

# COUNTY OF CAMPBELL, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

PREPARED BY:  
FINANCE & MANAGEMENT SERVICES DEPARTMENT



COUNTY OF CAMPBELL, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Government Finance Officers Association

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Presented to

**County of Campbell  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



**COUNTY OF CAMPBELL, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2021**

**BOARD OF SUPERVISORS**

Jon R. Hardie, Chairman  
Matt Cline, Vice-Chairman

Kenny Brown  
Charlie A. Watts, II  
Susan R. Hogg

A. Dale Moore  
Steve Shockley

**COUNTY SCHOOL BOARD**

David Phillips, Chairman  
Barbara Rypkema, Vice-Chairman

R. Leon Brandt, Jr.  
Barry A. Jones  
Gary R. Mattox

Dr. Scott A. Miller  
Mark A. Epperson

**COUNTY LIBRARY BOARD**

Bill van Opstal, Chairman  
Donna Roberts, Vice-Chairman

Tom Regan  
Kenny Brown  
Rachel Cartwright

Kim Martin  
Tamara Nuckols  
Cindy Shockley

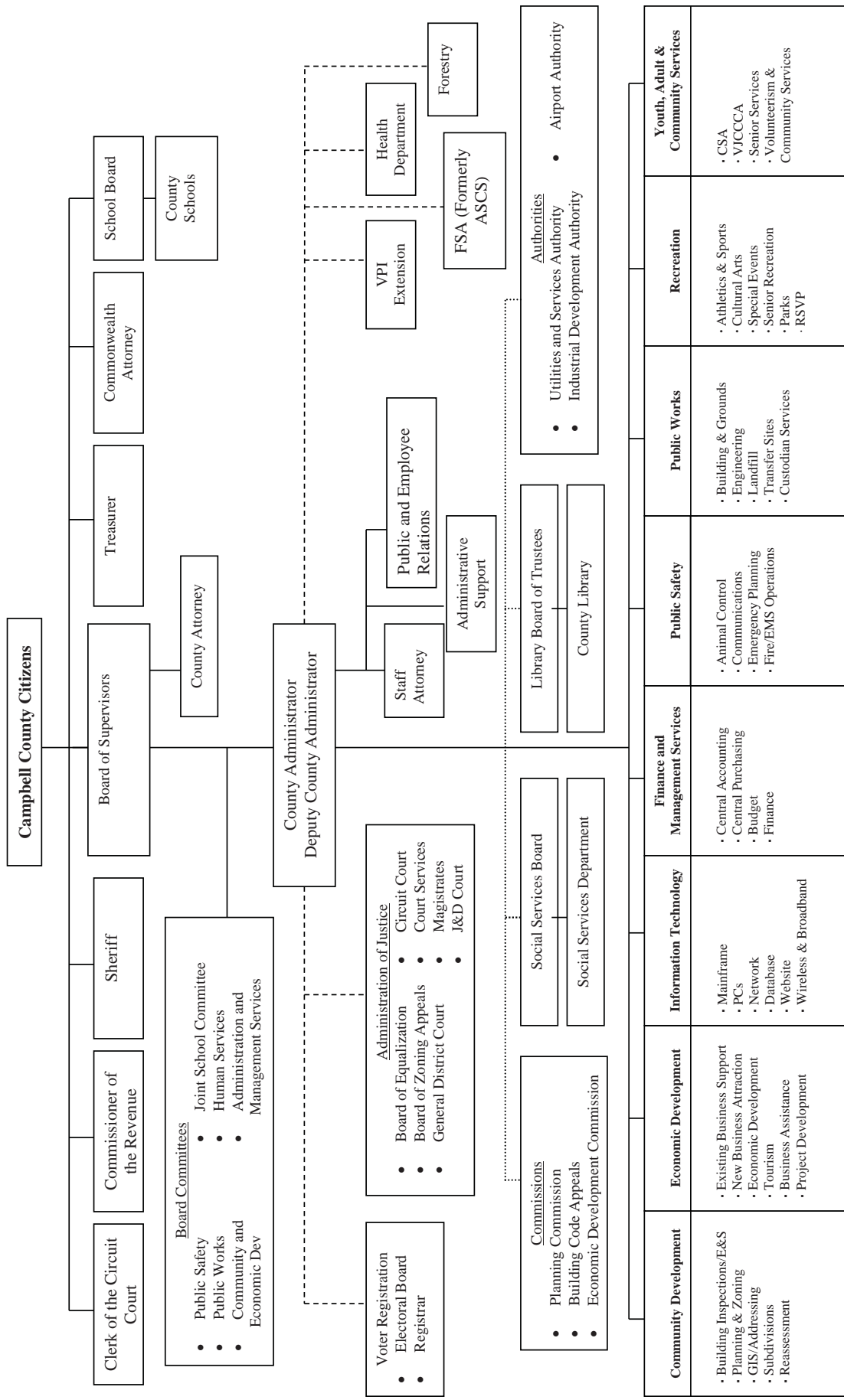
**OTHER OFFICIALS**

Judge of the Circuit Court  
Clerk of the Circuit Court  
Chief Judge of the General District Court  
Presiding Judge of the General District Court  
Judge of the Juvenile & Domestic Relations Circuit Court  
Commonwealth's Attorney  
County Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Social Services Director  
County Administrator

John T. Cook  
Valerie P. Younger  
Sam D. Eggleston, III  
Stephanie S. Maddox  
Hon. Brooke Taylor Willse Gaddy  
Paul McAndrews  
F.E. "Tripp" Eisenhower  
Calvin C. Massie, Jr.  
Sheila M. Smith  
Winston Whitfield Clark, III  
Dr. Robert Johnson  
Lisa Linthicum  
Frank J. Rogers



# CAMPBELL COUNTY, VIRGINIA – ORGANIZATIONAL CHART







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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the school activity fund of the component unit school board which represent 9 percent, 28 percent, and 1 percent of the assets, fund balance, and revenues of the component unit school board, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the school activity fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our, opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 18 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 18 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-15, 113-115, and 116-133 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

