

# FINANCIAL STATEMENTS



COUNTY OF BUCHANAN, VIRGINIA

FISCAL YEAR ENDED  
JUNE 30, 2020

**COUNTY OF BUCHANAN, VIRGINIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

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## INTRODUCTORY SECTION

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## COUNTY OF BUCHANAN, VIRGINIA

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### BOARD OF SUPERVISORS

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Trey Adkins  
Jeff Cooper  
Drew Keene

Craig Stiltner, Chairman

James Branham  
Tim Hess  
Garry Roger Rife

### COUNTY SCHOOL BOARD

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Ray Blankenship  
Jack Compton  
Michael Thompson

Heath Harrison, Chairman

Robbie Cline  
Angie McClanahan  
David Thornsby

Carolyn Dillow, Clerk

### OTHER OFFICIALS

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Judge of the Circuit Court .....	Patrick Johnson
Clerk of the Circuit Court .....	Beverly Tiller
Judge of the General District Court .....	Henry Barringer
Judge of the Juvenile & Domestic Relations Court .....	Michael Bush
Commonwealth's Attorney .....	Gerald Arrington
Commissioner of the Revenue .....	Anna Ruth Horn
Treasurer .....	Keith Boyd
Sheriff .....	John McClanahan
Superintendent of Schools .....	Melanie Hibbitts
Director of Social Services .....	Sherina Justus
County Administrator .....	Robert Craig Horn
County Attorney .....	Lee Moise

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**To the Honorable Members of  
The Board of Supervisors  
County of Buchanan, 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 (School Board and Public Service Authority), each major fund, and the aggregate remaining fund information of the County of Buchanan, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements. These financial statements collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

Except for the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit-Industrial Development Authority" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit-School Board	Unmodified
Discretely Presented Component Unit-PSA	Unmodified
Discretely Presented Component Unit-IDA	Disclaimer
General Fund	Unmodified
Coal Road Fund	Unmodified
Disaster Relief Fund	Unmodified
Internal Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Disclaimer of Opinion on the Discretely Presented Component Unit-Industrial Development Authority***

The financial statements of the Industrial Development Authority of the County of Buchanan, VA (IDA) were not available for inclusion in these financial statements and therefore have been omitted. In addition, we were not engaged to audit the IDA financial statements as part of our audit of the County's basic financial statements. The amounts by which this omission would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the discretely presented component unit-IDA have not been determined.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit-Industrial Development Authority" paragraph, we have not been able to obtain sufficient appropriate audit evidence from other auditors to provide a basis for an audit opinion on the financial statements of the discretely presented component unit-IDA. Accordingly, we do not express an opinion on these financial statements.

### ***Unmodified Opinions***

In our opinion, based on our audit, 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-School Board and PSA, each major fund, and the aggregate remaining fund information of the County of Buchanan, 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 Balances***

As described in Note 23 to the financial statements, in 2020, the County restated beginning balances to correct receivables. 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 91-93 and 94-111 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 Buchanan, Virginia's basic financial statements. The introductory section, other supplementary information, and other 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. Because of the significance of the matter described above it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The introductory section and other 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 February 9, 2021, on our consideration of the County of Buchanan, 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 Buchanan, 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 Buchanan, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
February 9, 2021

## **Basic Financial Statements**

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

	Primary Government		
	Governmental		Component Units
	<u>Activities</u>	<u>School Board</u>	<u>Public Service Authority</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,077,724	\$ 5,425,813	\$ 1,750,397
Investments	-	-	1,064,078
Receivables (net of allowance for uncollectibles):			
Taxes receivable	21,770,349	-	-
Accounts receivable	1,304,516	12,754	682,251
Due from other governmental units	2,017,929	1,593,335	378,067
Inventories	-	12,976	-
Prepaid items	35,885	590,658	78,883
Restricted assets:			
Cash and cash equivalents	13,707,759	-	278,023
Capital assets (net of accumulated depreciation):			
Land	2,311,358	2,373,758	105,000
Buildings and improvements	26,202,959	3,069,479	40,433
Machinery and equipment	2,489,795	1,783,344	101,510
Utility plant and equipment	-	-	90,036,928
Construction in progress	-	-	3,531,509
Total assets	<u>\$ 90,918,274</u>	<u>\$ 14,862,117</u>	<u>\$ 98,047,079</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 2,920,218	\$ 5,109,045	\$ 481,287
OPEB related items	555,032	464,462	24,848
Total deferred outflows of resources	<u>\$ 3,475,250</u>	<u>\$ 5,573,507</u>	<u>\$ 506,135</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,059,422	\$ 638,400	\$ 473,033
Accrued wages	-	4,697,828	51,506
Customers' deposits	-	-	212,827
Accrued interest payable	36,710	-	22,599
Unearned Revenue	1,300,658	-	-
Long-term liabilities:			
Due within one year	1,745,853	355,855	1,085,498
Due in more than one year	20,293,027	34,414,799	12,295,381
Total liabilities	<u>\$ 26,435,670</u>	<u>\$ 40,106,882</u>	<u>\$ 14,140,844</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 18,467,572	\$ -	\$ -
Pension related items	662,195	4,618,820	145,040
OPEB related items	315,351	544,036	16,479
Total deferred inflows of resources	<u>\$ 19,445,118</u>	<u>\$ 5,162,856</u>	<u>\$ 161,519</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 25,855,411	\$ 7,226,581	\$ 82,956,155
Restricted	13,953,591	486,832	-
Unrestricted	8,703,734	(32,547,527)	1,294,696
Total net position	<u>\$ 48,512,736</u>	<u>\$ (24,834,114)</u>	<u>\$ 84,250,851</u>

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

County of Buchanan, 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	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						School Board	Public Service Authority	
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 3,660,425	\$ 15,862	\$ 396,063	\$ -	\$ (3,248,500)	\$ -	\$ -	-
Judicial administration	2,549,082	13,076	812,306	-	(1,723,700)	-	-	-
Public safety	9,893,717	108,360	2,335,631	-	(7,449,726)	-	-	-
Public works	10,800,960	798,171	6,848	-	(9,995,941)	-	-	-
Health and welfare	7,626,179	-	8,301,037	-	674,858	-	-	-
Education	10,280,438	-	-	-	(10,280,438)	-	-	-
Parks, recreation, and cultural	1,845,678	155,219	122,576	-	(1,567,883)	-	-	-
Community development	4,788,535	-	-	800,416	(3,988,119)	-	-	-
Interest on long-term debt	193,481	-	-	-	(193,481)	-	-	-
Total governmental activities	\$ 51,638,495	\$ 1,090,688	\$ 11,974,461	\$ 800,416	\$ (37,772,930)	\$ -	\$ -	-
Total primary government	\$ 51,638,495	\$ 1,090,688	\$ 11,974,461	\$ 800,416	\$ (37,772,930)	\$ -	\$ -	-
<b>COMPONENT UNITS:</b>								
School Board	\$ 32,346,993	\$ 209,730	\$ 23,871,529	\$ -	\$ -	\$ (8,265,734)	\$ -	-
Public Service Authority	11,220,006	6,837,441	-	927,706	-	-	-	(3,454,859)
Total component units	\$ 43,566,999	\$ 7,047,171	\$ 23,871,529	\$ 927,706	\$ -	\$ (8,265,734)	\$ (3,454,859)	
General revenues:								
General property taxes					\$ 16,527,282	\$ -	\$ -	-
Other local taxes:								
Local sales and use taxes					1,660,071	-	-	-
Consumers' utility taxes					378,192	-	-	-
Mineral license tax					4,561,607	-	-	-
Methane gas tax					305,747	-	-	-
Coal road taxes					4,561,580	-	-	-
Other local taxes					466,751	-	-	-
Unrestricted revenues from use of money and property					268,935	20,027	18,743	-
Miscellaneous					288,770	106,428	-	-
Contributions from Buchanan County					-	9,897,948	2,323,361	-
Grants and contributions not restricted to specific programs					2,554,728	-	-	-
Total general revenues					\$ 31,573,663	\$ 10,024,403	\$ 2,342,104	
Change in net position					\$ (6,199,267)	\$ 1,758,669	\$ (1,112,755)	
Net position - beginning, as restated					54,712,003	(26,592,783)	85,363,606	
Net position - ending					\$ 48,512,736	\$ (24,834,114)	\$ 84,250,851	

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,017,792	\$ -	\$ 458,519	\$ 19,476,311
Receivables (net of allowance for uncollectibles):				
Taxes receivable	21,770,349	-	-	21,770,349
Accounts receivable	1,115,234	189,282	-	1,304,516
Due from other funds	1,300,000	100,000	-	1,400,000
Due from other governmental units	1,951,459	66,470	-	2,017,929
Prepaid items	35,885	-	-	35,885
Restricted assets:				
Cash and cash equivalents	1,144,475	12,563,284	-	13,707,759
Total assets	<u>\$ 46,335,194</u>	<u>\$ 12,919,036</u>	<u>\$ 458,519</u>	<u>\$ 59,712,749</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,810,225	\$ 109,920	\$ -	\$ 1,920,145
Unearned Revenue	1,300,658	-	-	1,300,658
Due to other funds	-	-	100,000	100,000
Total liabilities	<u>\$ 3,110,883</u>	<u>\$ 109,920</u>	<u>\$ 100,000</u>	<u>\$ 3,320,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	\$ 21,650,370	-	-	\$ 21,650,370
Total deferred inflows of resources	<u>\$ 21,650,370</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 21,650,370</u>
<b>FUND BALANCES</b>				
Nonspendable	\$ 35,885	\$ -	\$ -	\$ 35,885
Restricted (Note 15)	1,144,475	12,809,116	-	13,953,591
Assigned (Note 15)	1,376,097	-	358,519	1,734,616
Unassigned	19,017,484	-	-	19,017,484
Total fund balances	<u>\$ 21,573,941</u>	<u>\$ 12,809,116</u>	<u>\$ 358,519</u>	<u>\$ 34,741,576</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,335,194</u>	<u>\$ 12,919,036</u>	<u>\$ 458,519</u>	<u>\$ 59,712,749</u>

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



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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	34,741,576	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	2,311,358	
Buildings and improvements		26,202,959	
Machinery and equipment		<u>2,489,795</u>	31,004,112
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenues - property taxes			3,182,798
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			(837,864)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	2,920,218	
OPEB related items		<u>555,032</u>	3,475,250
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 and capital leases	\$	(5,148,701)	
Accrued interest payable		(36,710)	
Compensated absences		(705,342)	
Net OPEB liabilities		(2,846,656)	
Net pension liability		<u>(13,338,181)</u>	(22,075,590)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(662,195)	
OPEB related items		<u>(315,351)</u>	(977,546)
Net position of governmental activities			<u><u>\$ 48,512,736</u></u>

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

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

	<u>General</u>	<u>Coal Road</u>	<u>Disaster Relief</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 16,393,692	\$ -	\$ -	\$ 16,393,692
Other local taxes	7,372,368	4,561,580	-	11,933,948
Permits, privilege fees, and regulatory licenses	69,765	-	-	69,765
Fines and forfeitures	1,404	-	-	1,404
Revenue from the use of money and property	33,317	235,618	-	268,935
Charges for services	1,019,519	-	-	1,019,519
Miscellaneous	288,770	-	-	288,770
Recovered costs	400,036	-	-	400,036
Intergovernmental	15,014,628	314,977	-	15,329,605
Total revenues	<u>\$ 40,593,499</u>	<u>\$ 5,112,175</u>	<u>\$ -</u>	<u>\$ 45,705,674</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,808,139	\$ -	\$ -	\$ 2,808,139
Judicial administration	1,898,114	-	-	1,898,114
Public safety	8,690,160	-	-	8,690,160
Public works	5,402,558	3,958,480	-	9,361,038
Health and welfare	10,440,543	-	94,243	10,534,786
Education	9,493,694	-	-	9,493,694
Parks, recreation, and cultural	1,432,751	-	-	1,432,751
Community development	2,583,991	2,063,476	-	4,647,467
Capital projects	2,345,892	-	-	2,345,892
Debt service:				
Principal retirement	1,366,085	-	-	1,366,085
Interest and other fiscal charges	209,417	-	-	209,417
Total expenditures	<u>\$ 46,671,344</u>	<u>\$ 6,021,956</u>	<u>\$ 94,243</u>	<u>\$ 52,787,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,077,845)</u>	<u>\$ (909,781)</u>	<u>\$ (94,243)</u>	<u>\$ (7,081,869)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 350,000	\$ 2,974	\$ 280,000	\$ 632,974
Transfers out	(2,974)	(630,000)	-	(632,974)
Issuance of capital leases	548,628	-	-	548,628
Total other financing sources (uses)	<u>\$ 895,654</u>	<u>\$ (627,026)</u>	<u>\$ 280,000</u>	<u>\$ 548,628</u>
Net change in fund balances	\$ (5,182,191)	\$ (1,536,807)	\$ 185,757	\$ (6,533,241)
Fund balances - beginning	26,756,132	14,345,923	172,762	41,274,817
Fund balances - ending	<u>\$ 21,573,941</u>	<u>\$ 12,809,116</u>	<u>\$ 358,519</u>	<u>\$ 34,741,576</u>

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

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

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

Net change in fund balances - total governmental funds	\$	(6,533,241)
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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	\$ 2,690,728	
Depreciation expenses	(2,294,961)	395,767

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		133,590
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Issuance of capital lease	\$ (548,628)	
Principal repayments:		
General obligation bonds	1,035,756	
Capital leases	330,329	817,457

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	\$ (38,498)	
Change in pension related items	(671,881)	
Change in OPEB related items	(37,620)	
Change in accrued interest payable	15,936	(732,063)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

(280,777)

Change in net position of governmental activities	\$	(6,199,267)
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The notes to the financial statements are an integral part of this statement.

County of Buchanan, Virginia  
Statement of Net Position  
Proprietary Fund  
June 30, 2020

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	<b>Internal Service <u>Fund</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,601,413
Total assets	<u>\$ 1,601,413</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 1,139,277
Due to other funds	1,300,000
Total liabilities	<u>\$ 2,439,277</u>
<b>NET POSITION</b>	
Unrestricted	\$ (837,864)
Total net position	<u><u>\$ (837,864)</u></u>

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

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

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	Internal Service <u>Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 11,164,224
Total operating revenues	<u>\$ 11,164,224</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 11,446,606
Total operating expenses	<u>\$ 11,446,606</u>
Operating income (loss)	<u>\$ (282,382)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	\$ 1,605
Total nonoperating revenues (expenses)	<u>\$ 1,605</u>
Change in net position	\$ (280,777)
Total net position - beginning	<u>(557,087)</u>
Total net position - ending	<u><u>\$ (837,864)</u></u>

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

County of Buchanan, Virginia  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2020

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	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 11,164,224
Payments for premiums	(11,575,338)
Net cash provided by (used for) operating activities	<u>\$ (411,114)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund loan	\$ 1,300,000
Net cash provided (used) by noncapital financing activities	<u>\$ 1,300,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends received	\$ 1,605
Net cash provided by (used for) investing activities	<u>\$ 1,605</u>
Net increase (decrease) in cash and cash equivalents	\$ 890,491
Cash and cash equivalents - beginning	710,922
Cash and cash equivalents - ending	<u><u>\$ 1,601,413</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ (282,382)</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase (decrease) in health claims payable	\$ (128,732)
Total adjustments	<u>\$ (128,732)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (411,114)</u></u>

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

County of Buchanan, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2020

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	Special Welfare <u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 80,827
Total assets	<u>\$ 80,827</u>
<b>LIABILITIES</b>	
Amounts held for Social Services clients	\$ 80,827
Total liabilities	<u>\$ 80,827</u>

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

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental 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 Buchanan, Virginia (government) is a municipal corporation 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 - None

Discretely Presented Component Units -

The component unit columns in the financial statements include the financial data of the following discretely presented component units:

The Buchanan County School Board ("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 and does not issue a separate financial report.

The Buchanan County Public Service Authority ("PSA") provides water and sewer service to the County. The Public Service Authority board members are appointed by the Board of Supervisors. In addition, the County provides operational support. The complete financial report for the Authority may be obtained directly from the Authority.

