

Statistical Information

Table 1

County of Wythe, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water/Sewer Department	Total
2019-20	\$ 1,691,818	\$ 1,465,861	\$ 7,512,947	\$ 3,594,343	\$ 7,930,667	\$ 13,572,672	\$ 608,950	\$ 1,268,938	\$ 1,585,273	\$ 4,107,787	\$ 43,339,256
2018-19	1,254,724	1,242,975	6,803,794	2,558,930	7,390,268	17,061,608	612,628	1,010,793	1,642,176	3,978,183	43,556,079
2017-18	1,436,286	1,295,981	6,351,152	2,319,128	7,483,031	14,282,432	603,606	571,414	1,107,291	3,799,874	39,250,195
2016-17	2,077,350	1,397,035	5,933,755	2,421,854	7,059,375	14,076,234	587,212	1,132,949	1,134,619	3,625,177	39,445,560
2015-16	1,962,812	1,415,646	6,054,094	2,227,414	6,796,270	14,417,669	546,211	1,407,644	1,217,966	3,318,125	39,363,851
2014-15	1,352,398	1,092,798	6,237,978	2,306,367	6,604,731	14,166,892	553,381	879,896	1,164,014	3,650,586	38,009,041
2013-14	1,557,004	1,136,607	6,416,496	1,960,842	6,223,639	12,134,257	533,197	533,516	1,256,115	3,403,181	35,154,854
2012-13	1,187,678	1,119,156	6,372,381	2,419,128	6,468,123	14,422,799	610,551	787,448	1,284,699	3,519,922	38,191,885
2011-12	1,512,480	1,086,359	6,180,621	2,289,730	7,058,798	12,836,648	626,033	492,238	1,425,958	3,295,194	36,804,059
2010-11	1,114,168	1,113,061	6,044,161	2,260,019	6,792,651	13,486,880	501,448	340,134	1,491,857	3,039,478	36,183,856

Table 2

County of Wythe, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2019-20	\$ 4,660,873	\$ 9,111,997	\$ 264,800	\$	\$ 21,801,978	\$ 6,551,370	\$ 1,254,952	\$ 46,009	\$ 2,477,320	\$	\$ 46,169,299
2018-19	4,780,969	8,718,675	209,009		21,207,545	6,323,967	1,357,857	46,375	2,480,225		45,124,622
2017-18	5,169,249	8,557,870	1,973,133		19,774,868	6,268,739	1,185,342	403,052	2,541,688		45,873,941
2016-17	5,393,714	8,309,992	1,097,712		18,926,937	5,908,026	1,101,874	292,421	2,459,363		43,490,039
2015-16	4,957,694	7,877,176	824,304		18,844,528	5,796,378	1,104,094	326,712	2,475,547		42,206,433
2014-15	4,879,094	7,434,357	1,611,079		17,470,264	5,869,453	1,054,365	525,963	2,502,844		41,347,419
2013-14	4,568,488	7,498,457	1,909,241		17,303,112	5,448,614	1,393,622	642,961	2,525,329		41,289,824
2012-13	4,743,836	7,955,016	2,282,618		16,817,889	5,483,817	1,342,421	437,423	2,568,029		41,631,049
2011-12	4,244,008	7,596,199	1,289,131		16,761,296	6,101,266	1,439,970	569,158	1,721,897		39,722,925
2010-11	4,740,137	8,417,319	4,017,436		16,413,526	5,875,452	1,165,451	211,242	1,715,976		42,556,539