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

## ***Other Matters (Continued)***

### ***Supplementary and Other Information (Continued)***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the County of Campbell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Campbell, 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 Campbell, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer Cox Associates*  
(Charlottesville, Virginia)  
December 8, 2021

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Campbell, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. In some areas, references to where the information is found in the Financial Report is bracketed [ ] to provide location of data.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2021 by \$64,670,692 (net position) [Exhibit 1]. During the current fiscal year, the County's net position increased by \$12,915,060 [Exhibit 2].
- The increase in net position is largely due to the receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act and an increase in local sales tax and other local revenues.
- \$4,788,505 was received in FY 2021 from the CARES Act approved by the Federal Government and passed along by the State to Campbell County and \$5,330,384 from ARPA. These funds were received to help fight the spread of the Coronavirus. The ARPA funding was reported as unearned revenue as of June 30, 2021 because the County had not expended the funds.

It should be noted that due to COVID funding received, and spent, several of our budget lines were affected and will have noticeable increases for FY 2021.

- The County's combined funds reported year-ending fund balances totaling \$89,148,352 [Exhibit 3] and reflected an increase of \$44,758,110 or 101% over FY 2020. This unusually large increase is driven mostly by the School Construction Fund with a \$31.6 million increase due to unexpended bond proceeds for the construction of Rustburg Middle School.
- At the end of the current fiscal year 2021, the unassigned fund balance for the General Fund of \$27,246,329 [Exhibit 3] represented 33.5% of the total General Fund expenditures and transfers for the year. The unassigned fund balance for the General Fund increased by \$5,002,064. In addition, \$7,553,575 of the total fund balance was assigned for future needs of school maintenance, economic development, debt service, and reassessment services [Exhibit 3].
- The Campbell County Financial Policy established a target unassigned General Fund balance of 15% of the General Fund budget [Exhibit 11] and School Operating Fund budget [Exhibit 33], less the County's local share contribution to the School Operating Fund. For the FY 2021 budget year this totals 15% of \$154.9 million or \$23.2 million; the County has exceeded that target with an Unassigned Fund Balance at year-end of \$27,246,329. The 15% target represents approximately 60 days of operating reserve, required financial assurance measures for solid waste activities and demonstrates the County's fiscal soundness for borrowing capacity.

## **Overview of the Financial Statements**

The discussion and analysis serves as an introduction to the County's basic financial statements which is comprise of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration, public safety, administration of justice, education, health and welfare, planning and community development and parks, recreation, and cultural activities.

The government-wide financial statements include not only the County of Campbell, Virginia itself (known as the primary government), but also a legally separate school district and an Industrial Development Authority (IDA) for which the County of Campbell, Virginia has incurred a moral obligation to provide funding for the payment of debt. Financial information for these component units is reported separately from the financial information present for the primary government itself.

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

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

## **Overview of the Financial Statements: (Continued)**

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

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management Fund, the General Capital Projects Fund, the School Construction Capital Projects Fund, Debt Service Fund and Road Construction Fund all of which are considered to be major funds [Exhibit 3 & 4].

The County established a separate fund in FY 2015 for two (2) road sharing construction projects involving Liberty University and Centra Health. The County does not provide funding for these road projects and will only serve as a pass-through. There resides \$1.3 million in restricted cash [Exhibit 3] in this fund as of June 30, 2021, which was contributed by Liberty University and Centra Health.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund [Exhibit 11], the Solid Waste Fund [Exhibit 12], the Capital Projects Fund, the School Construction Projects Fund and Road Construction Fund [Exhibit 27], and the Debt Service Fund [Exhibit 28].

Proprietary funds - The County maintains one proprietary fund - the Health Insurance Fund [Exhibit 6]. The Health Insurance Fund is an internal service fund and is used to account for costs of providing health and dental insurance to county and school employees as well as employees of Campbell County Utilities and Service Authority (CCUSA) along with a Health Savings Account (HSA). Proprietary funds use the accrual basis of accounting, similar to a private sector business. These funds are restricted in their use for current and future health related costs only, including a reserve to meet future retiree obligations.

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

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for two discretely presented component units consisting of the School Board and the IDA. Neither the School Board, or IDA, issue separate financial statements.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$64,670,692 at the close of fiscal year 2021. The summary of Net Position below is based on accrual accounting method with data collected from [Exhibit 1].

Summary of Net Position		
	Governmental Activities	
	2021	2020
<b>Assets</b>		
Current and Other assets	\$ 156,569,495	\$ 105,945,289
Capital assets	55,478,565	45,822,343
<b>Total assets</b>	<u>212,048,060</u>	<u>151,767,632</u>
<b>Deferred outflows of resources</b>	<u>\$ 6,027,495</u>	<u>\$ 4,031,646</u>
<b>Liabilities</b>		
Long-term liabilities	\$ 92,421,185	\$ 48,419,150
Current liabilities	12,642,574	8,474,874
<b>Total liabilities</b>	<u>\$ 105,063,759</u>	<u>\$ 56,894,024</u>
<b>Deferred inflows of resources</b>	<u>\$ 48,341,104</u>	<u>\$ 47,378,937</u>
<b>Net position:</b>		
Net investment in capital assets	\$ 23,398,528	\$ 18,762,186
Restricted	2,227,449	2,443,911
Unrestricted	39,044,715	30,320,220
<b>Total net position</b>	<u><u>\$ 64,670,692</u></u>	<u><u>\$ 51,526,317</u></u>

The largest portion of the County's net position, Restricted and Unrestricted, of \$41,272,164 (63.8% of total net position) [Exhibit 1], primarily consists of cash, cash equivalents and investments. \$1.3 million of the net position reported for the County is restricted to Road Sharing Construction Projects representing monies contributed by Liberty University and Centra Health. At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

The remaining portion of the County's net position, Net Investment in Capital Assets, is \$23,398,528 (36.2% of total net position) and reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The county's net position increased in the amount of \$12,915,060.