The financial data for the following component unit is not included in the component unit columns in the financial statements:

The Buchanan County Industrial Development Authority ("IDA") encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the IDA does not have separate taxing powers. The Industrial Development Authority is presented as an enterprise fund type. Complete financial statements for the Industrial Development Authority may be obtained at the County's administrative offices in the Buchanan County Courthouse, Grundy, Virginia 24614.



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

A. Financial Reporting Entity: (Continued)

Related Organizations - The County has no related organizations.

Jointly Governed Organizations - The County participates in the Cumberland Mountain Regional Community Services Board. Contributions for the year ended June 30, 2020 were \$20,000.

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 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; 2) restricted; and 3) unrestricted.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized 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 uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally 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 numerous funds merged for financial reporting purposes only. Fund balances of merged funds are either designated or restricted in the balance sheet.

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

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

The *coal road fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for the specified purpose of improvements to roads used in conjunction with coal mining.

The *disaster relief fund* is a major special revenue fund, which accounts for and reports the proceeds of specific revenue sources from the state and federal governments that are restricted or committed to expenditure for the specified purpose of natural disasters.

Additionally, the government reports the following fund types:

*Internal service funds* accounts for and reports the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for and reported in this fund.

*Fiduciary 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 include 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 Public Service Authority 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 internal service fund are charges to employees for insurance premiums. Operating expenses for the internal service fund include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits 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.

2. Investments

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

3. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "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." Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. 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 \$4,888,991 at June 30, 2020 and is comprised solely of delinquent property taxes.

**Note 1-Summary of Significant Accounting Policies: (Continued)****D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:  
(Continued)****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. 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 governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 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.

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 current or previous year.

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

<b>Assets</b>	<b>Years</b>
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 40
Machinery and equipment	5 - 12

**8. 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

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

9. Long-term obligations

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

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

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.

11. Other postemployment benefits (OPEB)

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

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

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

11. Other postemployment benefits (OPEB) (Continued)

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

**Line of Duty Act Program** - The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. 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 only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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

12. Deferred outflows/inflows of resources (Continued)

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

13. Fund balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council/Board of Supervisors/Town Council 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 Council/Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments 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 fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.



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

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

13. Fund balance (Continued)

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

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

14. 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.

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

**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.
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 Special Revenue Funds. The School Operating 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. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations:

In the year ended June 30, 2020, the County's expenditures did not exceed its appropriations for any fund.

C. Deficit fund balance:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 3-Deposits and Investments:****Deposits:**

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

**Investments:**

Statutes authorize 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). The County did not have any investments at the end of the year.

**Note 4-Due from Other Governmental Units:**

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

	Primary Government	Component Unit School Board
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 302,293	\$ -
State sales tax	-	406,239
Categorical aid	342,288	136,054
Non-categorical aid	295,017	-
Comprehensive Services Act	128,066	-
Virginia public assistance funds	191,453	-
<b><u>Federal Government:</u></b>		
Virginia public assistance funds	314,409	-
Categorical aid	444,403	1,051,042
<b>Totals</b>	<b>\$ 2,017,929</b>	<b>\$ 1,593,335</b>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 5-Interfund Transfers and Balance:**

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.

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 350,000	\$ 2,974
Coal Road Fund	2,974	630,000
Disaster Relief Fund	280,000	-
Total	<u>\$ 632,974</u>	<u>\$ 632,974</u>

Cash transfers to the Disaster Relief Fund have been necessary in the past to cover expenses the Fund. For the year ending June 30, 2020, it was also necessary for the General Fund to provide an interfund loan to the Self Insurance Fund to provide additional cash-flow. Amounts due will be returned to the Coal Road Fund and General Fund as resources are available.

	<u>Due From</u>	<u>Due To</u>
Coal Road Fund	\$ 100,000	\$ -
Disaster Relief Fund	-	100,000
General Fund	1,300,000	
Self Insurance Fund		1,300,000
Total	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>

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

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

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct borrowings and placements:				
General obligation bonds	\$ 2,044,691	\$ -	\$ (1,035,756)	\$ 1,008,935
Capital leases	3,921,467	548,628	(330,329)	4,139,766
Compensated absences	666,844	538,631	(500,133)	705,342
Net OPEB liabilities	2,613,880	1,051,872	(819,096)	2,846,656
Net pension liability	10,896,964	6,575,696	(4,134,479)	13,338,181
Total	<u>\$ 20,143,846</u>	<u>\$ 8,714,827</u>	<u>\$ (6,819,793)</u>	<u>\$ 22,038,880</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 6-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Indebtedness: (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	
	Principal	Interest
2021	852,598	20,958
2022	156,337	1,115
Totals	\$ 1,008,935	\$ 22,073

## Details of long-term indebtedness:

	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						
VPSA GO bond	5.1-6.35%	5/18/00	2021	3,500,000	\$ 175,000	\$ 175,000
VPSA GO bond	4.975-5.85%	10/10/00	2021	5,740,370	369,332	369,332
DMME loan	1.90%	4/23/12	2022	2,332,000	464,603	308,266
Total Direct Borrowings and Placements					\$ 1,008,935	\$ 852,598
Other Obligations:						
Capital lease	3.18%	11/3/2014	2031	\$ 4,844,746	\$ 3,634,932	\$ 251,992
Capital lease	0.00%	8/6/2018	2021	41,505	9,914	9,913
Capital lease	4.48%	7/11/2019	2024	548,628	494,920	102,343
Compensated absences	n/a	n/a	n/a	n/a	705,342	529,007
Net OPEB liabilities	n/a	n/a	n/a	n/a	2,846,656	-
Net pension liability	n/a	n/a	n/a	n/a	13,338,181	-
Total Other Obligations					\$ 21,029,945	\$ 893,255
Total Long-term obligations					\$ 22,038,880	\$ 1,745,853

If the 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. In addition, VPSA Bonds are subject to the State Intercept Program under which State aid can be redirected to bondholders in the case of default.

If the event of default occurs with the DMME loan, the principal of the loan may be declared immediately due and payable to the register owner of the loan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 7-Long-Term Obligations-Component Unit:****Discretely Presented Component Unit-School Board-Indebtedness:**

The following is a summary of long-term debt transactions of the Component-Unit School Board for the year ended June 30, 2020:

	Balance July 1, 2019, as restated	Increases	Decreases	Balance June 30, 2020
Compensated absences	\$ 445,941	\$ 336,322	\$ (334,456)	\$ 447,807
Net OPEB liabilities	6,222,016	922,001	(2,471,221)	4,672,796
Net pension liability	27,633,528	10,241,334	(8,224,811)	29,650,051
Total	\$ 34,301,485	\$ 11,499,657	\$ (11,030,488)	\$ 34,770,654

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b>Other Obligations:</b>		
Compensated absences	\$ 447,807	\$ 335,855
Net OPEB liabilities	4,672,796	-
Net pension liability	29,650,051	-
Total Long-Term Obligations	\$ 34,770,654	\$ 335,855

**Note 8-Pension Plans:****Plan Description**

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

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

***Benefit Structures***

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

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

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

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

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total 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.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 8-Pension Plans: (Continued)*****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:

	Primary Government (Including PSA)	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	214	167
Inactive members:		
Vested inactive members	31	6
Non-vested inactive members	44	5
Inactive members active elsewhere in VRS	53	24
Total inactive members	128	35
Active members	261	92
Total covered employees	603	294

***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 12.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,215,397 and \$1,169,512 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit Public Service Authority contractually required employer contribution rate for the year ended June 30, 2020 was 12.95% 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

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**Note 8-Pension Plans: (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 Public Service Authority were \$193,318 and \$200,259 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 27.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$579,511 and \$554,493 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 County's, Component Unit Public Service Authority's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's, Component Unit Public Service Authority's, and Component Unit School Board's (nonprofessional) 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% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 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.

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:

P-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 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 Adjusted rates to better fit experience at each year
Withdrawal Rates	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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
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	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\* 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 40<sup>th</sup> 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, Component Unit Public Service Authority, 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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 8-Pension Plans: (Continued)*****Changes in Net Pension Liability***

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 48,692,658	\$ 37,795,694	\$ 10,896,964
Changes for the year:			
Service cost	\$ 877,706	\$ -	\$ 877,706
Interest	3,338,585	-	3,338,585
Changes of assumptions	1,529,321	-	1,529,321
Differences between expected and actual experience	751,782	-	751,782
Impact in change of proportion	230,865	179,200	51,665
Contributions - employer	-	1,167,023	(1,167,023)
Contributions - employee	-	458,834	(458,834)
Net investment income	-	2,508,622	(2,508,622)
Benefit payments, including refunds of employee contributions	(2,458,897)	(2,458,897)	-
Administrative expenses	-	(25,056)	25,056
Other changes	-	(1,581)	1,581
Net changes	\$ 4,269,362	\$ 1,828,145	\$ 2,441,217
Balances at June 30, 2019	\$ 52,962,020	\$ 39,623,839	\$ 13,338,181



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 8-Pension Plans: (Continued)*****Changes in Net Pension Liability (Continued)***

	Component Unit Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 8,608,190	\$ 6,681,757	\$ 1,926,433
Changes for the year:			
Service cost	\$ 150,292	\$ -	\$ 150,292
Interest	571,676	-	571,676
Changes of assumptions	261,870	-	261,870
Differences between expected and actual experience	128,730	-	128,730
Impact in change of proportion	(230,865)	(179,200)	(51,665)
Contributions - employer	-	199,833	(199,833)
Contributions - employee	-	78,568	(78,568)
Net investment income	-	429,559	(429,559)
Benefit payments, including refunds of employee contributions	(421,044)	(421,044)	-
Administrative expenses	-	(4,290)	4,290
Other changes	-	(271)	271
Net changes	\$ 460,659	\$ 103,155	\$ 357,504
Balances at June 30, 2019	\$ 9,068,849	\$ 6,784,912	\$ 2,283,937

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 8-Pension Plans: (Continued)*****Changes in Net Pension Liability (Continued)***

	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	\$ 18,320,764	\$ 10,906,236	\$ 7,414,528
Changes for the year:			
Service cost	\$ 186,992	\$ -	\$ 186,992
Interest	1,233,710	-	1,233,710
Changes of assumptions	415,202	-	415,202
Differences between expected and actual experience	160,635	-	160,635
Contributions - employer	-	557,391	(557,391)
Contributions - employee	-	96,884	(96,884)
Net investment income	-	691,336	(691,336)
Benefit payments, including refunds of employee contributions	(1,392,665)	(1,392,665)	-
Administrative expenses	-	(7,440)	7,440
Other changes	-	(433)	433
Net changes	\$ 603,874	\$ (54,927)	\$ 658,801
Balances at June 30, 2019	\$ 18,924,638	\$ 10,851,309	\$ 8,073,329

**Note 8-Pension Plans: (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's, Component Unit Public Service Authority's and 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%)
County			
Net Pension Liability (Asset)	\$ 20,227,185	\$ 13,338,181	\$ 5,679,676
Component Unit Public Service Authority			
Net Pension Liability (Asset)	3,463,564	2,283,937	3,510,112
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	9,899,186	8,073,299	6,593,774

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**

For the year ended June 30, 2020, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$1,884,789, \$326,291, and \$898,737, respectively. At June 30, 2020, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority		Component Unit School Board (Nonprofessional)	
	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	\$ 588,762	\$ 286,355	\$ 100,706	\$ 50,875	\$ 81,892	\$ 2,071
Changes in assumptions	1,093,617	48,001	187,263	8,627	211,672	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,442	-	-	22,442	-	-
Net difference between projected and actual earnings on pension plan investments	-	327,839	-	63,096	-	78,421
Employer contributions subsequent to the measurement date	1,215,397	-	193,318	-	579,511	-
Total	\$ 2,920,218	\$ 662,195	\$ 481,287	\$ 145,040	\$ 873,075	\$ 80,492

\$1,215,397, \$193,318, and \$579,511 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit Public Service Authority's, and Component Unit School Board's (Nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 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	Component Unit Public Service Authority	Component Unit School Board (Nonprofessional)
2021	\$ 435,593	\$ 81,219	\$ 294,576
2022	244,693	14,960	(91,481)
2023	338,432	42,657	785
2024	23,908	4,093	9,192
Thereafter	-	-	-

**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 (Professional):**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description 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 \$2,099,366 and \$2,102,526 for the years ended June 30, 2020 and June 30, 2019, respectively.

***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 \$21,576,752 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 0.16395% as compared to 0.17193% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,023,318. 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

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**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)***

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

	<b>Component Unit School Board (Professional)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience \$	-	\$ 1,381,650
Change in assumptions	2,136,604	-
Net difference between projected and actual earnings on pension plan investments	-	473,774
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,682,904
Employer contributions subsequent to the measurement date	2,099,366	-
Total	<u>\$ 4,235,970</u>	<u>\$ 4,538,328</u>

**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)***

\$2,099,366 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>	<u>Component Unit School Board (professional)</u>
2021	\$ (979,947)
2022	(1,204,912)
2023	(371,331)
2024	65,463
Thereafter	89,003

***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, 2019.

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.

**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 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 Lowered rates at older ages and changed final retirement from 70 to 75
Retirement Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates	Adjusted rates to better match experience
Disability Rates	No change
Salary Scale	Decreased rate from 7.00% to 6.75%
Discount Rate	



**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):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$ 49,683,336
Plan Fiduciary Net Position	36,522,769
Employers' Net Pension Liability (Asset)	\$ <u>13,160,567</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.

***Sensitivity of the School Divisions Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	<b><u>Rate</u></b>		
	<b><u>(5.75%)</u></b>	<b><u>(6.75%)</u></b>	<b><u>(7.75%)</u></b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	32,482,382 \$	21,576,752 \$	12,559,813

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 8-Pension Plans: (Continued)****Component Unit School Board (professional): (Continued)*****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.retire.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.