Table 3

County of Wythe, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation & Cultural	Community Development	Non-Departmental	Debt Service	Capital Projects	Totals
2019-20	\$ 1,828,190	\$ 1,427,165	\$ 7,036,194	\$ 2,146,372	\$ 7,950,908	\$ 46,463,419	\$ 582,640	\$ 830,650	\$ -	\$ 4,916,109	\$ 3,562,468	\$ 76,744,115
2018-19	1,702,335	1,295,561	6,579,742	2,035,896	7,519,151	54,030,893	618,432	760,131	-	4,129,790	3,897,373	82,569,304
2017-18	1,698,557	1,380,955	6,422,831	1,987,056	7,669,206	43,931,720	589,712	499,811	-	11,816,639	5,858,262	81,854,749
2016-17	2,004,152	1,437,378	5,723,203	1,915,022	7,234,170	43,535,284	568,641	489,361	-	3,792,409	2,269,432	68,969,052
2015-16	1,966,330	1,523,426	6,125,887	1,905,660	6,991,520	42,053,220	535,211	988,124	-	3,880,823	2,239,793	68,209,994
2014-15	1,805,152	1,176,799	6,201,763	1,985,530	6,813,281	41,971,276	539,507	539,507	-	3,640,919	1,866,662	66,540,396
2013-14	1,678,577	1,136,912	6,326,660	1,978,276	6,252,476	40,863,572	517,575	377,251	-	2,968,668	8,046,916	70,146,883
2012-13	1,681,639	1,118,560	6,711,245	2,127,453	6,542,255	40,333,239	628,288	588,539	-	6,582,063	5,731,661	72,044,942
2011-12	1,636,064	1,085,673	6,077,487	2,050,075	7,210,950	40,136,400	634,687	3,144,429	-	13,408,608	3,094,561	78,478,934
2010-11	1,703,178	1,113,471	7,821,789	1,998,963	6,905,096	37,673,890	490,075	321,127	-	3,540,547	7,407,413	68,975,549

(1) Includes General and Capital Projects Funds of the Primary Government and Discretely Presented Component Unit School Board.

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

Table 4

County of Wythe, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits Privilege Fees and Regulatory Licenses	Fines and Forfeitures	Revenue from use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
2019-20	\$ 21,608,077	\$ 6,551,370	\$ 127,253	\$ 1,024,193	\$ 1,207,202	\$ 1,323,662	\$ 49,309	\$ 1,043,556	\$ 30,151,229	\$ 63,085,851
2018-19	21,183,656	6,323,967	111,736	1,384,273	1,312,068	1,618,251	86,593	1,223,719	29,237,271	62,481,534
2017-18	19,580,830	6,268,739	118,142	1,465,260	1,134,598	1,753,069	599,810	1,336,262	28,414,328	60,671,038
2016-17	18,951,683	5,908,026	127,241	1,692,160	1,050,864	1,547,688	560,990	978,447	28,064,662	58,881,761
2015-16	18,524,308	5,796,378	77,292	1,399,738	1,017,302	1,624,708	556,491	1,259,319	38,488,738	68,744,274
2014-15	17,556,567	5,869,453	68,301	1,612,103	976,595	1,260,761	703,672	1,168,853	39,056,478	68,272,783
2013-14	17,172,749	5,448,614	101,343	1,403,682	1,256,176	1,424,470	695,482	1,578,479	37,008,850	66,089,845
2012-13	17,063,127	5,483,817	76,747	1,486,658	1,192,266	1,387,282	495,944	1,183,146	37,331,804	65,700,791
2011-12	16,486,825	6,101,266	115,217	1,379,334	1,264,808	1,427,734	620,535	1,019,784	35,874,279	64,289,782
2010-11	16,464,384	5,875,452	81,452	1,347,286	1,032,789	1,368,655	270,860	1,592,502	40,077,460	68,110,840

(1) Includes General and Capital Projects Funds of the Primary Government and includes discretely presented Component Unit School Board.