**Health Insurance Fund:** Health Insurance Fund net position of \$7,915,650 [Exhibit 6] increased by \$406,203 primarily as a result of lower insurance claims and an increased transfer of funds from the General Fund.

The County's policy is to maintain a targeted fund balance in the Health Insurance Fund of 15% for the upcoming year. The targeted net position for the Health Insurance Fund in FY 2021 was \$2.2 million based on projected self-insured medical insurance claims and administration costs anticipated for next year. Additionally, the Health Insurance Fund balance as reported in the Statement of Net Position of \$7.9 million also reflects an increase in net position of \$960,000 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2021. The purpose of the targeted net position is to provide funding for the short-term self-insured liability of the Fund. Funds above this amount are used to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.

## **Government-wide Financial Analysis (continued)**

HSA contributions for the year totaled \$2,409,428 on a combined basis for employer and employee contributions for County, Schools and CCUSA employees. The employees contributed \$760,619 of this amount. The County and Schools system implemented a high deductible plan coupled with an IRS HSA on January 1, 2012 and this has resulted in significantly lower claims and administrative costs than would be expected with a traditional guaranteed-cost health insurance program.

**Governmental Activities:** As stated earlier Governmental Activities resulted in an increase in the County's net position of \$12,915,060 or 25.0%. Elements of the changes in net position of the Primary Government are summarized as follows from [Exhibit 2]:

<b>Changes in Net Position - Statement of Activities</b>			
		<b>Governmental Activities</b>	
		<b>2021</b>	<b>2020</b>
Program Revenues:			
Charges for services	\$	3,442,140	\$ 3,468,470
Operating grants and contributions		20,651,392	16,958,658
Capital grants and contributions		1,914,587	1,361,198
General Revenues:			
General property taxes		43,475,905	43,539,699
Other local taxes		15,543,164	13,049,588
Use of money and property		243,320	603,734
Grants and contributions not restricted		4,977,638	5,100,490
Miscellaneous revenue		1,065,881	279,897
Gain on sale of capital assets		11,427	334,175
Total revenues	\$	<u>91,325,454</u>	\$ <u>84,695,909</u>
Expenses			
General government administration	\$	7,137,580	\$ 5,321,990
Judicial administration		2,036,059	1,871,624
Public safety		18,353,672	16,633,428
Public works		4,480,841	3,905,578
Health and welfare		13,613,290	13,273,896
Education		25,255,986	27,218,833
Parks, recreation and cultural		1,770,665	1,612,361
Community development		3,578,797	5,198,467
Interest and other fiscal charges		2,183,504	969,333
Total expenses	\$	<u>78,410,394</u>	\$ <u>76,005,510</u>
Change in net position	\$	12,915,060	\$ 8,690,399
Net position, beginning, restated		51,755,632	42,835,918
Net position, ending	\$	<u><u>64,670,692</u></u>	\$ <u><u>51,526,317</u></u>

Actual revenues for governmental activities for all primary government funds for the year on a combined basis exceeded actual expenses in the amount of \$12,915,060 including current year depreciation on capital assets. Current year depreciation expense for capital assets for the primary government totaled \$3,289,366 [Exhibit 5]. General Revenues for governmental activities increased by \$6,629,545 or 7.8% primarily due to the increase in local sales tax and meals tax revenues, and the receipt of COVID funding.

Governmental-Wide expenses, including current year depreciation on capital assets, increased by \$2,404,884 or 3.1% with significant variations below.

## **EXPENSES - PRIMARY GOVERNMENT - SIGNIFICANT CHANGES**

- Significant increases are noted in Management Services (\$1,409,692 more spent than in FY 2020 resulting from COVID funding pass-through), Sheriff's Office (\$795,940 more spent than in FY 2020), and Maintenance of Buildings and Grounds (\$263,555 more spent than in FY 2020) due to these departments spending COVID funds in FY 2021.
- Children's Services Act (CSA) actual expenditures were down \$207,848 or 4.5% as compared to FY 2020 from the final budget for the first time in several years.

## **PROGRAM/GENERAL REVENUES - PRIMARY GOVERNMENT**

Revenues for governmental activities increased by \$6,629,545 or 7.8%, as compared to the previous year. Overall, Campbell County has experienced continued growth in the local economy and the following are some substantial increases in actual local revenue as compared to the previous fiscal year:

- Local Sales Tax up \$1,428,512 or 25.9%
- Meals Tax Revenue up \$395,012 or 24.5%
- Machinery & Tools Tax up \$277,880 or 4.5%
- Taxes on Recordation & Wills up \$244,329 or 41.7%
- BPOL Tax up \$243,914 or 11.2%
- Real Estate Tax up \$191,037 or 0.89%
- Personal Property Tax up \$118,477 or 1.0%
- Vehicle License Fees up \$78,394 or 4.7%

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

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

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

Approximately 30.6% percent of the combined governmental fund balance or \$27,246,329 [Exhibit 3] comprises the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is Committed, Assigned or Non-spendable to indicate that it is not available for new spending because it has already been committed for:

- Capital improvement projects
- Education encumbrances and carryovers for expenditures
- Other encumbrances and carryovers for expenditures
- Prepaid Items

## **Financial Analysis of the County's Funds: (Continued)**

**GENERAL FUND:** The total General Fund balance experienced an increase in the amount of \$9,138,571 or 25.8% from FY 2020. The General Unassigned Fund balance increased in the amount of \$5,002,064 or 22.5%. In addition, \$7,553,575 [Exhibit 3] of the year end unassigned fund balance was assigned by the Board for use in FY 2022 for future needs of school maintenance, economic development, debt service, county encumbrances and a software CIP project.

Actual General Fund revenues and transfers in from other funds combined increased by \$6,321,042 or 7.5% from the previous year.