***Aggregate Pension Information***

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

	Primary Government				Component Unit Public Service Authority			
	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	\$ 2,920,218	\$ 662,195	\$ 13,338,181	\$ 1,884,789	\$ 481,287	\$ 145,040	\$ 2,283,937	\$ 326,291
	Component Unit School Board							
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense				
VRS Pension Plans:								
School Board Nonprofessional	\$ 873,075	\$ 80,492	\$ 8,073,299	\$ 898,737				
School Board Professional	4,235,970	4,538,328	21,576,752	1,032,318				
Totals	\$ 5,109,045	\$ 4,618,820	\$ 29,650,051	\$ 1,931,055				

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9-Unavailable/Deferred Revenue:**

Deferred revenue/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	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,182,798
2nd half assessment-property tax	18,432,593	18,432,593
Prepaid property taxes due after June 30 but paid in advance by taxpayers	34,979	34,979
Unearned Revenue		
Unspent Coronavirus Relief Funds received during the current fiscal year	1,300,658	1,300,658
Total unavailable/deferred revenue	<u>\$ 19,768,230</u>	<u>\$ 22,951,028</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 10-Capital Assets:**

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

Primary Government:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,311,358	\$ -	\$ -	\$ 2,311,358
Construction in progress	11,454,354	-	(11,454,354)	-
Total capital assets not being depreciated	<u>\$ 13,765,712</u>	<u>\$ -</u>	<u>\$ (11,454,354)</u>	<u>\$ 2,311,358</u>
Capital assets, being depreciated:				
Buildings	\$ 36,260,241	\$ 13,592,657	\$ (5,000,000)	\$ 44,852,898
Machinery and equipment	11,282,130	552,425	-	11,834,555
Total capital assets, being depreciated	<u>\$ 47,542,371</u>	<u>\$ 14,145,082</u>	<u>\$ (5,000,000)</u>	<u>\$ 56,687,453</u>
Accumulated depreciation:				
Buildings	\$ (22,193,009)	\$ (1,456,930)	\$ 5,000,000	\$ (18,649,939)
Machinery and equipment	(8,506,729)	(838,031)	-	(9,344,760)
Total accumulated depreciation	<u>\$ (30,699,738)</u>	<u>\$ (2,294,961)</u>	<u>\$ 5,000,000</u>	<u>\$ (27,994,699)</u>
Total capital assets being depreciated, net	<u>\$ 16,842,633</u>	<u>\$ 11,850,121</u>	<u>\$ -</u>	<u>\$ 28,692,754</u>
Governmental activities capital assets, net	<u>\$ 30,608,345</u>	<u>\$ 11,850,121</u>	<u>\$ (11,454,354)</u>	<u>\$ 31,004,112</u>

Assets with a gross value of \$5,000,000 and accumulated depreciation of \$5,000,000 were transferred to the School Board during the fiscal year. These school facilities were financed with debt issued by the General Government and with the defeasance of same; the assets are transferred to the School Board.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 10-Capital Assets: (Continued)**

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

**Governmental activities:**

General government administration	\$ 350,868
Judicial administration	22,785
Public safety	476,741
Public works	301,424
Health and welfare	75,833
Education	786,744
Parks, recreation, and cultural	270,707
Community development	9,859

Total depreciation expense-governmental activities	<u>\$ 2,294,961</u>
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Capital asset activity for the Component Unit - School Board for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,373,758	\$ -	\$ -	\$ 2,373,758
Total capital assets not being depreciated	<u>\$ 2,373,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,373,758</u>
Capital assets, being depreciated:				
Buildings	\$ 29,695,602	\$ 78,477	\$ -	\$ 29,774,079
Machinery and equipment	5,512,880	697,323	(22,480)	6,187,723
Total capital assets, being depreciated	<u>\$ 35,208,482</u>	<u>\$ 775,800</u>	<u>\$ (22,480)</u>	<u>\$ 35,961,802</u>
Accumulated depreciation:				
Buildings	\$ (26,082,995)	\$ (621,605)	\$ -	\$ (26,704,600)
Machinery and equipment	(4,133,824)	(293,035)	22,480	(4,404,379)
Total accumulated depreciation	<u>\$ (30,216,819)</u>	<u>\$ (914,640)</u>	<u>\$ 22,480</u>	<u>\$ (31,108,979)</u>
Total capital assets being depreciated, net	<u>\$ 4,991,663</u>	<u>\$ (138,840)</u>	<u>\$ -</u>	<u>\$ 4,852,823</u>
Governmental activities capital assets, net	<u>\$ 7,365,421</u>	<u>\$ (138,840)</u>	<u>\$ -</u>	<u>\$ 7,226,581</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 11-Capital Leases:**

The County has entered into lease agreements to finance the acquisition of energy savings equipment, golf carts, and sheriff vehicles. The lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the energy savings equipment and sheriff vehicles acquired through the capital leases are as follows:

	Energy Savings Equipment	Sheriff Vehicles	Total
Machinery & Equipment	\$ 4,844,746	\$ 477,748	\$ 5,322,494
Accumulated Depreciation	(727,376)	(53,929)	(781,305)
Total	<u>\$ 4,117,370</u>	<u>\$ 423,819</u>	<u>\$ 4,541,189</u>

The golf carts did not meet the County's capitalization threshold; therefore, they were not capitalized for financial reporting purposes.

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Capital Leases
2021	\$ 520,720
2022	511,901
2023	523,591
2024	535,632
2025-2029	2,309,954
2030-2031	<u>613,285</u>
Total minimum lease payments	\$ 5,015,083
Less: amount representing interest	(875,317)
Present value of minimum lease payments	<u>\$ 4,139,766</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 12-Risk Management:**

The County and its' Component Unit - 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 organizations in a public entity risk pool for their coverage of general liability, crime, and auto insurance with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid.

In the event of the loss deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its' component unit - 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.

**Note 13-Contingencies and Commitments:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

On August 4<sup>th</sup>, 2015 a local private school filed suit against Buchanan County alleging that its real estate had been erroneously assessed for the 2000 tax year. If the claim is successful, the County could be required to refund some portion of the taxes paid for that year. In addition, claims for subsequent years could be filed. The County maintains that the assessment is correct; and, no action has been taken in this case for several years. Currently, the amount of a refund, if any, cannot be reasonable estimated and the County has not recorded a liability in the accompanying financial statements for same.

The County issued a supplemental tax assessment in excess of \$139,000 and seized funds of approximately \$144,000 related to same from the business owner's account. The business owner has filed a complaint and is seeking the return of seized funds. Currently, the amount of a refund, if any, cannot be reasonable estimated and the County has not recorded a liability in the accompanying financial statements for same.

At year end, the County was owed approximately \$1,749,000 in tax revenue from companies that have filed for bankruptcy protection. The collectability of these taxes is in question and accordingly, the County has increased their allowance for doubtful accounts in the accompanying financial statements in consideration of same.

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 13-Contingencies and Commitments: (Continued)**

The County had the following construction commitment at June 30, 2020:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Outstanding at June 30, 2020</u>
County		
Courthouse renovations	\$ 8,048,758	\$ 154,638

**Note 14-Surety Bonds:**

Primary Government:

**Virginia Association of Counties Group Self Insurance Risk Pool - Surety:**

All public officials \$250,000 per occurrence

**Travelers Casualty and Surety Company of America:**

Treasurer	\$ 400,000
Clerk of the Court	450,000
Commissioner of the Revenue	3,000
Sheriff	30,000

Component Unit - School Board:

**Virginia Association of Counties (VACO) Risk Management Program**

Melanie Hibbits, Superintendent of Schools	
Carolyn Dillow, Clerk of the School Board	\$ 250,000
Heath Harrison, Chairman, School Board	per
Carolyn Dillow, Textbook/Payable Clerk	occurrence
All School Board employees	



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 15- Restricted Net Position and Restricted/Assigned Fund Balances:**

	Governmental Activities	Governmental Funds	
		General Fund	Coal Road
Restricted:			
Coal road expenditures	\$ 12,809,116	\$ -	\$ 12,809,116
Law enforcement activities	175,861	175,861	-
Law library funds	48,964	48,964	-
Capital items (CNX Funds)	575,608	575,608	-
Courthouse construction	344,042	344,042	-
Total restricted	\$ 13,953,591	\$ 1,144,475	\$ 12,809,116
Assigned:			
		General Fund	Disaster Relief
Dog tax funds	\$ 35,805	\$ -	
E-911 system	637,236	-	
Water treatment plant facility	703,056	-	
Disaster relief	-	358,519	
Total assigned	\$ 1,376,097	\$ 358,519	

**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance:**Primary Government - Department of Social Services:***Plan Description***

In addition to the pension benefits described in Note 8, The County of Buchanan Department of Social Services (DSS) administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees of the DSS. The Plan does not issue a publicly available financial report.

***Benefits Provided***

The Plan will provide retiring employees and their dependents the option to continue health insurance offered by the DSS. To be eligible, the employee must meet the age and service criteria for immediate retirement benefits under VRS and must be 55 years of age or older. In addition, the retiree must have served at least five (5) years of employment with the DSS. The retiree may retain coverage through DSS for a period of 10 years or until they become eligible for Medicare, whichever occurs first. The benefits, employee contributions, and the employer contributions are governed by the DSS and can be amended through DSS Board action.

**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**Primary Government - Department of Social Services: (Continued)***Plan Membership***

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Retirees employees	4
Spouses	3
Total	<u>7</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 DSS Board. The amount paid by the DSS for OPEB as the benefits came due during the year ended June 30, 2020 was \$63,066.

***Total OPEB Liability***

The DSS's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	1.90%
Salary Increases	1.90%
Discount Rate	2.21%

The mortality rates were calculated using the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

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

***Discount Rate***

The discount rate was based on the 20-year tax exempt municipal bond yield.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**Primary Government - Department of Social Services: (Continued)***Changes in Total OPEB Liability***

		<b>Primary Government (DSS) Total OPEB Liability</b>
Balances at June 30, 2019	\$	550,123
Changes for the year:		
Service cost		75,833
Interest		20,814
Effect of economic/demographic gains or losses		(43,708)
Effect of assumption changes or inputs		27,310
Contributions - employer		(63,066)
Net changes		17,183
Balances at June 30, 2020	\$	567,306

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

The following amounts present the total OPEB liability of the DSS, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 590,135	\$ 567,306	\$ 545,937

**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**Primary Government - Department of Social Services: (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the DSS, 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 (3.90% for medical, 4.60% for pharmacy, 2.50% for dental, and 2.00% for vision decreasing ultimate rate of 3.30% for medical and pharmacy and 2.00% for dental and vision) or one percentage point higher (5.90% for medical, 6.90% for pharmacy, 4.50% for dental, and 4.00% for vision decreasing ultimate rate of 5.30% for medical and pharmacy and 4.00% for dental and vision) than the current healthcare cost trend rates:

<b>Rates</b>		
<b>1% Decrease</b>	<b>Healthcare Cost Trend</b>	<b>1% Increase</b>
<b>(3.90% for medical, 4.60% for pharmacy, 2.50% for dental, and 2.00% for vision decreasing to 3.30% for medical and pharmacy and 2.00% for dental and vision)</b>	<b>(4.90% for medical, 5.90% for pharmacy, 3.50% for dental, and 3.00% for vision decreasing to 4.30% for medical and pharmacy and 3.00% for dental and vision)</b>	<b>(5.90% for medical, 6.90% for pharmacy, 4.50% for dental, and 4.00% for vision decreasing to 5.30% for medical and pharmacy and 4.00% for dental and vision)</b>
\$ 547,935	\$ 567,306	\$ 587,533

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

For the year ended June 30, 2020, the DSS recognized OPEB expense in the amount of \$80,249. At June 30, 2020, the DSS reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**

Component Unit School Board:

***Plan Description***

In addition to the pension benefits described in Note 8, the School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to employees. The Plan was closed to all future entrants as of June 30, 2014. The Plan does not issue a publicly available financial report.

***Benefits Provided***

To be eligible, the employee must meet the age and service criteria for full-time retirement benefits under VRS, which requires that the employee be age 50 with 30 years of service. The employee may continue coverage until they become eligible for Medicare. The benefits, employee contributions, and the employer contributions are governed by the School Board and can be amended through School Board action.

***Plan Membership***

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total retirees with coverage	<u>34</u>
Total	<u><u>34</u></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 \$363.778.

***Total OPEB Liability***

The School Board’s total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**Component Unit School Board: (Continued)**Actuarial Assumptions**

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate                                      The discount rate is 2.66% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

The mortality rate were based on Virginia Retirement System Retiree Mortality Experience Study.

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

**Discount Rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20 Year High Grade Rate Index. The final equivalent single discount rate used for this year's valuation is 2.66% as of the end of the fiscal year.

**Changes in Total OPEB Liability**

	<b>Component Unit School Board Total OPEB Liability</b>
Balances at June 30, 2019	\$ 2,791,016
Changes for the year:	
Interest	67,720
Difference between expected and actual experience	(1,256,857)
Changes in assumptions	13,538
Benefit payments	(363,778)
Net changes	(1,539,377)
Balances at June 30, 2020	\$ <u>1,251,639</u>

**Note 16-Other Postemployment Benefits (OPEB) - Health Insurance: (Continued)**Component Unit School Board: (Continued)***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 (1.66%) or one percentage point higher (3.66%) than the current discount rate:

Rate		
1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
\$ 1,280,816	\$ 1,251,639	\$ 1,223,861

***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 (6.50% decreasing to an ultimate rate of 5.75%) or one percentage point higher (8.50% decreasing to an ultimate rate of 7.75%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.50% decreasing to 5.75%)	Healthcare Cost Trend (7.50% decreasing to 6.75%)	1% Increase (8.50% decreasing to 7.75%)
\$ 1,232,299	\$ 1,251,639	\$ 1,271,566

***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 \$(1,755,999). At June 30, 2020, the School Board reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Additional disclosures on changes in total OPEB liability and related ratios 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 program, it is not included as part of the GLI Plan OPEB.

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, 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 calculation. The minimum benefit adjusted for COLA was \$8,463 as of June 30, 2020.



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

***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 GLI Program from the Primary Government were \$50,074 and \$47,890 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Program from the Component Unit Public Service Authority were \$7,965 and \$8,200 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Program from the Component Unit School Board (nonprofessional) were \$11,008 and \$10,409 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Program from the Component Unit School Board (professional) were \$71,376 and \$70,975 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 GLI Plan OPEB***

At June 30, 2020, the Primary Government reported a liability of \$760,536 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 Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.04723% as compared to 0.04734% at June 30, 2019.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$5,347. 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

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**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 GLI Plan OPEB (Continued)***

At June 30, 2020, the Component Unit Public Service Authority reported a liability of \$130,229 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 Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00751% as compared to 0.00837% at June 30, 2019.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$916. 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 Component Unit School Board (Nonprofessional) reported a liability of \$167,283 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 Program 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 0.01028% as compared to 0.01073% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$(2,815). 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 Component Unit School Board (Professional) reported a liability of \$1,132,089 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 Program 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 0.06957% as compared to 0.07289% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$(5,913). 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 GLI Plan OPEB (Continued)***

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 Public Service Authority		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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,580	\$ 9,864	\$ 8,661	\$ 1,689	\$ 11,125	\$ 2,169	\$ 75,291	\$ 14,685
Net difference between projected and actual earnings on GLI OPEB program investments	-	15,622	-	2,675	-	3,436	-	23,254
Change in assumptions	48,016	22,934	8,222	3,927	10,561	5,044	71,474	34,137
Changes in proportion	-	47,820	-	8,188	-	27,442	-	136,477
Employer contributions subsequent to the measurement date	50,074	-	7,965	-	11,008	-	71,376	-
Total	\$ 148,670	\$ 96,240	\$ 24,848	\$ 16,479	\$ 32,694	\$ 38,091	\$ 218,141	\$ 208,553

\$50,074, \$7,965, \$11,008, and \$71,376 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:

	Primary Government	Component Unit Public Service Authority	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
Year Ended June 30				
2021	\$ (9,537)	\$ (1,633)	\$ (6,089)	\$ (28,069)
2022	(9,536)	(1,633)	(6,089)	(28,068)
2023	(2,920)	(500)	(4,633)	(18,220)
2024	7,764	1,329	(1,575)	(2,061)
2025	12,914	2,211	1,396	10,889
Thereafter	3,671	630	585	3,741

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

\*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.

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

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Teachers (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:

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%

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (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:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (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:

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%

**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 is as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
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	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\*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 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

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



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 17-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government's proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 999,134	\$ 760,535	\$ 567,040
Component Unit Public Service Authority proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 171,085	\$ 130,229	\$ 97,096
Component Unit School Board (Nonprofessional) proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 219,763	\$ 167,283	\$ 124,722
Component Unit School Board (Professional) proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 1,487,251	\$ 1,132,089	\$ 844,062

***GLI Program 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-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 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 \$164,109 and \$163,201 for the years ended June 30, 2020 and June 30, 2019, respectively.

***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 \$2,121,785 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Program 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, 2018 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 0.16208% as compared to 0.17021% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$124,502. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 18-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)***

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	\$ -	\$ 12,019
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	134	-
Change in assumptions	49,384	14,743
Change in proportion	-	270,630
Employer contributions subsequent to the measurement date	<u>164,109</u>	<u>-</u>
Total	<u>\$ 213,627</u>	<u>\$ 297,392</u>

\$164,109 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	\$ (48,113)
2022	(48,115)
2023	(47,186)
2024	(47,497)
2025	(38,029)
Thereafter	(18,934)

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

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

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Note 18-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Teachers: (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:

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%

**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):

		<b>Teacher Employee HIC OPEB Plan</b>
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 18-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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
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	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\*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 40<sup>th</sup> percentile of expected long-term results of VRS fund asset allocation.

***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 Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 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.

**Note 18-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the school division's proportionate share of the VRS Teacher Employee 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,374,638	\$ 2,121,785	\$ 1,906,986

***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 19-Line of Duty Act (LODA) Program:*****Plan Description***

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.