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

Table 5

County of Wythe, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (2)	Percent of Delinquent Taxes to Tax Levy
2019-20	\$ 21,632,076	\$ 20,804,933	96.18%	\$ 483,929	\$ 21,288,862	98.41%	\$ 1,788,211	8.27%
2018-19	20,968,362	20,299,321	96.81%	572,654	20,871,975	99.54%	1,614,353	7.70%
2017-18	19,463,749	18,875,600	96.98%	451,463	19,327,063	99.30%	1,585,301	8.14%
2016-17	18,774,651	18,215,033	97.02%	473,797	18,688,830	99.54%	1,431,921	7.63%
2015-16	18,627,762	17,781,494	95.46%	465,647	18,247,141	97.96%	1,547,751	8.31%
2014-15	17,290,714	16,637,385	96.22%	612,697	17,250,082	99.77%	1,398,648	8.09%
2013-14	17,066,280	16,429,324	96.27%	479,991	16,909,315	99.08%	1,434,679	8.41%
2012-13	16,630,536	16,264,884	97.80%	514,040	16,778,924	100.89%	1,324,184	7.96%
2011-12	16,469,488	15,896,576	96.52%	380,655	16,277,231	98.83%	1,499,609	9.11%
2010-11	16,445,210	15,900,211	96.69%	312,712	16,212,923	98.59%	1,373,871	8.35%

(1) Exclusive of penalties and interest. Reduced by tax sharing payments.

(2) Delinquent balances include penalties.

Table 6

County of Wythe, Virginia
Assessed Value of Taxable Property (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Public Service Companies	Total
2019-20	\$ 2,358,339,797	\$ 497,596,841	\$ 359,338,718	\$ 3,215,275,356
2018-19	2,350,208,822	477,594,738	322,166,589	3,149,970,149
2017-18	2,335,399,637	478,348,830	310,470,506	3,124,218,973
2016-17	2,282,641,328	474,626,902	260,499,067	3,017,767,297
2015-16	2,274,033,452	475,988,249	229,662,169	2,979,683,870
2014-15	2,269,613,917	482,753,439	205,805,120	2,958,172,476
2013-14	2,269,183,693	480,753,909	198,369,106	2,948,306,708
2012-13	2,259,165,524	478,834,582	187,095,907	2,925,096,013
2011-12	2,260,390,881	471,509,420	159,110,024	2,891,010,325
2010-11	2,249,458,695	471,521,559	156,715,339	2,877,695,593

(1) Assessed at 100% of fair market value.

Table 7

County of Wythe, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate/ Mobile Homes	Personal Property	Machinery and Tools	Merchant's Capital
2019-20	\$ 0.54	\$ 2.32	\$ 1.50	\$ 0.56
2018-19	0.54	2.32	1.50	0.56
2017-18	0.49	2.32	1.50	0.56
2016-17	0.49	2.27	1.50	0.56
2015-16	0.49	2.27	1.50	0.56
2014-15	0.44	2.27	1.50	0.56
2013-14	0.44	2.27	1.50	0.56
2012-13	0.44	2.08	1.50	0.56
2011-12	0.44	2.08	1.50	0.56
2010-11	0.44	2.08	1.50	0.56

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Gross Assessed Value	Gross and Net Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	\$ 28,754	\$ 3,215,275,356	73,770,572	2.29%	2,566
2018-19	28,754	3,149,970,149	74,062,436	2.35%	2,576
2017-18	29,235	3,124,218,973	70,108,141	2.24%	2,398
2016-17	29,235	3,017,767,297	62,473,464	2.07%	2,137
2015-16	29,235	2,979,683,870	61,034,667	2.05%	2,088
2014-15	29,235	2,958,172,476	61,787,459	2.09%	2,113
2013-14	29,235	2,948,306,708	61,811,256	2.10%	2,114
2012-13	29,235	2,925,096,013	55,704,496	1.90%	1,905
2011-12	29,235	2,891,010,325	57,445,157	1.99%	1,965
2010-11	29,235	2,877,695,593	51,005,571	1.77%	1,745

(1) United States Bureau of the Census

(2) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, and compensated absences.