Tax rate changes that occurred during FY 2021 are as follows:

- Personal Property Tax - rate decreased by \$.02 to \$4.38 per \$100 of assessed value (with the exception that motor homes and all non-motorized pull behind recreational trailers will have an effective rate of \$3.85 per \$100 of assessed value by adjusting the assessment ratio)
- Machinery & Tools Tax - rate decreased by \$.05 to \$3.20 per \$100 of assessed value.

**SOLID WASTE MANAGEMENT FUND:** Expenditures for the Solid Waste Management Fund (SWMF) for FY 2021 totaled \$1,932,870 [Exhibit 4]. The transfer in from the General Fund increased \$243,458 from the previous fiscal year. For the third year in a row, members of the Region 2000 Service Authority were not able to reach a majority vote to release the annual payment for the County's portion of the excess of actual revenues verses actual expenses for airspace provided. From fiscal years FY 2014 to FY 2018, the average yearly revenue received from The Region 2000 Service Authority was \$802,235.

During FY 2021 there were no transfers out from the SWMF. Tipping fees of \$887,528 are up by 32.1% from FY 2020, were paid to the Region 2000 Services Authority for solid waste received at the regional landfill generated from County citizens. Transfer site operations throughout the County cost \$552,133 for the year which included delivery costs of trash from transfer sites to the regional landfill. In-House Construction for small projects cost \$205,800.

There exists a year-end fund balance of \$1,434,108 residing in the SWMF. The year-end fund balance is up \$191,300 from the previous year. The remaining fund balance will be needed to pay for anticipated future environmental requirements.

**COUNTY CAPITAL IMPROVEMENT PROJECT FUND:** The Capital Improvement Project (CIP) Fund balance reported an increase of \$3,660,260 from the previous year to \$6,859,101 [Exhibit 3]. This increase is due to unexpended bond proceeds for the Public Safety Radio Project. The fund balance in the CIP is either reserved or designated in its entirety for capital projects already under construction or for future capital projects included in the adopted five-year Capital Improvement Plan.

## **General Fund Budgetary Highlights**

Differences between the General Fund opening expenditure and transfer budget of \$79,294,187 [Exhibit 11] and the final amended budget of \$96,701,655 amounted to an increase of \$17,407,468 in budgeted expenditure appropriations with highlights as follows:

- \$5,739,723 increase in final expenditure budget for the transfer to the Schools for additional funding consisting of budget encumbrances and carryovers approved from FY2020 to FY2021.
- \$2,865,715 increase in the final expenditure budget for transfers for other expenditures approved from FY 2020 to FY 2021.
- \$1,506,272 increase in final expenditure budget for Children's Services Act (CSA), requested to cover the anticipated rising costs of children and youth requiring community services.
- \$798,038 increase in final expenditure budget for the Economic Development Department for business incentive payments and Tobacco Grants and Incentive Payments to County businesses.
- \$3,361,747 increase in the final expenditure budget for encumbrances, carryovers and new assigned funds for other General Fund department expenditures approved from FY2020 to FY2021.

Differences between the General Fund original revenue budget of \$79,676,586 and the final revenue budget of \$89,660,211 amounted to an increase of \$9,983,625 [Exhibit 11] in budgeted revenues with highlights as follows:

- \$960,000 increase in final revenue budget for Children's Services Act (CSA) to help offset the rising costs of children and youth requiring community services.
- \$7,480,218 increase in revenue budget for COVID related monies received.
- The majority of the remaining increases in budgeted revenues resulted from Public Safety, Law Enforcement and Judicial Administration related grants approved throughout the year.

During the year, General Fund actual revenues of \$90,456,882 exceeded original budget of \$79,676,586 by \$10,780,296 [Exhibit 11] and exceeded final budget of \$89,660,211 in the amount of \$796,671. Actual expenditures of \$68,931,352 were less than opening budget of \$69,699,090 by \$767,738 and actual expenditures were less than final budget of \$84,240,843 by \$15,309,491 primarily because of contributions to School Board being significantly less than final budgeted amount and the receipt of COVID funding.

Actual Transfers Out from the General Fund to funds other than to the School Operating Fund totaled \$12,460,812 versus \$6,315,158 for FY 2020. \$79,442 decrease in transfer to the Health Insurance Fund, \$20,000 in FY 2021 compared to \$99,442 in FY 2020, to assist in the continuing funding of contributions to employee-owned HSA accounts. \$2,214,571 increase in transfers to the CIP Fund, \$4,709,882 in FY 2021 versus \$2,495,311 in FY 2020. An increase of \$243,458 in Solid Waste Fund, \$2,050,000 in FY 2021 versus \$1,806,542 in FY 2020. FY 2021 was the first year that monies were transferred to the new Debt Service Fund in the amount of \$5,680,097. \$833 transferred to the School Construction Fund. The net increase in transfers out from the General Fund to other funds equaled \$6,145,654. Funds for School CIP have been continually assigned; during FY 2021, \$1,000,000 was assigned for Future School Maintenance.

**General Fund Budgetary Highlights: (Continued)**

Revenues & Expenditures General Fund - Budget to Actual			
	General Fund Budget to Actual		
	Final Budget	Actual	Variance
Revenues:			
Local revenue sources	\$ 61,687,947	\$ 64,701,917	\$ 3,013,970
Intergovernmental	27,972,264	25,754,965	(2,217,299)
Total Revenue	<u>\$ 89,660,211</u>	<u>\$ 90,456,882</u>	<u>\$ 796,671</u>
Expenditures:			
General government administration	\$ 9,801,658	\$ 6,460,251	\$ 3,341,407
Judicial administration	1,989,832	1,842,429	147,403
Public safety	18,138,619	17,257,829	880,790
Public works	2,214,698	2,038,835	175,863
Health and welfare	14,041,240	13,354,786	686,454
Education	34,126,183	24,773,237	9,352,946
Parks, recreation and cultural	1,997,966	1,617,253	380,713
Community development	2,315,647	1,586,422	729,225
Capital projects	-	-	-
Debt service	-	-	-
Nondepartmental	(385,000)	310	(385,310)
Total expenditures	<u>\$ 84,240,843</u>	<u>\$ 68,931,352</u>	<u>\$ 15,309,491</u>

**Revenues:** As reported above [Exhibit 11], total actual revenues exceeded final budget by \$796,671 or 0.89%. Total actual local revenue comprised 71.5% of total actual General Fund revenue while Intergovernmental Revenue (State/Federal) comprised the remaining 28.5% of total actual General Fund revenue. Intergovernmental actual revenue was \$2,217,299 less than final budget (7.9% less). Actual local revenue exceeded final budget by \$3,013,970 or 4.8%.