**Note 19-Line of Duty Act (LODA) Program: (Continued)**

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

***Eligible Employees***

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

***Benefit Amounts***

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

***Contributions***

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$58,931 and \$56,814 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 19-Line of Duty Act (LODA) Program: (Continued)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2020, the entity reported a liability of \$1,518,814 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was 0.42332% as compared to 0.42879% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$120,572. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 220,758	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	3,007
Change in assumptions	71,264	131,664
Change in proportion	55,409	84,440
Employer contributions subsequent to the measurement date	<u>58,931</u>	<u>-</u>
Total	\$ <u>406,362</u>	\$ <u>219,111</u>

**Note 19-Line of Duty Act (LODA) Program: (Continued)*****LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)***

\$58,931 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA 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 LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2020	\$	14,508
2021		14,514
2022		14,979
2023		15,474
2024		15,620
Thereafter		53,225

***Actuarial Assumptions***

The total LODA 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:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate:	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

**Note 19-Line of Duty Act (LODA) Program: (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 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

**Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 19-Line of Duty Act (LODA) Program: (Continued)*****Net LODA OPEB Liability***

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

	<u><b>LODA Program</b></u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

The total LODA 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2019.

***Discount Rate***

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they 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 participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

**Note 19-Line of Duty Act (LODA) Program: (Continued)*****Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate***

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,761,932	\$ 1,518,814	\$ 1,326,523

***Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate***

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,284,142	\$ 1,518,814	\$ 1,814,759

***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program 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.

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 20-Aggregate Other Postemployment Benefits Information:**

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

	Primary Government				Component Unit Public Service Authority				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
DSS Stand-Alone Plan	\$ -	\$ -	\$ 567,306	\$ 80,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan	-	-	-	-	-	-	-	-	-	-	1,251,639	(1,755,999)
VRS OPEB Plans:												
Group Life Insurance Program												
County	148,670	96,240	760,536	5,347	24,848	16,479	130,229	916	-	-	-	-
School Board Nonprofessional	-	-	-	-	-	-	-	-	32,694	38,091	167,283	(2,815)
School Board Professional	-	-	-	-	-	-	-	-	218,141	208,553	1,132,089	(5,913)
Teacher Health Insurance Credit Program	-	-	-	-	-	-	-	-	213,627	297,392	2,121,785	124,502
Line of Duty Act	406,362	219,111	1,518,814	120,572	-	-	-	-	-	-	-	-
Totals	\$ 555,032	\$ 315,351	\$ 2,846,656	\$ 206,168	\$ 24,848	\$ 16,479	\$ 130,229	\$ 916	\$ 464,462	\$ 544,036	\$ 4,672,796	\$ (1,640,225)

**Note 21-Self Health Insurance:**

The County (including component units) established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and component units and are available to pay claims, and administrative costs of the program. During the fiscal year 2020, a total of \$11,575,338 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type. Incurred but not reported claims of \$1,139,277 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability for the current and the two prior fiscal year are as follows:

Fiscal Year	Current Year			
	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2019-20	\$ 1,268,009	\$ 11,317,874	\$ (11,446,606)	\$ 1,139,277
2018-19	1,077,267	12,907,338	(12,716,596)	1,268,009
2017-18	621,235	10,724,074	(10,268,042)	1,077,267

COUNTY OF BUCHANAN, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 22-Concentration Risk:**

Historically, the County has relied on taxes generated by the Coal and Gas Industries. Direct taxes remitted from same include mineral license, methane gas and machinery and tools taxes as presented below by fiscal year.

General Fund Revenues	Fiscal Year Ending June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Machinery and Tools Taxes	\$ 4,354,311	\$ 5,270,520	\$ 6,215,897	\$ 5,255,072	\$ 5,697,213	\$ 7,338,716	\$ 7,051,923	\$ 5,939,790
Mineral License	4,561,580	8,374,742	7,888,531	7,702,654	4,338,710	6,779,747	8,206,375	9,426,585
Methane Gas	305,747	667,740	669,453	625,074	419,947	818,968	1,061,164	908,842
Total	\$ 9,221,638	\$ 14,313,002	\$ 14,773,881	\$ 13,582,800	\$ 10,455,870	\$ 14,937,431	\$ 16,319,462	\$ 16,275,217

Any significant decline in these revenues could adversely affect the County's ability to maintain current budget initiatives. In addition, the County anticipates that other revenue sources would be negatively impacted by a shrinking coal and gas economy.

**Note 23-Restatement:**

The financial statements have been restated as follows:

	Component Unit -School Board
Fund Balance, as previously stated	\$ 3,216,263
Reduction in prior year receivables	(45,420)
Withholdings due on ERIP Plan	(343,813)
Fund Balance, as restated	\$ 2,827,030

  

	Component Unit School Board
Net Position, as previously reported	\$ (26,866,988)
Adjustments above	(389,233)
To remove ERIP overrecorded liability	663,438
Net Position, as restated	\$ (26,592,783)



**Note 24-COVID-19 Pandemic Subsequent Event Note Disclosure:**

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. County of Buchanan, 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.

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. 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. County of Buchanan, Virginia, received the second round of CRF funds in the amount of \$1,832,518 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, 2021 will be returned to the federal government.

**Note 25-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.

**Note 25-Upcoming Pronouncements: (Continued)**

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.

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.

**Note 25-Upcoming Pronouncements: (Continued)**

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.

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

## **Required Supplementary Information**

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

	Budgeted Amounts				Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)	
REVENUES					
General property taxes	\$ 18,271,415	\$ 18,271,415	\$ 16,393,692	\$ (1,877,723)	
Other local taxes	10,033,297	10,033,297	7,372,368	(2,660,929)	
Permits, privilege fees, and regulatory licenses	40,100	40,100	69,765	29,665	
Fines and forfeitures	1,873.00	1,873.00	1,404	(469)	
Revenue from the use of money and property	90,735	90,735	33,317	(57,418)	
Charges for services	1,167,085	1,167,085	1,019,519	(147,566)	
Miscellaneous	180,635	255,635	288,770	33,135	
Recovered costs	236,750	271,250	400,036	128,786	
Intergovernmental	17,513,122	18,246,648	15,014,628	(3,232,020)	
Total revenues	\$ 47,535,012	\$ 48,378,038	\$ 40,593,499	\$ (7,784,539)	
EXPENDITURES					
Current:					
General government administration	\$ 3,106,122	\$ 3,289,207	\$ 2,808,139	\$ 481,068	
Judicial administration	1,939,379	1,991,064	1,898,114	92,950	
Public safety	8,551,525	9,688,625	8,690,160	998,465	
Public works	5,516,881	5,987,813	5,402,558	585,255	
Health and welfare	13,091,606	13,904,161	10,440,543	3,463,618	
Education	10,227,400	10,227,400	9,493,694	733,706	
Parks, recreation, and cultural	1,386,660	1,948,896	1,432,751	516,145	
Community development	3,908,482	3,946,982	2,583,991	1,362,991	
Capital projects	10,240,000	8,181,751	2,345,892	5,835,859	
Debt service:					
Principal retirement	1,308,627	1,308,627	1,366,085	(57,458)	
Interest and other fiscal charges	234,484	234,484	209,417	25,067	
Total expenditures	\$ 59,511,166	\$ 60,709,010	\$ 46,671,344	\$ 14,037,666	
Excess (deficiency) of revenues over (under) expenditures					
	\$ (11,976,154)	\$ (12,330,972)	\$ (6,077,845)	\$ 6,253,127	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 124,952	\$ 350,000	\$ 225,048	
Transfers out	(4,500,000)	(4,500,000)	(2,974)	4,497,026	
Issuance of capital leases	-	-	548,628	548,628	
Total other financing sources (uses)	\$ (4,500,000)	\$ (4,375,048)	\$ 895,654	\$ 5,270,702	
Net change in fund balances					
	\$ (16,476,154)	\$ (16,706,020)	\$ (5,182,191)	\$ 11,523,829	
Fund balances - beginning	16,476,154	16,706,020	26,756,132	10,050,112	
Fund balances - ending	\$ -	\$ -	\$ 21,573,941	\$ 21,573,941	

County of Buchanan, Virginia  
Special Revenue Fund - Coal Road 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>
<b>REVENUES</b>				
Other local taxes	\$ 4,000,000	\$ 4,000,000	\$ 4,561,580	\$ 561,580
Revenue from the use of money and property	125,000	125,000	235,618	110,618
Intergovernmental	-	-	314,977	314,977
Total revenues	<u>\$ 4,125,000</u>	<u>\$ 4,125,000</u>	<u>\$ 5,112,175</u>	<u>\$ 987,175</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 8,056,771	\$ 8,806,771	\$ 3,958,480	\$ 4,848,291
Community development	1,600,000	1,600,000	2,063,476	(463,476)
Total expenditures	<u>\$ 9,656,771</u>	<u>\$ 10,406,771</u>	<u>\$ 6,021,956</u>	<u>\$ 4,384,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,531,771)</u>	<u>\$ (6,281,771)</u>	<u>\$ (909,781)</u>	<u>\$ 5,371,990</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 2,974	\$ 2,974
Transfers out	(630,000)	(630,000)	(630,000)	-
Total other financing sources (uses)	<u>\$ (630,000)</u>	<u>\$ (630,000)</u>	<u>\$ (627,026)</u>	<u>\$ 2,974</u>
Net change in fund balances	<u>\$ (6,161,771)</u>	<u>\$ (6,911,771)</u>	<u>\$ (1,536,807)</u>	<u>\$ 5,374,964</u>
Fund balances - beginning	6,161,771	6,911,771	14,345,923	7,434,152
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,809,116</u>	<u>\$ 12,809,116</u>

County of Buchanan, Virginia  
Special Revenue Fund - Disaster Relief 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>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Total expenditures	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Excess (deficiency) of revenues over (under) expenditures	\$ (350,000)	\$ (350,000)	\$ (94,243)	\$ 255,757
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 350,000	\$ 350,000	\$ 280,000	\$ (70,000)
Total other financing sources (uses)	\$ 350,000	\$ 350,000	\$ 280,000	\$ (70,000)
Net change in fund balances	\$ -	\$ -	\$ 185,757	\$ 185,757
Fund balances - beginning	-	-	172,762	172,762
Fund balances - ending	\$ -	\$ -	\$ 358,519	\$ 358,519

County of Buchanan, Virginia  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
Primary Government - Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 877,706	\$ 858,187	\$ 902,161	\$ 897,687	\$ 890,472	\$ 893,679
Interest	3,338,585	3,230,567	3,138,369	2,969,931	2,885,434	2,763,194
Changes of assumptions	1,529,321	-	(213,522)	-	-	-
Differences between expected and actual experience	751,782	(438,278)	(380,889)	1,074,430	(639,454)	-
Impact in change of proportion	230,865	117,625	(418,631)	29,231	-	-
Benefit payments	(2,458,897)	(2,217,558)	(2,275,697)	(1,958,614)	(1,958,543)	(1,862,638)
<b>Net change in total pension liability</b>	<b>\$ 4,269,362</b>	<b>\$ 1,550,543</b>	<b>\$ 751,791</b>	<b>\$ 3,012,665</b>	<b>\$ 1,177,909</b>	<b>\$ 1,794,235</b>
<b>Total pension liability - beginning</b>	<b>48,692,658</b>	<b>47,142,115</b>	<b>46,390,324</b>	<b>43,377,659</b>	<b>42,199,750</b>	<b>40,405,515</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 52,962,020</b>	<b>\$ 48,692,658</b>	<b>\$ 47,142,115</b>	<b>\$ 46,390,324</b>	<b>\$ 43,377,659</b>	<b>\$ 42,199,750</b>
<b>Plan fiduciary net position</b>						
Impact in change of proportion	\$ 179,200	\$ 89,185	\$ (296,522)	\$ 21,935	\$ -	\$ -
Contributions - employer	1,167,023	1,123,139	1,105,840	1,237,155	1,210,444	1,146,351
Contributions - employee	458,834	448,173	438,299	460,784	464,747	453,657
Net investment income	2,508,622	2,633,982	3,939,533	566,735	1,432,891	4,310,695
Benefit payments	(2,458,897)	(2,217,558)	(2,275,697)	(1,958,614)	(1,958,543)	(1,862,638)
Administrator charges	(25,056)	(22,782)	(23,005)	(20,095)	(19,600)	(23,245)
Other	(1,581)	(2,346)	(3,493)	(240)	(303)	227
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,828,145</b>	<b>\$ 2,051,793</b>	<b>\$ 2,884,955</b>	<b>\$ 307,660</b>	<b>\$ 1,129,636</b>	<b>\$ 4,025,047</b>
<b>Plan fiduciary net position - beginning</b>	<b>37,795,694</b>	<b>35,743,901</b>	<b>32,858,946</b>	<b>32,551,286</b>	<b>31,421,650</b>	<b>27,396,603</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 39,623,839</b>	<b>\$ 37,795,694</b>	<b>\$ 35,743,901</b>	<b>\$ 32,858,946</b>	<b>\$ 32,551,286</b>	<b>\$ 31,421,650</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 13,338,181</b>	<b>\$ 10,896,964</b>	<b>\$ 11,398,214</b>	<b>\$ 13,531,378</b>	<b>\$ 10,826,373</b>	<b>\$ 10,778,100</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>74.81%</b>	<b>77.62%</b>	<b>75.82%</b>	<b>70.83%</b>	<b>75.04%</b>	<b>74.46%</b>
<b>Covered payroll</b>						
	\$ 9,173,848	\$ 8,927,964	\$ 8,775,714	\$ 9,202,667	\$ 8,958,100	\$ 9,080,106
<b>County's net pension liability as a percentage of covered payroll</b>	<b>145.39%</b>	<b>122.05%</b>	<b>129.88%</b>	<b>147.04%</b>	<b>120.86%</b>	<b>118.70%</b>

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 Buchanan, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Component Unit Public Service Authority - Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 150,292	\$ 151,716	\$ 162,139	\$ 151,778	\$ 151,259	\$ 151,804
Interest	571,676	571,120	564,035	502,145	490,132	469,368
Changes of assumptions	261,870	-	(38,375)	-	-	-
Differences between expected and actual experience	128,730	(77,482)	(68,454)	181,661	(108,620)	-
Impact in change of proportion	(230,865)	(117,625)	418,631	(29,231)	-	-
Benefit payments	(421,044)	(392,034)	(408,994)	(331,155)	(332,686)	(316,396)
<b>Net change in total pension liability</b>	\$ 460,659	\$ 135,695	\$ 628,982	\$ 475,198	\$ 200,085	\$ 304,776
<b>Total pension liability - beginning</b>	8,608,190	8,472,495	7,843,513	7,368,315	7,168,230	6,863,454
<b>Total pension liability - ending (a)</b>	<u>\$ 9,068,849</u>	<u>\$ 8,608,190</u>	<u>\$ 8,472,495</u>	<u>\$ 7,843,513</u>	<u>\$ 7,368,315</u>	<u>\$ 7,168,230</u>
<b>Plan fiduciary net position</b>						
Impact in change of proportion	\$ (179,200)	\$ (89,185)	\$ 296,522	\$ (21,935)	\$ -	\$ -
Contributions - employer	199,833	198,555	198,744	209,174	205,611	194,724
Contributions - employee	78,568	79,231	78,772	77,908	78,944	77,060
Net investment income	429,559	465,652	708,022	95,821	243,397	732,233
Benefit payments	(421,044)	(392,034)	(408,994)	(331,155)	(332,686)	(316,396)
Administrator charges	(4,290)	(4,027)	(4,134)	(3,397)	(3,329)	(3,948)
Other	(271)	(415)	(628)	(41)	(52)	38
<b>Net change in plan fiduciary net position</b>	\$ 103,155	\$ 257,777	\$ 868,304	\$ 26,375	\$ 191,895	\$ 683,711
<b>Plan fiduciary net position - beginning</b>	6,681,757	6,423,980	5,555,676	5,529,301	5,337,416	4,653,705
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 6,784,912</u>	<u>\$ 6,681,757</u>	<u>\$ 6,423,980</u>	<u>\$ 5,555,676</u>	<u>\$ 5,529,301</u>	<u>\$ 5,337,416</u>
<b>Authority's net pension liability - ending (a) - (b)</b>	\$ 2,283,937	\$ 1,926,433	\$ 2,048,515	\$ 2,287,837	\$ 1,839,014	\$ 1,830,814
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.81%	77.62%	75.82%	70.83%	75.04%	74.46%
<b>Covered payroll</b>	\$ 1,570,867	\$ 1,637,446	\$ 1,586,319	\$ 1,564,773	\$ 1,546,539	\$ 1,542,386
<b>Authority's net pension liability as a percentage of covered payroll</b>	145.39%	117.65%	129.14%	146.21%	118.91%	118.70%