Table 9

County of Wythe, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 3,327,110	\$ 1,578,999	\$ 4,906,109	\$ 76,744,115	6.393%
2018-19 (3)	10,234,024	1,389,758	11,623,782	82,569,304	14.078%
2017-18 (3)	10,651,394	1,165,245	11,816,639	81,854,749	14.436%
2016-17	2,592,749	1,199,660	3,792,409	68,969,052	5.499%
2015-16	1,898,541	951,619	2,850,160	76,437,104	3.729%
2014-15	2,362,227	1,278,692	3,640,919	66,486,269	5.476%
2013-14	1,725,738	1,242,930	2,968,668	70,146,883	4.232%
2012-13 (3)	5,165,301	1,416,762	6,582,063	72,044,942	9.136%
2011-12 (3)	11,944,430	1,464,178	13,408,608	78,478,934	17.086%
2010-11	1,990,809	1,549,738	3,540,547	68,975,549	5.133%

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

(2) Includes capital project expenditures.

(3) Includes early redemption of the County's bonds.

COMPLIANCE SECTION



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

**To the Honorable Members of
the Board of Supervisors of the
County of Wythe, 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 Wythe, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Wythe, Virginia's basic financial statements and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Wythe, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Wythe, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Wythe, Virginia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

Compliance and Other Matters

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

County of Wythe, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
October 30, 2020



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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 of the
County of Wythe, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Wythe, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Wythe, Virginia's major federal programs for the year ended June 30, 2020. The County of Wythe, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Wythe, 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, 2020.

Report on Internal Control over Compliance

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

Blacksburg, Virginia
October 30, 2020

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	
DEPARTMENT OF AGRICULTURE:				
Pass Through Payments:				
<i>Child Nutrition Cluster:</i>				
<i>State Department of Agriculture:</i>				
Summer Food Service Program for Children	10.559	Not available	\$ 13,287	
COVID-19 - Summer Food Service Program for Children	10.559	Not available	<u>358,327</u>	\$ 371,614
Food Distribution (Note C)	10.555	Not available	\$ 124,297	
<i>Department of Education:</i>				
National School Lunch Program	10.555	40623	\$ 614,370	
COVID-19 - National School Lunch Program	10.555	40623	<u>51,955</u>	790,622
School Breakfast Program	10.553	40591	\$ 278,872	
COVID-19 - School Breakfast Program	10.553	40591	<u>24,704</u>	303,576
Total Child Nutrition Cluster				1,465,812
<i>Department of Social Services:</i>				
<i>SNAP Program Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010120/0040119/0040120		529,264
<i>Department of Education:</i>				
<i>Forest Service School and Roads Cluster:</i>				
Schools and Roads - Grants to States	10.665	43841		70,146
Child Nutrition Direct Certification Performance Awards	10.589	Not available		25,112
Total Department of Agriculture				<u>\$ 2,090,334</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families	93.556	0950118/0950119	\$	22,402
<i>TANF Cluster:</i>				
Temporary Assistance for Needy Families	93.558	0400119/0400120		271,865
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120		370
Low-Income Home Energy Assistance	93.568	0600419/0600420		51,238
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120		50,927
Chafee Education and Training Vouchers Program	93.599	9160118/9160119		7,245
Adoption and Legal Guardianship Incentive Payments	93.603	1130117		4,999
Stephanie Tubbs Jones - Child Welfare Services Program	93.645	0900118/0900119		686
Social Services Block Grant	93.667	1000119/1000120		261,630
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118/9150119		7,276
Children's Health Insurance Program	93.767	0540119/0540120		8,923
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200119/1200120		550,636
Foster Care - Title IV-E	93.658	1100119/1100120		329,318
Adoption Assistance	93.659	1120119/1120120		638,154
Total Department of Health and Human Services				<u>\$ 2,205,669</u>
DEPARTMENT OF HOMELAND SECURITY:				
Pass Through Payments:				
<i>Department of Emergency Management:</i>				
Emergency Management Performance Grants	97.042	LEMPGFY14 201604018945	\$	17,332
Hazard Mitigation Grant	97.039	Not available		109,250
Total Department of Homeland Security				<u>\$ 126,582</u>