Final budgeted intergovernmental revenue totaling \$77,807 not actually received during the year will be carried over into next fiscal year as these earned revenues are expected to be received in FY 2022. These approved carryover revenues were for grant funded programs and purchases. \$2,217,299 in Intergovernmental revenue, is down over FY 2020 due to a greater need for community services.

**Expenditures:** Total General Fund actual expenditures and transfers out of \$81,392,164 [Exhibit 11] on a combined basis were \$15,309,491 less than the final budget of \$96,701,655. The largest component of this difference in the level of actual expenditures verses amended budget is for Education. Actual education expenditures transferred from the General Fund were \$9,352,946 less than the final budget. The Board of Supervisors subsequently re-appropriated \$7,026,097 of this amount to the schools as encumbrances for FY 2022 covering school contracts and obligations not completed as of June 30, 2021.

Strong expense control throughout the government organization contributed substantially to overall expenditure savings for the fund. This was particularly true for vacancy position hiring savings in compensation and fringe benefits until vacant positions could be filled with qualified personnel. Year-end expenditure reversion savings are becoming increasingly difficult to achieve on top of very frugal budgeting processes when the budget is submitted each year to the Board.

## **Capital Asset and Debt Administration**

**Capital assets** - The County's capital assets for governmental funds as of June 30, 2021 totals \$55,478,565 (net of accumulated depreciation) [Exhibit 1] for an increase of \$9,656,222 from FY 2020. Depreciation expense for the year for all capital assets for all primary government funds totaled \$3,289,366. The investment in County capital assets includes land and land improvements, buildings and improvements, vehicles and machinery and equipment. Readers interested in additional information relating to capital assets should refer to Note 6 to the financial statements.

### **Capital Assets - Condensed At June 30, 2021**

<b>Governmental Activities</b>	<b>Ending Balance Original Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>
Capital assets, not being depreciated:			
Land	\$ 4,003,434	\$ -	\$ 4,003,434
Construction in progress	5,857,701	-	5,857,701
Total capital assets, not being depreciated	\$ 9,861,135	\$ -	\$ 9,861,135
Other capital assets:			
Buildings and improvements	\$ 22,802,102	\$ 9,235,361	\$ 13,566,741
Other improvements	16,571,762	8,289,116	8,282,646
School buildings	31,090,338	10,652,916	20,437,422
Equipment	17,291,437	13,960,816	3,330,621
Total other capital assets	\$ 87,755,639	\$ 42,138,209	\$ 45,617,430
Total capital assets	\$ 97,616,774	\$ 42,138,209	\$ 55,478,565

School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County reports depreciation on these assets as an element of its share of the costs of the public school system.

## **DEBT SCHEDULES**

Of the \$61,969,469 total principal balance of outstanding debt at the end of the year; \$21,355,000 was for General Obligation Bonds, \$969,469 for State Literary Loans, and \$39,645,000 for Lease Revenue Bonds. General Obligation Bonds amounted to less than 0.5% [Table 9] of the County's actual value of taxable property, well below the maximum limit set by the County's Fiscal Policy Guidelines of 1.75%.

Debt service paid during the year amounted to \$721,102 for interest and bank service charges for the reporting period. There are no obligations for capitalized lease payments. Readers interested in additional information should refer to Note 7 to the financial statements. The County's total outstanding debt principle was paid down by \$3,187,233 [Exhibit 28].

## DEBT SCHEDULES: (Continued)

Annual requirements to amortize all remaining long-term debt and related interest expense are as follows:

Future Debt Service Obligations At June 30, 2021			
Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,487,233	\$ 2,091,794	\$ 5,579,027
2023	3,407,236	1,981,508	5,388,744
2024	3,150,000	1,871,131	5,021,131
2025	3,250,000	1,764,109	5,014,109
2026	3,350,000	1,655,935	5,005,935
2027-2031	12,805,000	6,806,625	19,611,625
2032-2036	7,790,000	4,947,331	12,737,331
2037-2041	8,985,000	3,750,300	12,735,300
2042-2046	10,870,000	1,861,150	12,731,150
2047-2048	4,875,000	220,500	5,095,500
	<u>\$ 61,969,469</u>	<u>\$ 26,950,383</u>	<u>\$ 88,919,852</u>

In FY 2020, a new Fund was created for Debt Service. Revenue collected from the Meals Tax as well as annual debt service payments will be managed in this fund to offset debt costs incurred. The collected funds will accumulate in this fund to be used for current and future debt service as needed.

The County provides Other Postemployment Benefits (OPEB) as described in Note 13 and reported in Note 7. The reader should also refer to Note 20 for OPEB calculations since the adoption of GASB 75 versus GASB 45 was used in FY 2021. The County has elected not to fund the outstanding OPEB liability and has instead reduced the benefits provided to employees hired after 2010. The County's OPEB recognized expense was \$517,732 [Note 13] for the year, including School Board.

## CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions concerning any information provided in this report or need additional financial information, contact:

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Director of Management Services  
47 Courthouse Lane  
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Email: [rjdavis@co.campbell.va.us](mailto:rjdavis@co.campbell.va.us)  
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## **BASIC FINANCIAL STATEMENTS**

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## **Government-wide Financial Statements**

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Statement of Net Position  
June 30, 2021

	Primary Government	Component Units	
	Governmental Activities	School Board	Industrial Development Authority
<b>ASSETS</b>			
Cash and cash equivalents	\$ 64,161,739	\$ 10,448,554	\$ 198,689
Receivables (net of allowance for uncollectibles):			
Taxes receivable	47,431,549	-	-
Accounts receivable	645,586	44,151	-
Advance to primary government	-	-	110,289
Due from component unit	2,597,365	-	-
Due from other governmental units	4,794,997	3,904,547	-
Prepaid items	216,894	1,192,095	-
Restricted assets:			
Cash and cash equivalents	36,721,365	-	-
Industrial assets held for industry	-	-	1,241,690
Capital assets (net of accumulated depreciation):			
Land	4,003,434	309,661	-
Buildings and improvements	13,566,741	21,305,849	-
Other improvements	8,282,646	5,699,928	-
Equipment	3,330,621	7,098,565	-
School buildings	20,437,422	-	-
Construction in progress	5,857,701	169,355	-
Total assets	\$ 212,048,060	\$ 50,172,705	\$ 1,550,668
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 4,908,899	\$ 18,061,233	\$ -
OPEB related items	1,118,596	2,451,509	-
Total deferred outflows of resources	\$ 6,027,495	\$ 20,512,742	\$ -
<b>LIABILITIES</b>			
Accounts payable	\$ 2,449,339	\$ 2,400,453	\$ -
Retainage payable	273,891	-	-
Accrued liabilities	1,220,031	5,450,656	-
Accrued interest payable	441,451	-	-
Due to primary government	-	2,597,365	888
Advance from component unit	110,289	-	-
Unearned revenue	8,147,573	-	-
Long-term liabilities:			
Due within one year	3,975,882	-	110,289
Due in more than one year	88,445,303	101,020,031	-
Total liabilities	\$ 105,063,759	\$ 111,468,505	\$ 111,177
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 105,938	\$ 5,056,370	\$ -
OPEB related items	1,711,469	7,711,514	-
Deferred property taxes	46,523,697	-	-
Total deferred inflows of resources	\$ 48,341,104	\$ 12,767,884	\$ -
<b>NET POSITION</b>			
Net investment in capital assets	\$ 23,398,528	\$ 34,583,358	\$ -
Restricted:			
Capital improvements - road construction, pass-through	0	-	-
Public safety - drug enforcement	146,192	-	-
Unrestricted (deficit)	41,125,972	(88,134,300)	1,439,491
Total net position	\$ 64,670,692	\$ (53,550,942)	\$ 1,439,491

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

COUNTY OF CAMPBELL, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,137,580	\$ 417,336	\$ 2,431,620	\$ -
Judicial administration	2,036,059	17,165	1,054,344	-
Public safety	18,353,672	2,810,471	5,845,867	521,289
Public works	4,480,841	52,344	141,205	-
Health and welfare	13,613,290	-	9,692,467	-
Education	25,255,986	-	-	-
Parks, recreation, and cultural	1,770,665	40,839	180,822	-
Community development	3,578,797	103,985	1,305,067	1,393,298
Interest on long-term debt	2,183,504	-	-	-
Total governmental activities	<u>\$ 78,410,394</u>	<u>\$ 3,442,140</u>	<u>\$ 20,651,392</u>	<u>\$ 1,914,587</u>
Total primary government	<u>\$ 78,410,394</u>	<u>\$ 3,442,140</u>	<u>\$ 20,651,392</u>	<u>\$ 1,914,587</u>
COMPONENT UNITS:				
School Board	\$ 92,313,293	\$ 302,759	\$ 66,624,134	\$ -
Industrial Development Authority	155,764	-	-	-
Total component units	<u>\$ 92,469,057</u>	<u>\$ 302,759</u>	<u>\$ 66,624,134</u>	<u>\$ -</u>

General revenues:  
General property taxes  
Other local taxes:  
Local sales and use tax  
Consumer utility taxes  
Business license tax  
Motor vehicle licenses  
Other local taxes  
Unrestricted revenues from use of money and property  
Contributions from Campbell County  
Miscellaneous  
Grants and contributions not restricted to specific programs  
Gain on sale of capital assets  
Total general revenues  
Change in net position  
Net position - beginning, restated  
Net position - ending

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	School Board	Industrial Development Authority
\$ (4,288,624)	\$ -	\$ -
(964,550)	-	-
(9,176,045)	-	-
(4,287,292)	-	-
(3,920,823)	-	-
(25,255,986)	-	-
(1,549,004)	-	-
(776,447)	-	-
(2,183,504)	-	-
<u>\$ (52,402,275)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (52,402,275)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (25,386,400)	\$ -
-	-	(155,764)
<u>\$ -</u>	<u>\$ (25,386,400)</u>	<u>\$ (155,764)</u>
\$ 43,475,905	\$ -	\$ -
6,929,961	-	-
914,248	-	-
2,416,642	-	-
1,731,333	-	-
3,550,980	-	-
243,320	46,719	89,947
-	24,773,237	287,652
1,065,881	2,075,075	-
4,977,638	-	-
11,427	-	-
<u>\$ 65,317,335</u>	<u>\$ 26,895,031</u>	<u>\$ 377,599</u>
<u>\$ 12,915,060</u>	<u>\$ 1,508,631</u>	<u>\$ 221,835</u>
51,755,632	(55,059,573)	1,217,656
<u>\$ 64,670,692</u>	<u>\$ (53,550,942)</u>	<u>\$ 1,439,491</u>

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## **Fund Financial Statements**