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 Buchanan, Virginia  
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 Component Unit School Board (Nonprofessional) - Pension Plans  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 186,992	\$ 193,391	\$ 210,896	\$ 210,213	\$ 205,782	\$ 237,215
Interest	1,233,710	1,236,632	1,243,970	1,201,949	1,221,718	1,214,556
Changes of assumptions	415,202	-	102,069	-	-	-
Differences between expected and actual experience	160,635	(43,491)	(258,786)	594,881	(293,727)	-
Benefit payments	(1,392,665)	(1,463,882)	(1,342,066)	(1,471,428)	(1,360,929)	(1,337,990)
<b>Net change in total pension liability</b>	<b>\$ 603,874</b>	<b>\$ (77,350)</b>	<b>\$ (43,917)</b>	<b>\$ 535,615</b>	<b>\$ (227,156)</b>	<b>\$ 113,781</b>
<b>Total pension liability - beginning</b>	<b>18,320,764</b>	<b>18,398,114</b>	<b>18,442,031</b>	<b>17,906,416</b>	<b>18,133,572</b>	<b>18,019,791</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 18,924,638</b>	<b>\$ 18,320,764</b>	<b>\$ 18,398,114</b>	<b>\$ 18,442,031</b>	<b>\$ 17,906,416</b>	<b>\$ 18,133,572</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 557,391	\$ 489,198	\$ 483,742	\$ 495,623	\$ 511,145	\$ 486,675
Contributions - employee	96,884	104,230	98,616	108,112	112,065	115,377
Net investment income	691,366	781,506	1,228,869	170,940	502,728	1,602,403
Benefit payments	(1,392,665)	(1,463,882)	(1,342,066)	(1,471,428)	(1,360,929)	(1,337,990)
Administrator charges	(7,440)	(7,308)	(7,654)	(7,278)	(7,507)	(9,208)
Other	(433)	(677)	(1,075)	(77)	(105)	85
<b>Net change in plan fiduciary net position</b>	<b>\$ (54,897)</b>	<b>\$ (96,933)</b>	<b>\$ 460,432</b>	<b>\$ (704,108)</b>	<b>\$ (242,603)</b>	<b>\$ 857,342</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,906,236</b>	<b>11,003,169</b>	<b>10,542,737</b>	<b>11,246,845</b>	<b>11,489,448</b>	<b>10,632,106</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,851,339</b>	<b>\$ 10,906,236</b>	<b>\$ 11,003,169</b>	<b>\$ 10,542,737</b>	<b>\$ 11,246,845</b>	<b>\$ 11,489,448</b>
<b>School division's net pension liability - ending (a) - (b)</b>	<b>\$ 8,073,299</b>	<b>\$ 7,414,528</b>	<b>\$ 7,394,945</b>	<b>\$ 7,899,294</b>	<b>\$ 6,659,571</b>	<b>\$ 6,644,124</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>57.34%</b>	<b>59.53%</b>	<b>59.81%</b>	<b>57.17%</b>	<b>62.81%</b>	<b>63.36%</b>
<b>Covered payroll</b>	<b>\$ 1,996,302</b>	<b>\$ 2,022,315</b>	<b>\$ 2,109,030</b>	<b>\$ 2,195,652</b>	<b>\$ 2,176,214</b>	<b>\$ 2,221,244</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>404.41%</b>	<b>366.64%</b>	<b>350.63%</b>	<b>359.77%</b>	<b>306.02%</b>	<b>299.12%</b>

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 Buchanan, Virginia  
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan - Pension Plans  
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.16395%	0.17193%	0.17972%	0.19189%	0.20183%	0.20613%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 21,576,752	\$ 20,219,000	\$ 22,102,000	\$ 26,891,000	\$ 25,403,000	\$ 24,910,000
Employer's Covered Payroll	13,600,148	13,767,550	14,045,869	14,599,875	14,585,895	14,950,792
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	158.65%	146.86%	157.36%	184.19%	174.16%	166.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Buchanan, 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)
<b>Primary Government</b>					
2020	\$ 1,215,397	\$ 1,215,397	\$ -	\$ 9,695,905	12.54%
2019	1,169,512	1,169,512	-	9,173,848	12.75%
2018	1,123,139	1,123,139	-	8,927,964	12.58%
2017	1,105,840	1,105,840	-	8,775,714	12.60%
2016	1,237,155	1,237,155	-	9,202,667	13.44%
2015	1,210,444	1,210,444	-	8,958,100	13.51%
<b>Component Unit Public Service Authority</b>					
2020	\$ 193,318	\$ 193,318	\$ -	\$ 1,542,206	12.54%
2019	200,259	200,259	-	1,570,867	12.75%
2018	198,555	198,555	-	1,637,446	12.13%
2017	198,744	198,744	-	1,586,319	12.53%
2016	209,174	209,174	-	1,564,773	13.37%
2015	205,611	205,611	-	1,546,539	13.29%
<b>Component Unit School Board (Nonprofessional)</b>					
2020	\$ 579,511	\$ 579,511	\$ -	\$ 2,014,398	28.77%
2019	554,493	554,493	-	1,996,302	27.78%
2018	489,198	489,198	-	2,022,315	24.19%
2017	483,742	483,742	-	2,109,030	22.94%
2016	495,623	495,623	-	2,195,652	22.57%
2015	511,145	511,145	-	2,176,214	23.49%
2014	486,675	486,675	-	2,221,244	21.91%
2013	534,994	534,994	-	2,441,780	21.91%
2012	474,118	474,118	-	2,461,674	19.26%
2011	447,516	447,516	-	2,323,550	19.26%
<b>Component Unit School Board (Professional)</b>					
2020	\$ 2,099,366	\$ 2,099,366	\$ -	\$ 14,019,086	14.98%
2019	2,102,526	2,102,526	-	13,600,148	15.46%
2018	2,232,097	2,232,097	-	13,767,550	16.21%
2017	2,047,817	2,047,817	-	14,045,869	14.58%
2016	2,041,487	2,041,487	-	14,599,875	13.98%
2015	2,169,000	2,169,000	-	14,585,895	14.87%
2014	1,743,262	1,743,262	-	14,950,789	11.66%
2013	2,097,458	2,097,458	-	17,988,491	11.66%
2012	1,016,983	1,016,983	-	16,066,082	6.33%
2011	588,178	588,178	-	14,966,361	3.93%

Current year contributions are from County and Authority 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 PSA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 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%

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 Buchanan, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government  
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
<b>Total OPEB liability</b>			
Service cost	\$ 75,833	\$ 75,833	\$ 75,833
Interest	20,814	22,836	33,086
Effect of economic/demographic gains or losses	(43,708)	(91,852)	(221,536)
Effect of assumptions changes or inputs	27,310	-	3,598
Employer contributions	(63,066)	(66,090)	(65,183)
<b>Net change in total OPEB liability</b>	<b>\$ 17,183</b>	<b>\$ (59,273)</b>	<b>\$ (174,202)</b>
<b>Total OPEB liability - beginning</b>	<b>550,123</b>	<b>609,396</b>	<b>783,598</b>
<b>Total OPEB liability - ending</b>	<b>\$ 567,306</b>	<b>\$ 550,123</b>	<b>\$ 609,396</b>
<b>Covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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

County of Buchanan, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Component Unit School Board  
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
<b>Total OPEB liability</b>			
Interest	\$ 67,720	\$ 93,141	\$ 116,062
Changes in assumptions	13,538	169,743	-
Differences between expected and actual experience	(1,256,857)	(810,240)	-
Benefit payments	(363,778)	(672,405)	(906,436)
<b>Net change in total OPEB liability</b>	<b>\$ (1,539,377)</b>	<b>\$ (1,219,761)</b>	<b>\$ (790,374)</b>
<b>Total OPEB liability - beginning</b>	<b>2,791,016</b>	<b>4,010,777</b>	<b>4,801,151</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,251,639</b>	<b>\$ 2,791,016</b>	<b>\$ 4,010,777</b>
<b>Covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>School Board's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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

County of Buchanan, Virginia  
Notes to Required Supplementary Information - OPEB  
For the Year Ended June 30, 2020

**Primary Government**

Valuation Date: 6/30/2020

Measurement Date: 6/30/2020

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	2.21%
Inflation	1.90%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.90% for medical, 5.90% for pharmacy, 3.50% for dental, and 3.00% for vision and gradually declines to 4.30% for medical and pharmacy and 3.00% for dental and vision.
Salary Increase Rates	1.90%
Retirement Age	The average age at retirement is 65
Mortality Rates	The mortality rates were calculated using the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

**Component Unit School Board**

Valuation Date: 6/30/2020

Measurement Date: 6/30/2020

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	The discount rate is 2.66% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019.
Inflation	Not applicable
Healthcare Trend Rate	The healthcare trend was reset to 7.50% grading to 6.75% over 3 years.
Salary Increase Rates	Not applicable
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rate were based on Virginia Retirement System Retiree Mortality Experience Study.



County of Buchanan, 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)
<b>Primary Government</b>					
2019	0.04723%	\$ 760,536	\$ 9,209,477	8.26%	52.00%
2018	0.04734%	719,757	8,927,964	8.06%	51.22%
2017	0.04788%	720,508	8,775,714	8.21%	48.86%
<b>Component Unit Public Service Authority</b>					
2019	0.00751%	\$ 130,229	\$ 1,576,967	8.26%	52.00%
2018	0.00837%	127,243	1,637,446	7.77%	51.22%
2017	0.00860%	129,492	1,586,319	8.16%	48.86%
<b>Component Unit School Board (Nonprofessional)</b>					
2019	0.01028%	\$ 167,283	\$ 2,001,802	8.36%	52.00%
2018	0.01073%	163,000	2,022,315	8.06%	51.22%
2017	0.01168%	176,000	2,109,030	8.35%	48.86%
<b>Component Unit School Board (Professional)</b>					
2019	0.06957%	\$ 1,132,089	\$ 13,648,735	8.29%	52.00%
2018	0.07289%	1,107,000	13,767,550	8.04%	51.22%
2017	0.07699%	1,158,000	14,045,869	8.24%	48.86%

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

County of Buchanan, 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)
<b>Primary Government</b>					
2020	\$ 50,074	\$ 50,074	\$ -	\$ 9,663,199	0.52%
2019	47,890	47,890	-	9,209,477	0.52%
2018	46,758	46,758	-	8,927,964	0.52%
2017	45,917	45,917	-	8,775,714	0.52%
<b>Component Unit Public Service Authority</b>					
2020	\$ 7,965	\$ 7,965	\$ -	\$ 1,537,004	0.52%
2019	8,200	8,200	-	1,576,967	0.52%
2018	8,266	8,266	-	1,637,446	0.50%
2017	8,252	8,252	-	1,586,319	0.52%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 11,008	\$ 11,008	\$ -	\$ 2,122,166	0.52%
2019	10,409	10,409	-	2,001,802	0.52%
2018	10,610	10,610	-	2,022,315	0.52%
2017	11,204	11,204	-	2,109,030	0.53%
2016	11,051	11,051	-	2,195,652	0.50%
2015	11,048	11,048	-	2,176,214	0.51%
2014	10,763	10,763	-	2,221,244	0.48%
2013	11,812	11,812	-	2,441,780	0.48%
2012	6,984	6,984	-	2,461,674	0.28%
2011	6,607	6,607	-	2,323,550	0.28%
<b>Component Unit School Board (professional)</b>					
2020	\$ 71,376	\$ 71,376	\$ -	\$ 13,726,175	0.52%
2019	70,975	70,975	-	13,648,735	0.52%
2018	72,112	72,112	-	13,767,550	0.52%
2017	73,850	73,850	-	14,045,869	0.53%
2016	70,557	70,557	-	14,599,875	0.48%
2015	72,406	72,406	-	14,585,895	0.50%
2014	73,220	73,220	-	14,950,789	0.49%
2013	77,386	77,386	-	17,988,491	0.43%
2012	45,898	45,898	-	16,066,082	0.29%
2011	42,218	42,218	-	14,966,361	0.28%

Schedule is intended to show information for 10 years. Prior to 2017, the PSA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 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 Buchanan, Virginia  
 Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.16208%	\$ 2,121,785	\$ 13,600,138	15.60%	8.97%
2018	0.17021%	2,161,000	13,767,550	15.70%	8.08%
2017	0.17829%	2,262,000	14,045,869	16.10%	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 Buchanan, Virginia  
Schedule of Employer Contributions  
Teacher Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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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)
2020	\$ 164,109	\$ 164,109	\$ -	\$ 13,675,791	1.20%
2019	163,201	163,201	-	13,600,138	1.20%
2018	169,341	169,341	-	13,767,550	1.23%
2017	156,180	156,180	-	14,045,869	1.11%
2016	155,088	155,088	-	14,599,875	1.06%
2015	159,066	159,066	-	14,585,895	1.09%
2014	167,322	167,322	-	14,950,789	1.12%
2013	175,742	175,742	-	17,988,491	0.98%
2012	96,405	96,405	-	16,066,082	0.60%
2011	90,016	90,016	-	14,966,361	0.60%

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

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 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%

County of Buchanan, Virginia  
Schedule of Employer's Share of Net LODA OPEB Liability  
Line of Duty Act (LODA) Program  
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date	Employer's Proportion of the Net LODA OPEB Liability (Asset)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	Covered- Employee Payroll *	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.42332% \$	1,518,814 \$	N/A	N/A	0.79%
2018	0.42879%	1,344,000	N/A	N/A	0.60%
2017	0.40376%	1,061,000	N/A	N/A	1.30%

\* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

County of Buchanan, Virginia  
Schedule of Employer Contributions  
Line of Duty Act (LODA) Program  
For the Years Ended June 30, 2016 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2020	\$ 58,931	\$ 58,931	\$ -	\$ N/A	N/A
2019	56,814	56,814	-	N/A	N/A
2018	45,673	45,673	-	N/A	N/A
2017	43,545	43,545	-	N/A	N/A
2016	43,064	43,064	-	N/A	N/A

\*

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

FY 2016 was the first year information was available for the Line of Duty Act Program (LODA).