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020 (Continued)

Federal Grantor/ State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	50326	\$ 38,391
<i>National Highway Traffic Safety Administration (NHTSA):</i>			
Alcohol Open Container Requirements	20.607	Not available	14,714
Total Department of Transportation			<u>\$ 53,105</u>
DEPARTMENT OF TREASURY:			
Pass Through Payments:			
<i>Virginia Department of Accounts</i>			
COVID-19 - Coronavirus Relief Fund	21.019	SLT022	<u>\$ 23,179</u>
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
<i>Department of Criminal Justice Services:</i>			
Violence Against Women - Formula Grants	16.588	46500	\$ 24,919
Crime Victim Assistance	16.575	15-R9570VW14 - VICT	43,479
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Not available	22,327
Total Department of Justice			<u>\$ 90,725</u>
DEPARTMENT OF EDUCATION:			
Pass Through Payments:			
<i>Department of Education:</i>			
Career and Technical Education-Basic Grants to States	84.048	61095	\$ 104,729
Supporting Effective Instruction State Grants	84.367	61480	156,018
Rural Education	84.358	43481	3,607
Title I Grants to Local Educational Agencies	84.010	42901	1,126,004
<i>Special Education Cluster (IDEA):</i>			
Special Education-Grants to States	84.027	73071	\$ 816,179
Special Education-Preschool Grants	84.173	62521	<u>30,873</u>
Total Special Education Cluster (IDEA)			847,052
Student Support and Academic Enrichment Program	84.424	Not available	18,637
Total Department of Education			<u>\$ 2,256,047</u>
Total Expenditure of Federal Awards			<u>\$ 6,845,641</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF WYTHE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Wythe, Virginia under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the County of Wythe, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Wythe, 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 Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursements.

Note C -- Food Donation

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

Note D -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2020.

Note E -- Outstanding Balance of Federal Loans

The County has received federal funding through loans. At June 30, 2020, the outstanding balances of these loans were:

\$ 16,097,356

Note F -- Relationship to the Financial Statements

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

Primary government:

General Fund - Intergovernmental	\$ 11,804,117
Less: Payments in Lieu of Taxes	(164,006)
Less: Revenue from the Commonwealth	(8,611,587)

Component Unit School Board:

School Operating Fund - Intergovernmental	39,910,251
Less: Revenue from Local Governments	(9,759,022)
Less: Revenue from the Commonwealth	<u>(26,334,112)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 6,845,641</u>
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County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies

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

County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

2020-001	Material Weakness
Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The County's financial statements required material adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles.
Cause of Condition:	The County failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.
Effect of Condition:	There is a reasonable possibility that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The County's closing process improved significantly over prior years as current staff continues to gain an understanding of the year-end closing process and related reconciliations and adjustments that are necessary. Staff should review the current year adjusting entries and consider same during the next fiscal year close.
Management's Response:	The County has reduced its reliance on external consultants and current staff have a good understanding of the County's books and accounting processes. It is anticipated that the number of audit adjustments will continue to decrease in future periods.
2020-002	Significant Deficiency
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	A proper segregation of duties has not been established over collections in the Treasurer's Office.
Cause of Condition:	Limited staffing and resources
Effect of Condition:	There is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	The Locality should review tasks performed by accounting personnel and revise same as necessary to create a proper segregation of duties.
Management's Response:	Management will review controls in relation to current staffing levels and consider implementing compensating controls to address audit concerns.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

County of Wythe, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section IV - Status of Prior Audit Findings

Finding 2019-001 is recurring in fiscal year 2020 as finding 2020-001.

Finding 2019-002 is recurring in fiscal year 2020 as finding 2020-002.