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Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Special Revenue (Solid Waste)	Capital Projects	Road Construction	School Construction	County Debt Service	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 44,953,303	\$ 1,617,733	\$ 4,980,876	\$ -	\$ -	\$ 2,324,162	\$ 53,876,074
Receivables (net of allowance for uncollectibles):							
Taxes receivable	47,431,549	-	-	-	-	-	47,431,549
Accounts receivable	638,476	-	-	-	-	-	638,476
Due from component units	2,597,365	-	-	-	-	-	2,597,365
Due from other governmental units	3,834,232	-	56,701	904,064	-	-	4,794,997
Prepaid items	215,787	1,107	-	-	-	-	216,894
Restricted assets:							
Cash and cash equivalents	146,192	-	1,860,879	1,390,606	33,323,688	-	36,721,365
Total assets	\$ 99,816,904	\$ 1,618,840	\$ 6,898,456	\$ 2,294,670	\$ 33,323,688	\$ 2,324,162	\$ 146,276,720
<b>LIABILITIES</b>							
Accounts payable	\$ 891,004	\$ 174,906	\$ 39,355	\$ 213,413	\$ 1,058,970	\$ 605	\$ 2,378,253
Accrued liabilities	250,205	9,826	-	-	-	-	260,031
Retainage payable	-	-	-	-	273,891	-	273,891
Unearned revenue	6,801,534	-	-	-	-	-	6,801,534
Total liabilities	\$ 7,942,743	\$ 184,732	\$ 39,355	\$ 213,413	\$ 1,332,861	\$ 605	\$ 9,713,709
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable property taxes	\$ 47,414,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,414,659
<b>FUND BALANCES</b>							
Nonspendable							
Prepaid items	\$ 215,787	\$ 1,107	\$ -	\$ -	\$ -	\$ -	\$ 216,894
Restricted for:							
Capital improvements - road construction, pass-through	-	-	-	0	-	-	0
Public safety - drug enforcement	146,192	-	-	-	-	-	146,192
School construction	-	-	-	-	31,990,827	-	31,990,827
Committed to:							
Education	7,026,097	-	-	-	-	-	7,026,097
Operations	2,271,522	-	-	-	-	-	2,271,522
Assigned to:							
Education - school maintenance	2,774,472	-	-	-	-	-	2,774,472
Economic development	947,509	-	-	-	-	-	947,509
Debt service	3,693,594	-	-	-	-	2,323,557	6,017,151
Operations - reassessment	138,000	-	-	-	-	-	138,000
Public works	-	1,433,001	-	-	-	-	1,433,001
Capital improvements	-	-	6,859,101	-	-	-	6,859,101
Unassigned	27,246,329	-	-	-	-	-	27,246,329
Total fund balances	\$ 44,459,502	\$ 1,434,108	\$ 6,859,101	\$ 0	\$ 31,990,827	\$ 2,323,557	\$ 87,067,095
Total liabilities, deferred inflows and fund balances	\$ 99,816,904	\$ 1,618,840	\$ 6,898,456	\$ 213,413	\$ 33,323,688	\$ 2,324,162	\$ 144,195,463

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds - per above	\$ 87,067,095
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (Cost of \$97,616,774 less accumulated depreciation of \$42,138,209)	55,478,565
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	
Unavailable revenue - property taxes	890,962

Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.

Deferred outflows - pension related	4,908,899
Deferred outflows - OPEB related	1,118,596
Deferred inflows - pension related	(105,938)
Deferred inflows - OPEB related	(1,711,469)

An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the self insurance internal service fund are included in the governmental activities in the Statement of Net Position

7,915,650

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds

Accrued interest payable	(441,451)
Long term commitments to IDA	(110,289)
General obligation bonds, lease revenue bonds and literary fund loans	(61,969,469)
Bond premiums	(5,295,135)
Landfill closure/postclosure	(2,736,223)
Net OPEB liabilities	(9,422,575)
Compensated absences	(1,614,749)
Net pension liability	(11,383,034)

Net position of governmental activities \$ 62,589,435

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

COUNTY OF CAMPBELL, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2021

	General	Special Revenue (Solid Waste)	County Capital Projects
<b>REVENUES</b>			
General property taxes	\$ 43,968,450	\$ -	\$ -
Other local taxes	15,543,164	-	-
Permits, privilege fees, and regulatory licenses	379,995	-	-
Fines and forfeitures	130,646	-	-
Revenue from the use of money and property	170,792	7,033	-
Charges for services	2,879,155	52,344	-
Miscellaneous	821,202	-	41,700
Recovered costs	808,513	-	-
Intergovernmental:			
Commonwealth	15,035,526	14,793	380,561
Federal	10,719,439	-	-
Total revenues	<u>\$ 90,456,882</u>	<u>\$ 74,170</u>	<u>\$ 422,261</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 6,460,251	\$ -	\$ -
Judicial administration	1,842,429	-	-
Public safety	17,257,829	-	-
Public works	2,038,835	1,932,870	-
Health and welfare	13,354,786	-	-
Education	24,773,237	-	-
Parks, recreation, and cultural	1,617,253	-	-
Community development	1,586,422	-	-
Nondepartmental	310	-	-
Capital projects	-	-	6,941,141
Debt service:			
Principal retirement	-	-	-
Interest and other fiscal charges	-	-	-
Total expenditures	<u>\$ 68,931,352</u>	<u>\$ 1,932,870</u>	<u>\$ 6,941,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,525,530</u>	<u>\$ (1,858,700)</u>	<u>\$ (6,518,880)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 73,853	\$ 2,050,000	\$ 4,709,882
Transfers out	(12,460,812)	-	(73,853)
Issuance of lease revenue bonds	-	-	4,380,000
Premium from bond issuance	-	-	1,163,111
Total other financing sources (uses)	<u>\$ (12,386,959)</u>	<u>\$ 2,050,000</u>	<u>\$ 10,179,140</u>
Net change in fund balances	\$ 9,138,571	\$ 191,300	\$ 3,660,260
Fund balances - beginning, restated	35,320,931	1,242,808	3,198,841
Fund balances - ending	<u>\$ 44,459,502</u>	<u>\$ 1,434,108</u>	<u>\$ 6,859,101</u>