County of Buchanan, Virginia  
Notes to Required Supplementary Information  
Line of Duty Act (LODA) Program  
For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

**Employees in the Non-Largest Ten Locality Employers with Public Safety 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%

## **Other Supplementary Information**

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

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund is a fund that 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 Buchanan, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2020

	School Operating Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,425,813
Receivables (net of allowance for uncollectibles):	
Accounts receivable	12,754
Due from other governmental units	1,593,335
Inventories	12,976
Prepaid items	590,658
Total assets	<u>\$ 7,635,536</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 638,400
Accrued liabilities	4,697,828
Total liabilities	<u>\$ 5,336,228</u>
<b>FUND BALANCES</b>	
Nonspendable	
Restricted	\$ 590,658
Cafeteria Funds	486,832
Unassigned	1,221,818
Total fund balances	<u>\$ 2,299,308</u>
Total liabilities and fund balances	<u>\$ 7,635,536</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 2,299,308
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,373,758
Buildings and improvements	3,069,479
Machinery and equipment	<u>1,783,344</u>
	7,226,581
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 5,109,045
OPEB related items	<u>464,462</u>
	5,573,507
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (447,807)
Net OPEB liabilities	(4,672,796)
Net pension liability	<u>(29,650,051)</u>
	(34,770,654)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (4,618,820)
OPEB related items	<u>(544,036)</u>
	(5,162,856)
Net position of governmental activities	<u>\$ (24,834,114)</u>

County of Buchanan, 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
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 20,027
Charges for services	209,730
Miscellaneous	106,428
Recovered costs	381,679
Intergovernmental	32,982,733
Total revenues	<u>\$ 33,700,597</u>
<b>EXPENDITURES</b>	
Current:	
Education	\$ 34,228,319
Total expenditures	<u>\$ 34,228,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (527,722)</u>
Net change in fund balances	\$ (527,722)
Fund balances - beginning, as restated	2,827,030
Fund balances - ending	<u><u>\$ 2,299,308</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	\$ (527,722)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.	
Capital outlays	\$ 775,800
Depreciation expenses	<u>(914,640)</u> (138,840)
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	\$ (1,866)
Change in OPEB related items	1,670,061
Change in pension related items	<u>757,036</u> 2,425,231
Change in net position of governmental activities	<u><u>\$ 1,758,669</u></u>

County of Buchanan, 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			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 10,900	\$ 10,900	\$ 20,027	\$ 9,127
Charges for services	213,000	213,000	209,730	(3,270)
Miscellaneous	593,407	593,407	106,428	(486,979)
Recovered costs	215,300	215,300	381,679	166,379
Intergovernmental	34,521,327	34,521,327	32,982,733	(1,538,594)
Total revenues	<u>\$ 35,553,934</u>	<u>\$ 35,553,934</u>	<u>\$ 33,700,597</u>	<u>\$ (1,853,337)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 36,837,026	\$ 36,837,026	\$ 34,228,319	\$ 2,608,707
Total expenditures	<u>\$ 36,837,026</u>	<u>\$ 36,837,026</u>	<u>\$ 34,228,319</u>	<u>\$ 2,608,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,283,092)</u>	<u>\$ (1,283,092)</u>	<u>\$ (527,722)</u>	<u>\$ 755,370</u>
Net change in fund balances	\$ (1,283,092)	\$ (1,283,092)	\$ (527,722)	\$ 755,370
Fund balances - beginning, as restated	1,283,092	1,283,092	2,827,030	1,543,938
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,299,308</u>	<u>\$ 2,299,308</u>

## **Supporting Schedules**

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

<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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 8,080,290	\$ 8,080,290	\$ 7,034,994	\$ (1,045,296)
Real and personal public service corporation taxes	526,568	526,568	620,265	93,697
Personal property taxes	2,667,305	2,667,305	2,579,515	(87,790)
Mobile home taxes	57,275	57,275	61,349	4,074
Machinery and tools taxes	5,167,472	5,167,472	4,354,311	(813,161)
Mineral taxes	1,210,129	1,210,129	1,309,808	99,679
Merchant's capital taxes	103,262	103,262	66,802	(36,460)
Penalties	131,234	131,234	147,805	16,571
Interest	327,880	327,880	218,843	(109,037)
Total general property taxes	\$ 18,271,415	\$ 18,271,415	\$ 16,393,692	\$ (1,877,723)
Other local taxes:				
Local sales and use taxes	\$ 1,585,000	\$ 1,585,000	\$ 1,660,071	\$ 75,071
Consumers' utility taxes	400,000	400,000	378,192	(21,808)
Consumption taxes	250,000	250,000	189,862	(60,138)
Mineral license tax	7,000,000	7,000,000	4,561,607	(2,438,393)
Methane gas tax	500,000	500,000	305,747	(194,253)
Utility license taxes	35,724	35,724	27,992	(7,732)
Bank stock taxes	125,393	125,393	116,885	(8,508)
Taxes on recordation and wills	40,525	40,525	20,729	(19,796)
Hotel and motel room taxes	24,655	24,655	28,536	3,881
Local tax on deeds	72,000	72,000	82,747	10,747
Total other local taxes	\$ 10,033,297	\$ 10,033,297	\$ 7,372,368	\$ (2,660,929)
Permits, privilege fees, and regulatory licenses:				
Animal licenses and fees	\$ 7,500	\$ 7,500	\$ 6,447	\$ (1,053)
Land use application fees	4,100	4,100	5,687	1,587
Transfer fees	-	-	755	755
Building permits	25,500	25,500	51,646	26,146
Other permits and licenses	3,000	3,000	5,230	2,230
Total permits, privilege fees, and regulatory licenses	\$ 40,100	\$ 40,100	\$ 69,765	\$ 29,665
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,873	\$ 1,873	\$ 1,404	\$ (469)
Total fines and forfeitures	\$ 1,873	\$ 1,873	\$ 1,404	\$ (469)
Revenue from use of money and property:				
Revenue from use of money	\$ 74,035	\$ 74,035	\$ 16,385	\$ (57,650)
Revenue from use of property	16,700	16,700	16,932	232
Total revenue from use of money and property	\$ 90,735	\$ 90,735	\$ 33,317	\$ (57,418)
Charges for services:				
Charges for law enforcement and traffic control	\$ 53,212	\$ 53,212	\$ 24,316	\$ (28,896)
Charges for courthouse maintenance	10,348	10,348	7,478	(2,870)
Charges for courthouse security	23,724	23,724	19,764	(3,960)



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

<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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for Commonwealth's Attorney	\$ 2,736	\$ 2,736	\$ 2,907	\$ 171
Miscellaneous jail and inmate fees	510	510	469	(41)
Law library fees	5,000	5,000	8,010	3,010
Charges for animal control	-	-	488	488
Charges for copies	-	-	171	171
Charges for sanitation and waste removal	857,455	857,455	790,693	(66,762)
Charges for parks and recreation	100,000	100,000	52,920	(47,080)
Charges for library	7,000	7,000	4,614	(2,386)
Charges for golf course	97,100	97,100	97,685	585
Other Charges for Services	10,000	10,000	10,004	4
Total charges for services	\$ 1,167,085	\$ 1,167,085	\$ 1,019,519	\$ (147,566)
Miscellaneous:				
Miscellaneous	\$ 180,635	\$ 255,635	\$ 288,770	\$ 33,135
Total miscellaneous	\$ 180,635	\$ 255,635	\$ 288,770	\$ 33,135
Recovered costs:				
Health Department	\$ 50,000	\$ 50,000	\$ 34,841	\$ (15,159)
Rebates and refunds	101,750	136,250	204,041	67,791
VPA refunds	20,000	20,000	93,553	73,553
Other recovered costs	65,000	65,000	67,601	2,601
Total recovered costs	\$ 236,750	\$ 271,250	\$ 400,036	\$ 128,786
Total revenue from local sources	\$ 30,021,890	\$ 30,131,390	\$ 25,578,871	\$ (4,552,519)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 30,000	\$ 30,000	\$ 71,530	\$ 41,530
Motor vehicle rental tax	1,500	1,500	6,114	4,614
Rolling stock tax	180,000	180,000	163,978	(16,022)
Telecommunications taxes	839,502	839,502	699,947	(139,555)
State recordation tax	-	-	15,051	15,051
Personal property tax relief funds	1,598,108	1,598,108	1,598,108	-
Total noncategorical aid	\$ 2,649,110	\$ 2,649,110	\$ 2,554,728	\$ (94,382)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 472,422	\$ 472,422	\$ 489,466	\$ 17,044
Sheriff	1,405,000	1,405,000	1,439,554	34,554
Commissioner of revenue	135,546	135,546	140,875	5,329
Treasurer	125,020	125,020	120,136	(4,884)
Registrar/electoral board	45,000	45,000	44,255	(745)
Clerk's fringes	300,000	300,000	322,840	22,840
Total shared expenses	\$ 2,482,988	\$ 2,482,988	\$ 2,557,126	\$ 74,138

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

<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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Litter control grant	\$ -	\$ -	\$ 6,848	\$ 6,848
Library grant	-	-	122,576	122,576
Public assistance and welfare administration	2,114,550	2,114,550	2,252,049	137,499
Victim-witness grant	94,709	94,709	24,185	(70,524)
Fire Program Funds	-	79,876	84,050	4,174
Asset Forfeiture	37,633	37,633	11,434	(26,199)
Violence against women	-	-	6,217	6,217
VA housing development authority	40,000	40,000	51,254	11,254
E-911 technology grant	652,805	652,805	76,444	(576,361)
Comprehensive services act program	1,057,091	1,057,091	754,257	(302,834)
Other State Funds	85,586	85,586	90,797	5,211
Total other categorical aid	\$ 4,082,374	\$ 4,162,250	\$ 3,480,111	\$ (682,139)
Total categorical aid	\$ 6,565,362	\$ 6,645,238	\$ 6,037,237	\$ (608,001)
Total revenue from the Commonwealth	\$ 9,214,472	\$ 9,294,348	\$ 8,591,965	\$ (702,383)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 3,600,450	\$ 3,600,450	\$ 3,705,648	\$ 105,198
JAG grant	8,000	8,000	40,306	32,306
Child and adult care food program	-	-	56,132	56,132
Community development block grant	2,950,000	2,950,000	437,064	(2,512,936)
Headstart programs	1,704,700	2,358,350	1,481,697	(876,653)
OAG Grant	35,500	35,500	-	(35,500)
Victim Witness Grant	-	-	74,523	74,523
National safety programs	-	-	3,537	3,537
ARC Grant	-	-	48,375	48,375
VSTOP Grant	-	-	43,521	43,521
Coronavirus relief funds	-	-	531,860	531,860
Total categorical aid	\$ 8,298,650	\$ 8,952,300	\$ 6,422,663	\$ (2,529,637)
Total revenue from the federal government	\$ 8,298,650	\$ 8,952,300	\$ 6,422,663	\$ (2,529,637)
Total General Fund	\$ 47,535,012	\$ 48,378,038	\$ 40,593,499	\$ (7,784,539)
<b>Special Revenue Funds:</b>				
<b>Coal Road Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Coal road taxes	\$ 4,000,000	\$ 4,000,000	\$ 4,561,580	\$ 561,580
Total other local taxes	\$ 4,000,000	\$ 4,000,000	\$ 4,561,580	\$ 561,580

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

<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>
<b>Special Revenue Funds: (Continued)</b>				
<b>Coal Road Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Revenue from use of money and property:				
Revenue from the use of money	\$ 125,000	\$ 125,000	\$ 235,618	\$ 110,618
Total revenue from use of money and property	\$ 125,000	\$ 125,000	\$ 235,618	\$ 110,618
Total revenue from local sources	\$ 4,125,000	\$ 4,125,000	\$ 4,797,198	\$ 672,198
Revenue from the Commonwealth:				
Categorical aid:				
VDOT highway construction funds	\$ -	\$ -	\$ 314,977	\$ 314,977
Total categorical aid	\$ -	\$ -	\$ 314,977	\$ 314,977
Total revenue from the Commonwealth	\$ -	\$ -	\$ 314,977	\$ 314,977
Total Coal Road Fund	\$ 4,125,000	\$ 4,125,000	\$ 5,112,175	\$ 987,175
Total Primary Government	\$ 51,660,012	\$ 52,503,038	\$ 45,705,674	\$ (6,797,364)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,900	\$ 10,900	\$ 20,027	\$ 9,127
Total revenue from use of money and property	\$ 10,900	\$ 10,900	\$ 20,027	\$ 9,127
Charges for services:				
Charges for adult/GED testing	\$ 8,000	\$ 8,000	\$ 12,775	\$ 4,775
Charges for cafeteria sales	205,000	205,000	196,955	(8,045)
Total charges for services	\$ 213,000	\$ 213,000	\$ 209,730	\$ (3,270)
Miscellaneous:				
Miscellaneous	\$ 558,407	\$ 558,407	\$ 59,898	\$ (498,509)
Donations	35,000	35,000	46,530	11,530
Total miscellaneous	\$ 593,407	\$ 593,407	\$ 106,428	\$ (486,979)
Recovered costs:				
Rebates and refunds	\$ 13,300	\$ 13,300	\$ 39,374	\$ 26,074
Insurance adjustments	2,000	2,000	1,761	(239)
JROTC payments	30,000	30,000	29,296	(704)
E-rate reimbursement	80,000	80,000	135,863	55,863
Other recovered costs	90,000	90,000	175,385	85,385
Total recovered costs	\$ 215,300	\$ 215,300	\$ 381,679	\$ 166,379
Total revenue from local sources	\$ 1,032,607	\$ 1,032,607	\$ 717,864	\$ (314,743)

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

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Buchanan, Virginia	\$ 10,134,395	\$ 10,134,395	\$ 9,111,204	\$ (1,023,191)
Total revenues from local governments	\$ 10,134,395	\$ 10,134,395	\$ 9,111,204	\$ (1,023,191)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,288,794	\$ 3,288,794	\$ 3,353,340	\$ 64,546
Basic school aid	8,564,657	8,564,657	8,375,250	(189,407)
Gifted and talented	88,775	88,775	87,582	(1,193)
Remedial education	463,404	463,404	503,698	40,294
Special education	1,131,550	1,131,550	1,005,279	(126,271)
Textbook payment	178,774	178,774	176,373	(2,401)
Social security fringe benefits	571,709	571,709	564,030	(7,679)
Retirement fringe benefits	1,301,437	1,301,437	1,289,870	(11,567)
Salary Supplements	557,944	557,944	554,278	(3,666)
Mentor teacher grant	1,238	1,238	2,107	869
Early reading intervention	128,260	128,260	76,354	(51,906)
Alternative education	25,065	25,065	25,159	94
K3 initiative	429,195	429,195	370,757	(58,438)
Vocation education	667,585	667,585	646,557	(21,028)
Special education - foster children	26,923	26,923	45,933	19,010
At risk payments	777,033	777,033	766,806	(10,227)
School food	391,886	391,886	48,744	(343,142)
Technology	258,000	258,000	-	(258,000)
Standards of Learning algebra readiness	56,191	56,191	54,861	(1,330)
At risk four-year olds	201,427	201,427	201,427	-
Lottery proceeds	714,860	714,860	641,120	(73,740)
Adult literacy	-	-	6,152	6,152
Math and reading instructional specialist	47,279	47,279	47,279	-
High school initiative	-	-	50,000	50,000
State assessment and related activities	-	-	49,140	49,140
Other state funds	5,803	5,803	153,728	147,925
Total categorical aid	\$ 19,877,789	\$ 19,877,789	\$ 19,095,824	\$ (781,965)
Total revenue from the Commonwealth	\$ 19,877,789	\$ 19,877,789	\$ 19,095,824	\$ (781,965)

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

<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>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,877,990	\$ 1,877,990	\$ 1,297,505	\$ (580,485)
Title VI-B, flow-through	894,378	894,378	836,856	(57,522)
Title VI-B, preschool	-	-	53,479	53,479
Preschool development grant	-	-	19,229	19,229
Vocational education	73,491	73,491	105,169	31,678
Improving teacher quality	143,797	143,797	133,707	(10,090)
21st Century grant	272,741	272,741	114,578	(158,163)
School feeding programs	1,155,000	1,155,000	2,077,395	922,395
Rural and low income schools	54,183	54,183	53,443	(740)
CACFP adult and child care food program	36,305	36,305	65,820	29,515
Child nutrition direct certification	-	-	9,833	9,833
CN schools meals equipment	-	-	8,691	8,691
Other federal funds	1,258	1,258	-	(1,258)
Total categorical aid	\$ 4,509,143	\$ 4,509,143	\$ 4,775,705	\$ 266,562
Total revenue from the federal government	\$ 4,509,143	\$ 4,509,143	\$ 4,775,705	\$ 266,562
 Total School Operating Fund	 \$ 35,553,934	 \$ 35,553,934	 \$ 33,700,597	 \$ (1,853,337)
 Total Discretely Presented Component Unit - School Board	 \$ 35,553,934	 \$ 35,553,934	 \$ 33,700,597	 \$ (1,853,337)

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

Schedule 2  
Page 1 of 5

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 280,026	\$ 280,026	\$ 230,256	\$ 49,770
Total legislative	\$ 280,026	\$ 280,026	\$ 230,256	\$ 49,770
General and financial administration:				
County administrator	\$ 633,250	\$ 633,250	\$ 595,209	\$ 38,041
County attorney	190,133	190,133	177,531	12,602
Commissioner of revenue	442,797	442,864	374,075	68,789
Assessor	-	183,018	189,465	(6,447)
Central purchasing	139,000	139,000	50,167	88,833
Treasurer	558,713	558,713	476,666	82,047
Data processing	33,115	33,115	29,299	3,816
County garage	577,682	577,682	424,319	153,363
Total general and financial administration	\$ 2,574,690	\$ 2,757,775	\$ 2,316,731	\$ 441,044
Board of elections:				
Electoral board	\$ 42,700	\$ 42,700	\$ 49,886	\$ (7,186)
Registrar	188,706	188,212	183,359	4,853
Voting buildings and machines	20,000	20,494	27,907	(7,413)
Total board of elections	\$ 251,406	\$ 251,406	\$ 261,152	\$ (9,746)
Total general government administration	\$ 3,106,122	\$ 3,289,207	\$ 2,808,139	\$ 481,068
Judicial administration:				
Courts:				
Circuit court	\$ 256,934	\$ 256,934	\$ 234,207	\$ 22,727
Combined court	12,600	12,600	9,437	3,163
Juvenile court	13,500	13,500	8,794	4,706
Magistrates	12,150	12,150	3,475	8,675
Victim witness assistance program	92,019	107,327	108,793	(1,466)
Clerk of circuit court	625,565	625,565	584,850	40,715
Community service diversion program	69,600	69,600	61,491	8,109
Total courts	\$ 1,082,368	\$ 1,097,676	\$ 1,011,047	\$ 86,629
Commonwealth's attorney:				
Commonwealth's attorney	\$ 857,011	\$ 893,388	\$ 887,067	\$ 6,321
Total commonwealth's attorney	\$ 857,011	\$ 893,388	\$ 887,067	\$ 6,321
Total judicial administration	\$ 1,939,379	\$ 1,991,064	\$ 1,898,114	\$ 92,950
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,628,405	\$ 3,723,605	\$ 3,719,963	\$ 3,642
School resource officer	-	199,626	178,119	21,507
Total law enforcement and traffic control	\$ 3,628,405	\$ 3,923,231	\$ 3,898,082	\$ 25,149

County of Buchanan, 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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 256,000	\$ 892,974	\$ 482,083	\$ 410,891
Rescue squads	150,000	554,926	365,248	189,678
Total fire and rescue services	<u>\$ 406,000</u>	<u>\$ 1,447,900</u>	<u>\$ 847,331</u>	<u>\$ 600,569</u>
Correction and detention:				
Jail operation	\$ 2,254,880	\$ 2,254,880	\$ 2,207,462	\$ 47,418
Juvenile detention	220,556	220,556	219,844	712
Total correction and detention	<u>\$ 2,475,436</u>	<u>\$ 2,475,436</u>	<u>\$ 2,427,306</u>	<u>\$ 48,130</u>
Inspections:				
Building	\$ 130,106	\$ 130,106	\$ 117,979	\$ 12,127
Total inspections	<u>\$ 130,106</u>	<u>\$ 130,106</u>	<u>\$ 117,979</u>	<u>\$ 12,127</u>
Other protection:				
Animal control	\$ 341,338	\$ 341,338	\$ 303,814	\$ 37,524
Medical examiner	1,000	1,000	320	680
Emergency services	42,433	42,433	33,787	8,646
Forestry department	26,000	26,000	25,958	42
E-911	1,500,807	1,301,181	1,035,583	265,598
Total other protection	<u>\$ 1,911,578</u>	<u>\$ 1,711,952</u>	<u>\$ 1,399,462</u>	<u>\$ 312,490</u>
Total public safety	<u>\$ 8,551,525</u>	<u>\$ 9,688,625</u>	<u>\$ 8,690,160</u>	<u>\$ 998,465</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 315,000	\$ 745,782	\$ 550,627	\$ 195,155
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 315,000</u>	<u>\$ 745,782</u>	<u>\$ 550,627</u>	<u>\$ 195,155</u>
Sanitation and waste removal:				
Waste authority	\$ 980,000	\$ 1,020,150	\$ 865,027	\$ 155,123
Landfill	2,296,931	2,296,931	2,194,473	102,458
Total sanitation and waste removal	<u>\$ 3,276,931</u>	<u>\$ 3,317,081</u>	<u>\$ 3,059,500</u>	<u>\$ 257,581</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,724,718	\$ 1,724,718	\$ 1,629,795	\$ 94,923
Construction	200,232	200,232	162,636	37,596
Total maintenance of general buildings and grounds	<u>\$ 1,924,950</u>	<u>\$ 1,924,950</u>	<u>\$ 1,792,431</u>	<u>\$ 132,519</u>
Total public works	<u>\$ 5,516,881</u>	<u>\$ 5,987,813</u>	<u>\$ 5,402,558</u>	<u>\$ 585,255</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 349,923	\$ 349,923	\$ 423,124	\$ (73,201)
Total health	<u>\$ 349,923</u>	<u>\$ 349,923</u>	<u>\$ 423,124</u>	<u>\$ (73,201)</u>

County of Buchanan, 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>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Virginia housing development authority	\$ 101,341	\$ 101,341	\$ 79,370	\$ 21,971
Cumberland mountain community services	30,000	30,000	20,000	10,000
Cumberland mountain mental health	2,000	2,000	-	2,000
Disability Services Board	25,000	25,000	25,000	-
Senior citizens	78,429	199,697	70,410	129,287
Medical Assistance Services	23,577	23,577	18,825	4,752
Red Cross contributions	7,000	7,000	-	7,000
Food pantries	49,000	54,000	67,000	(13,000)
S V medical assistance	4,000	4,000	-	4,000
Social services	10,716,636	10,737,588	8,157,034	2,580,554
Head start	1,704,700	2,370,035	1,579,780	790,255
Total welfare	\$ 12,741,683	\$ 13,554,238	\$ 10,017,419	\$ 3,536,819
Total health and welfare	\$ 13,091,606	\$ 13,904,161	\$ 10,440,543	\$ 3,463,618
Education:				
Other instructional costs:				
Educational Contributions - Community College	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Bus transportation	68,000	68,000	82,490	(14,490)
Contribution to County School Board	9,859,400	9,859,400	9,111,204	748,196
Total education	\$ 10,227,400	\$ 10,227,400	\$ 9,493,694	\$ 733,706
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 157,314	\$ 332,381	\$ 218,290	\$ 114,091
Park development	210,000	505,279	173,053	332,226
Community Events	15,500	15,500	15,500	-
Athletic programs	118,000	118,030	88,000	30,030
Buchanan little league football	30,000	30,000	30,000	-
FBLA	5,000	5,000	-	5,000
County fair	-	81,505	39,681	41,824
County golf course	190,974	199,083	197,399	1,684
Total parks and recreation	\$ 726,788	\$ 1,286,778	\$ 761,923	\$ 524,855
Library:				
Contribution to county library	\$ 659,872	\$ 662,118	\$ 670,828	\$ (8,710)
Total library	\$ 659,872	\$ 662,118	\$ 670,828	\$ (8,710)
Total parks, recreation, and cultural	\$ 1,386,660	\$ 1,948,896	\$ 1,432,751	\$ 516,145
Community development:				
Planning and community development:				
Planning commission	\$ 8,500	\$ 8,500	\$ 4,344	\$ 4,156
Hurley Community Development	10,000	12,000	12,000	-
Contribution to industrial development authority	363,422	399,922	355,606	44,316
Tourism	55,000	55,000	45,648	9,352
Cumberland plateau planning district	35,000	35,000	35,000	-
Chamber of commerce	13,000	13,000	13,000	-
Humane society	3,600	3,600	3,600	-



County of Buchanan, 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>
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Planning and community development: (Continued)				
Robotics team	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Grundy Community Center	16,500	16,500	16,500	-
Contribution to public service authority	1,113,850	1,113,850	1,539,885	(426,035)
Capital contributions to the public service authority	2,200,000	2,200,000	485,439	1,714,561
Total planning and community development	<u>\$ 3,828,872</u>	<u>\$ 3,867,372</u>	<u>\$ 2,511,022</u>	<u>\$ 1,356,350</u>
Environmental management:				
Environmental management	\$ 16,000	\$ 16,000	\$ 16,000	\$ -
Litter control	24,083	24,083	19,874	4,209
Total environmental management	<u>\$ 40,083</u>	<u>\$ 40,083</u>	<u>\$ 35,874</u>	<u>\$ 4,209</u>
Cooperative extension program:				
Extension office	\$ 39,527	\$ 39,527	\$ 37,095	\$ 2,432
Total cooperative extension program	<u>\$ 39,527</u>	<u>\$ 39,527</u>	<u>\$ 37,095</u>	<u>\$ 2,432</u>
Total community development	<u>\$ 3,908,482</u>	<u>\$ 3,946,982</u>	<u>\$ 2,583,991</u>	<u>\$ 1,362,991</u>
Capital projects:				
Poplar Gap Athletic Park	\$ -	\$ 904	\$ -	\$ 904
Hurley Gym	-	2,271	1,012	1,259
Courthouse renovations	5,000,000	5,000,000	1,793,261	3,206,739
Jail demolition	-	-	57,488	(57,488)
Other capital projects	5,240,000	3,178,576	494,131	2,684,445
Total capital projects	<u>\$ 10,240,000</u>	<u>\$ 8,181,751</u>	<u>\$ 2,345,892</u>	<u>\$ 5,835,859</u>
Debt service:				
Principal retirement	\$ 1,308,627	\$ 1,308,627	\$ 1,366,085	\$ (57,458)
Interest and other fiscal charges	234,484	234,484	209,417	25,067
Total debt service	<u>\$ 1,543,111</u>	<u>\$ 1,543,111</u>	<u>\$ 1,575,502</u>	<u>\$ (32,391)</u>
Total General Fund	<u>\$ 59,511,166</u>	<u>\$ 60,709,010</u>	<u>\$ 46,671,344</u>	<u>\$ 14,037,666</u>
<b>Special Revenue Funds:</b>				
<b>Coal Road Fund:</b>				
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 7,458,480	\$ 8,194,993	\$ 3,273,366	\$ 4,921,627
Engineering	598,291	611,778	685,114	(73,336)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 8,056,771</u>	<u>\$ 8,806,771</u>	<u>\$ 3,958,480</u>	<u>\$ 4,848,291</u>
Total public works	<u>\$ 8,056,771</u>	<u>\$ 8,806,771</u>	<u>\$ 3,958,480</u>	<u>\$ 4,848,291</u>

County of Buchanan, 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>
<b>Special Revenue Funds: (Continued)</b>				
<b>Coal Road Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Virginia coalfield economic development authority	\$ 1,600,000	\$ 1,600,000	\$ 1,144,481	\$ 455,519
Contribution to public service authority	-	-	783,476	(783,476)
Capital contributions to public service authority	-	-	135,519	(135,519)
Total planning and community development	\$ 1,600,000	\$ 1,600,000	\$ 2,063,476	\$ (463,476)
Total community development	\$ 1,600,000	\$ 1,600,000	\$ 2,063,476	\$ (463,476)
Total Coal Road Fund	\$ 9,656,771	\$ 10,406,771	\$ 6,021,956	\$ 4,384,815
<b>Disaster Relief Fund:</b>				
Health and welfare:				
Welfare:				
Disaster relief	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Total welfare	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Total health and welfare	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Total Disaster Relief Fund	\$ 350,000	\$ 350,000	\$ 94,243	\$ 255,757
Total Primary Government	\$ 69,517,937	\$ 71,465,781	\$ 52,787,543	\$ 18,678,238
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Instruction	\$ 25,134,528	\$ 25,134,528	\$ 22,907,816	\$ 2,226,712
Total instruction costs	\$ 25,134,528	\$ 25,134,528	\$ 22,907,816	\$ 2,226,712
Operating costs:				
Administration and health services	\$ 2,428,055	\$ 2,428,055	\$ 2,288,277	\$ 139,778
Pupil transportation	2,915,470	2,915,470	2,711,701	203,769
Operation and maintenance of school plant	4,212,835	4,212,835	4,077,206	135,629
Total operating costs	\$ 9,556,360	\$ 9,556,360	\$ 9,077,184	\$ 479,176
School food services:				
Administration of school food program	\$ 2,146,138	\$ 2,146,138	\$ 2,243,319	\$ (97,181)
Total school food services	\$ 2,146,138	\$ 2,146,138	\$ 2,243,319	\$ (97,181)
Total Education	\$ 36,837,026	\$ 36,837,026	\$ 34,228,319	\$ 2,608,707
Total School Operating Fund	\$ 36,837,026	\$ 36,837,026	\$ 34,228,319	\$ 2,608,707
Total Discretely Presented Component Unit - School Board	\$ 36,837,026	\$ 36,837,026	\$ 34,228,319	\$ 2,608,707

## **Other Statistical Information**

Table 1

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

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration								
2019-20	\$ 3,660,425	\$ 2,549,082	\$ 9,893,717	\$ 10,800,960	\$ 7,626,179	\$ 10,280,438	\$ 1,845,678	\$ 4,788,535	\$ 193,481	\$ 51,638,495
2018-19	2,581,905	1,893,928	8,058,861	8,533,817	9,667,910	10,530,383	1,770,594	5,583,567	249,007	48,869,972
2017-18	2,871,192	1,692,257	7,715,877	7,393,821	9,477,356	10,356,398	1,564,225	4,692,533	269,365	46,033,024
2016-17	3,070,027	2,613,986	9,033,466	8,606,781	7,349,145	10,190,731	1,596,030	5,874,705	328,480	48,663,351
2015-16	2,882,937	1,734,853	7,865,210	11,243,516	9,912,486	10,548,453	1,755,004	10,541,739	375,812	56,860,010
2014-15	2,343,344	1,577,370	6,350,151	10,788,125	9,321,766	21,471,935	1,868,048	11,109,178	384,825	65,214,742
2013-14	3,004,076	1,634,452	6,855,341	10,418,098	9,669,758	11,666,828	1,104,072	13,053,565	378,338	57,784,528
2012-13	2,326,934	1,569,540	6,725,396	12,869,342	9,800,358	11,625,233	821,133	11,679,658	352,676	57,770,270
2011-12	2,818,130	1,568,188	6,744,323	13,353,221	9,692,455	11,303,923	1,605,149	16,244,692	455,633	63,785,714
2010-11	2,445,816	1,458,837	6,255,234	9,092,200	10,005,009	10,596,199	1,338,390	12,495,596	474,006	54,161,287

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Revenues from the Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2019-20	\$ 1,090,688	\$ 11,974,461	\$ 800,416	\$	\$ 16,527,282	\$ 11,933,948	\$ 268,935	\$ 288,770	\$ 2,554,728	\$ 45,439,228
2018-19	1,262,339	11,589,316	2,191,111		17,786,677	19,882,059	315,443	367,173	2,574,137	55,968,255
2017-18	1,005,498	10,525,142	1,653,724		19,441,376	19,011,171	252,807	66,610	2,617,629	54,573,957
2016-17	690,248	10,730,178	1,099,261		18,876,886	18,423,372	86,226	224,748	2,643,253	52,774,172
2015-16	726,683	10,192,525	4,747,962		18,651,861	11,530,695	112,839	540,611	2,671,849	49,175,025
2014-15	813,583	9,889,135	5,033,833		21,530,748	16,917,529	121,344	346,200	2,707,232	57,359,604
2013-14	1,029,968	10,028,632	5,342,473		20,134,556	20,130,214	82,263	232,331	2,766,625	59,747,062
2012-13	1,188,911	9,548,475	2,209,643		18,306,411	22,474,152	101,469	158,550	2,942,825	56,930,436
2011-12	1,207,732	9,307,174	3,951,232		18,104,724	31,622,190	118,174	264,758	2,755,390	67,331,374
2010-11	985,509	9,118,369	2,219,707		15,652,382	33,797,596	105,569	459,343	2,683,453	65,021,928

Table 3

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

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Cultural			Community Development	Capital projects	Debt Service	Total
							Education (2)						
2019-20	\$ 2,808,139	\$ 1,898,114	\$ 8,690,160	\$ 9,361,038	\$ 10,534,786	\$ 34,610,809	\$ 1,432,751	\$ 4,647,467	\$ 2,345,892	\$ 1,575,502	\$ 77,904,658		
2018-19	2,610,519	1,811,832	7,451,406	8,375,182	9,897,569	33,992,850	1,532,627	5,559,543	9,253,194	1,598,286	82,083,008		
2017-18	3,459,019	1,721,885	7,397,298	7,296,790	9,723,573	33,326,262	1,397,552	4,698,221	2,403,477	1,608,248	73,032,325		
2016-17	2,575,583	1,614,247	7,171,794	8,939,812	10,320,972	33,226,967	1,289,690	5,831,045	422,463	1,751,958	73,144,531		
2015-16	2,674,089	1,677,499	8,523,901	10,497,468	9,748,726	36,443,553	1,467,776	10,555,201	-	1,661,302	83,249,515		
2014-15	3,138,807	1,685,128	7,443,502	11,800,510	10,159,334	36,625,617	1,310,737	11,103,905	-	1,633,640	84,901,180		
2013-14	2,983,450	1,627,515	6,710,279	10,936,376	9,719,488	34,415,959	1,326,676	13,044,551	-	1,383,814	82,148,108		
2012-13	2,887,435	1,606,134	6,860,562	13,178,521	9,832,464	38,854,582	1,253,938	11,668,890	-	2,443,717	88,586,243		
2011-12	2,940,042	1,551,048	6,597,098	13,359,206	9,767,726	38,510,376	1,366,309	16,487,517	-	1,522,762	92,102,084		
2010-11	2,523,105	1,441,724	6,350,355	9,391,015	9,928,023	35,026,718	1,206,455	12,503,481	-	1,450,786	79,821,662		

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.

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

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the			Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
					Use of Money and Property	Charges for Services					
2019-20	\$ 16,393,692	\$ 11,933,948	\$ 69,765	\$ 1,404	\$ 288,962	\$ 1,229,249	\$ 395,198	\$ 781,715	\$ 39,201,134	\$ 70,295,067	
2018-19	17,460,715	19,882,059	78,790	2,109	343,211	1,545,116	472,381	749,580	40,119,172	80,653,133	
2017-18	19,323,892	19,011,171	93,039	2,155	275,143	1,282,673	173,371	1,239,140	37,589,750	78,990,334	
2016-17	18,686,187	18,423,372	41,992	2,083	100,283	1,112,777	396,611	706,050	37,589,331	77,058,686	
2015-16	18,713,474	11,530,695	59,045	2,153	129,607	989,825	727,546	933,289	38,977,136	72,062,770	
2014-15	21,393,564	16,917,529	39,820	18,930	134,118	1,184,376	3,195,791	991,814	39,301,304	83,177,246	
2013-14	20,346,636	20,130,214	57,013	9,693	88,547	1,798,500	2,893,713	859,327	40,066,029	86,249,672	
2012-13	18,944,960	22,474,152	62,389	10,392	113,480	2,194,715	2,741,324	649,088	37,521,938	84,712,438	
2011-12	17,523,639	31,622,190	64,360	1,873	131,824	2,194,608	2,522,943	752,872	41,409,940	96,224,249	
2010-11	15,979,714	33,797,596	60,128	2,093	120,887	1,937,550	2,729,414	499,737	37,443,980	92,571,099	
2009-10	15,669,518	24,251,463	56,514	3,150	299,638	1,843,880	3,494,636	610,602	41,759,387	87,988,788	

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board.

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

Table 5

**County of Buchanan, 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		Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	
2019-20	\$ 17,490,678	\$ 15,516,189	88.71%	\$ 510,855	\$ 16,027,044	91.63%	\$ 7,295,088	41.71%
2018-19	18,093,527	15,671,816	86.62%	1,357,444	17,029,260	94.12%	6,282,435	34.72%
2017-18	18,230,412	17,170,280	94.18%	1,551,225	18,721,505	102.69%	5,258,440	28.84%
2016-17	18,455,082	17,645,743	95.61%	579,749	18,225,492	98.76%	5,953,459	32.26%
2015-16	19,591,659	17,715,307	90.42%	666,131	18,381,438	93.82%	5,955,601	30.40%
2014-15	21,310,350	20,494,128	96.17%	536,306	21,030,434	98.69%	4,832,859	22.68%
2013-14	20,199,537	19,458,083	96.33%	518,455	19,976,538	98.90%	4,759,841	23.56%
2012-13	18,347,580	17,491,799	95.34%	1,055,371	18,547,170	101.09%	4,004,450	21.83%
2011-12	17,497,786	16,582,159	94.77%	561,959	17,144,118	97.98%	5,022,496	28.70%
2010-11	15,773,431	14,928,378	94.64%	628,790	15,557,168	98.63%	4,826,997	30.60%

(1) Exclusive of penalties and interest.



Table 6

**County of Buchanan, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Personal Property	Personal Property	
2019-20	\$ 2,242,165,547	\$ 238,229,628	\$ 271,126,122	\$ 3,602,843	\$ 157,858,661	\$ 192,072	\$ 43,549	\$ 2,913,218,422
2018-19	2,385,377,733	239,234,836	298,762,142	3,994,288	153,870,203	115,301	-	3,081,354,503
2017-18	2,398,279,560	242,177,785	282,012,161	4,018,554	145,467,117	71,251	-	3,072,026,428
2016-17	2,497,191,694	247,050,765	268,856,403	5,453,555	134,661,922	77,923	-	3,153,292,262
2015-16	2,502,263,538	249,728,111	324,762,915	4,657,483	132,277,106	204,260	-	3,213,893,413
2014-15	2,390,731,754	268,114,506	378,230,918	4,565,989	101,845,133	70,780	-	3,143,559,080
2013-14	2,182,637,360	273,535,357	363,102,846	4,738,581	99,344,750	84,076	-	2,923,442,970
2012-13	2,033,790,897	263,312,445	310,190,160	4,756,721	104,988,298	39,009	-	2,717,077,530
2011-12	2,054,634,044	258,035,354	268,621,205	4,122,968	96,364,828	21,783	-	2,681,800,182
2010-11	1,901,488,554	246,368,041	200,965,971	3,612,117	98,131,122	73,428	-	2,450,639,233

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2019-20	\$ 0.39	\$ 1.95	\$ 1.95	\$ 2.00
2018-19	0.39	1.95	1.95	2.00
2017-18	0.39	1.95	1.95	2.00
2016-17	0.39	1.95	1.95	2.00
2015-16	0.39	1.95	1.95	2.00
2014-15	0.43	1.95	1.95	2.00
2013-14	0.43	1.95	1.95	2.00
2012-13	0.43	1.95	1.95	2.00
2011-12	0.43	1.95	1.95	2.00
2010-11	0.43	1.95	1.95	2.00

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	21,295	\$ 2,913,218	\$ 1,008,935	\$ 1,008,935	0.03%	47
2018-19	21,221	3,081,355	2,044,691	2,044,691	0.07%	96
2017-18	24,098	3,072,026	3,114,263	3,114,263	0.10%	129
2016-17	24,098	3,153,292	4,168,281	4,168,281	0.13%	173
2015-16	24,098	3,213,893	5,207,344	5,207,344	0.16%	216
2014-15	24,098	3,143,559	6,162,427	6,162,427	0.20%	256
2013-14	24,098	2,923,443	7,242,881	7,242,881	0.25%	301
2012-13	24,098	2,717,078	8,106,089	8,106,089	0.30%	336
2011-12	24,098	2,681,800	8,825,941	8,825,941	0.33%	366
2010-11	24,098	2,450,639	8,651,967	8,651,967	0.35%	359

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

**County of Buchanan, 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	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 1,366,085	\$ 209,417	\$ 1,575,502	\$ 77,904,658	2.02%
2018-19	1,327,630	270,656	1,598,286	82,083,008	1.95%
2017-18	1,317,965	290,283	1,608,248	73,032,325	2.20%
2016-17	1,404,534	347,424	1,751,958	73,144,531	2.40%
2015-16	1,195,546	465,756	1,661,302	83,249,515	2.00%
2014-15	1,314,635	319,005	1,633,640	84,901,180	1.92%
2013-14	992,028	391,786	1,383,814	82,148,108	1.68%
2012-13	1,997,774	445,943	2,443,717	88,586,243	2.76%
2011-12	1,043,211	479,551	1,522,762	92,102,084	1.65%
2010-11	947,291	503,495	1,450,786	79,821,662	1.82%

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

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**COMPLIANCE SECTION**

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

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**To the Honorable Members of  
The Board of Supervisors  
County of Buchanan, 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 (School Board and Public Service Authority), each major fund, and the aggregate remaining fund information of the County of Buchanan, 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 Buchanan, Virginia's basic financial statements and have issued our report thereon dated February 9, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Buchanan, 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 Buchanan, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Buchanan, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Buchanan, 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 Buchanan, Virginia's Response to Findings**

County of Buchanan, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Buchanan, 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.



Blacksburg, Virginia  
February 9, 2021



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

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**To the Honorable Members of  
The Board of Supervisors  
County of Buchanan, Virginia**

**Report on Compliance for Each Major Federal Program**

We have audited the County of Buchanan, 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 Buchanan, Virginia's major federal programs for the year ended June 30, 2019. The County of Buchanan, 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 Buchanan, 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 Buchanan, 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 major federal programs. However, our audit does not provide a legal determination of the County of Buchanan, Virginia's compliance.

***Opinion on Each Major Federal Programs***

In our opinion, the County of Buchanan, 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 Buchanan, 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 Buchanan, 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 Buchanan, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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  
February 9, 2021

COUNTY OF BUCHANAN, VIRGINIA  
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
<b>DEPARTMENT OF AGRICULTURE:</b>				
Direct Payments:				
Child and Adult Care Food Program	10.558	NA	\$ 59,856	
COVID-19 - Child and Adult Care Food Program	10.558		<u>5,964</u>	65,820
Pass Through Payments:				
Child Nutrition Cluster:				
State Department of Agriculture:				
Food Distribution-Summer Food Service Program for Children (Note C)	10.559	80285	\$ 1,437	
Food Distribution-Schools (Note C)	10.555	00070	\$ 119,284	
Department of Education:				
National School Lunch Program	10.555	40623		666,415
COVID-19 - National School Lunch Program	10.555	40623		<u>46,486</u>
COVID-19 - Summer Food Service Program for Children	10.559	Unknown	<u>876,076</u>	832,185
School Breakfast Program	10.553	40591	21,590	877,513
COVID-19 - School Breakfast Program	10.553	40591	<u>305,189</u>	<u>326,779</u>
Total Child Nutrition Cluster				2,036,477
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown		8,691
Fresh Fruit and Vegetable Program	10.582	40599		40,108
Child Nutrition Direct Certification Performance Awards	10.589	Unknown		9,833
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010120/ 040119/040120		603,537
Total Department of Agriculture				<u>\$ 2,764,466</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>				
Pass Through Payments:				
National Highway Traffic Safety Administration:				
Highway Safety Cluster:				
National Priority Safety Program	20.616	Unknown		3,537
Total Department of Transportation				<u>\$ 3,537</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Direct Payment:				
Headstart Cluster:				
Head Start	93.600	NA		\$ 1,537,829
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950118/0950119		24,808
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	0400119/0400120		397,601
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120		661
Low-Income Home Energy Assistance	93.568	0600419/0600420		77,450
Adoption and Legal Guardianship Incentive Payments	93.603	1130117		270
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118/9150119		7,466
Children's Health Insurance Program	93.767	0540119/0540120		10,246
Social Services Block Grant	93.667	1000119/1000120		468,731
Medicaid Cluster:				
Medical Assistance Program	93.778	1200119/1200120		630,088
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119		880
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120		76,180
Foster Care - Title IV-E	93.658	1100119/1100120		614,104
Adoption Assistance	93.659	1120119/1120120		793,626
Total Department of Health and Human Services				<u>\$ 4,639,940</u>
<b>DEPARTMENT OF JUSTICE:</b>				
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	Unknown		\$ 74,523
Eward Byrne Memorial Justice Assistance Grant	16.738	Unknown		40,306
Violence Against Women Formula Grants	16.588	Unknown		43,521
Total Department of Justice				<u>\$ 158,350</u>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
Pass Through Payments:				
State Department of Housing and Community Development:				
Community Development Block Grants/States Program and Non- Entitlement Grants in Hawaii*	14.228	50796/50799/50798		\$ 437,064
Total Department of Housing and Urban Development				<u>\$ 437,064</u>
<b>APPALACHIAN REGIONAL COMMISSION:</b>				
State Department of Housing and Community Development:				
Appalachian Area Development*	23.002	Unknown		\$ 48,375
Total Appalachian Regional Commission				<u>\$ 48,375</u>

COUNTY OF BUCHANAN, VIRGINIA  
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
<b>DEPARTMENT OF EDUCATION:</b>			
Pass Through Payments:			
Department of Education:			
Career and Technical Education - Basic Grants to States	84.048	86647	\$ 105,169
Twenty-First Century Community Learning Centers	84.287	86784	114,578
Rural Education	84.358	86619	53,443
Supporting Effective Instruction State Grants	84.367	86739	133,707
Title I Grants to Local Educational Agencies	84.010	86595	1,297,505
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027	87007A	\$ 836,856
Special Education-Preschool Grants	84.173	87063A	53,479
Total Special Education Cluster (IDEA)			890,335
Preschool Development Grants	84.419	Unknown	19,229
Student Support and Academic Enrichment Program	84.424	Unknown	810
Total Department of Education			<u>\$ 2,614,776</u>
<b>DEPARTMENT OF TREASURY:</b>			
Pass through payments from:			
Virginia Department of Accounts:			
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 531,860
Total Department of Treasury			<u>\$ 531,860</u>
Total Expenditures of Federal Awards			<u><u>\$ 11,198,368</u></u>

COUNTY OF BUCHANAN, VIRGINIA  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

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NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Buchanan, 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 Title 2. U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the County of Buchanan, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Buchanan, 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 allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying number are presented where available.
- (3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

NOTE C -- FOOD DONATION

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

NOTE D -- OUTSTANDING BALANCE OF FEDERAL LOANS

The County has received federal funding through loans. At June 30, 2020 the outstanding balance of these loans was: \$ 464,603

NOTE E -- SUBRECIPIENTS

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

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	\$ 15,014,628
Less: Revenue from the Commonwealth	(8,591,965)
Coal Road Fund-Intergovernmental	314,977
Less: Revenue from the Commonwealth	(314,977)

Component Unit School Board:

School Operating Fund-Intergovernmental	32,982,733
Less: Revenue from Local Governments	(9,111,204)
Less: Revenue from the Commonwealth	<u>(19,095,824)</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 11,198,368

\*These federal awards were received by the County of Buchanan, Virginia and passed through to the Buchanan County PSA. Since the PSA is a component of the County the federal awards are shown in the County's report.

## County of Buchanan, Virginia

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

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## Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified: Governmental activities; business-type activities; discretely presented component units-School Board and PSA; each major fund and aggregate remaining fund information

Disclaimer: Discretely presented component unit-IDA

Internal control over financial reporting:

Material weakness(es) identified? Yes  
Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No  
Significant deficiency(ies) identified? None Reported

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

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR section,  
200.516 (a)?

No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.600	Head Start
93.659	Adoption Assistance
21.019	COVID-19 - Coronavirus Relief Fund
84.027/84.173	Special Education Cluster
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

No

**County of Buchanan, Virginia**

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

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**Section II - Financial Statement Findings**

**Finding 2020-001**  
**(Material Weakness)**

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Criteria: Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.

Condition: The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).

Cause of Condition: Controls in place were inadequate to identify all year end adjustments that were necessary for the financial statements to be presented 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 by the entity's internal controls over financial reporting.

Recommendation: The County and School Board should review proposed audit adjustments and consider same as they close out the books for the 2019/2020 fiscal year.

Management's Response Management will implement the procedures recommended by the Auditor above.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report

## County of Buchanan, Virginia

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020

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**Finding 2019-001**

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Finding Type: Material Weakness

Finding 2019-001 is recurring in fiscal year 2020 as 2020-001 as a material weakness.

**Finding 2019-002**

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Finding Type: Noncompliance and Material Weakness

Condition: Grant reimbursement requests were not reconciled to underlying documentation and salaries were requested twice for the month of May 2019.

Recommendation: The School System should reconcile actual expenditures as posted in the Title VI-B departments to their reimbursement requests to ensure reimbursements are correct.

Current Status The finding was corrected during the fiscal year. The School System implemented the recommendation and are reconciling all expenditures as posted in the Title VI-B departments to reimbursement requests.