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

Exhibit 4

Road Construction	School Construction	County Debt Service	Total
\$ -	\$ -	\$ -	\$ 43,968,450
-	-	-	15,543,164
-	-	-	379,995
-	-	-	130,646
-	65,495	-	243,320
-	-	-	2,931,499
214,406	-	-	1,077,308
-	-	-	808,513
1,393,298	-	-	16,824,178
-	-	-	10,719,439
<u>\$ 1,607,704</u>	<u>\$ 65,495</u>	<u>\$ -</u>	<u>\$ 92,626,512</u>
\$ -	\$ -	\$ -	\$ 6,460,251
-	-	-	1,842,429
-	-	-	17,257,829
-	-	-	3,971,705
-	-	-	13,354,786
-	-	-	24,773,237
-	-	-	1,617,253
-	-	-	1,586,422
-	-	-	310
1,970,358	6,173,057	-	15,084,556
-	1,342,248	3,187,233	4,529,481
-	402,071	1,986,581	2,388,652
<u>\$ 1,970,358</u>	<u>\$ 7,917,376</u>	<u>\$ 5,173,814</u>	<u>\$ 92,866,911</u>
<u>\$ (362,654)</u>	<u>\$ (7,851,881)</u>	<u>\$ (5,173,814)</u>	<u>\$ (240,399)</u>
\$ -	\$ 833	\$ 5,680,097	\$ 12,514,665
-	-	-	(12,534,665)
-	35,265,000	-	39,645,000
-	4,210,398	-	5,373,509
<u>\$ -</u>	<u>\$ 39,476,231</u>	<u>\$ 5,680,097</u>	<u>\$ 44,998,509</u>
\$ (362,654)	\$ 31,624,350	\$ 506,283	\$ 44,758,110
362,654	366,477	1,817,274	42,308,985
<u>\$ -</u>	<u>\$ 31,990,827</u>	<u>\$ 2,323,557</u>	<u>\$ 87,067,095</u>

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Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2021

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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	\$ 44,758,110
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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 capitalized expenditures exceeded depreciation expense in the current period.

Capital outlays	\$ 12,945,588	
Depreciation expense	<u>(3,289,366)</u>	9,656,222

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

Property taxes	(492,545)
----------------	-----------

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

406,203

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of lease revenue bonds	\$ (39,645,000)	
Principal retired on long-term debt	4,529,481	
(Increase)/decrease in landfill closure, postclosure liability	<u>(32,446)</u>	(35,147,965)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase)/decrease in premium on bond issuance	\$ (5,088,928)	
(Increase)/decrease in accrued interest payable	(79,433)	
(Increase)/decrease in compensated absences	(78,659)	
(Increase)/decrease in long term commitments to IDA	41,302	
(Increase)/decrease in net pension liability	(3,947,483)	
(Increase)/decrease in net OPEB liabilities	261,000	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	908,925	
(Increase) decrease in deferred inflows related to the measurement of OPEB liabilities	(277,538)	
Increase/(decrease) in deferred outflows - pension	1,927,451	
Increase/(decrease) in deferred outflows - OPEB	<u>68,398</u>	(6,264,965)

Change in net position of governmental activities	\$ <u>12,915,060</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position  
 Health Insurance Fund  
 June 30, 2021

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	<b>Health Insurance Fund</b>
	<hr/>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 10,285,665
Accounts receivable	7,110
Total assets	<u>\$ 10,292,775</u>
	<hr/>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 71,086
Claims incurred but not reported	960,000
Unearned revenue	1,346,039
Total liabilities	<u>\$ 2,377,125</u>
	<hr/>
<b>NET POSITION</b>	
Unrestricted	\$ 7,915,650
Total net position	<u>\$ 7,915,650</u>
	<hr/>

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Health Insurance Fund  
 For the Year Ended June 30, 2021

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	<u>Health Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 15,100,512
Total operating revenues	<u>\$ 15,100,512</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and employer provided insurance expenses	\$ 14,714,309
Total operating expenses	<u>\$ 14,714,309</u>
Operating income (loss)	<u>\$ 386,203</u>
Income before transfers	\$ 386,203
Transfers in	<u>20,000</u>
Change in net position	\$ 406,203
Total net position - beginning	7,509,447
Total net position - ending	<u><u>\$ 7,915,650</u></u>

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

Statement of Cash Flows  
Health Insurance Fund  
For the Year Ended June 30, 2021

	<b>Health Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums and other operating revenues	\$ 15,223,056
Payments for premiums	(14,889,077)
Net cash provided by (used for) operating activities	<u>\$ 333,979</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	\$ 20,000
Net cash provided by (used for) noncapital financing activities	<u>\$ 20,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	\$ 4,733
Sale of investments	80,657
Net cash provided by (used for) investing activities	<u>\$ 85,390</u>
Net increase (decrease) in cash and cash equivalents	\$ 439,369
Cash and cash equivalents - beginning	9,846,296
Cash and cash equivalents - ending	<u><u>\$ 10,285,665</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ 386,203
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ (1,211)
Increase (decrease) in accounts payable	4,833
Increase (decrease) in claims incurred but not reported	(179,601)
Increase (decrease) in unearned revenue	123,755
Total adjustments	<u>\$ (52,224)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 333,979</u></u>

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

Statement of Fiduciary Net Position  
 Custodial Funds  
 June 30, 2021

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 73,910
Receivables:	
Accounts receivable	3,744
Total assets	\$ <u>77,654</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 508
Total liabilities	\$ <u>508</u>
<b>NET POSITION</b>	
Restricted:	
Restricted for special welfare	\$ 59,449
Restricted for employees	17,697
Total net position	\$ <u>77,146</u>
Total liabilities and net position	\$ <u>77,654</u>

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

Statement of Changes in Fiduciary Net Position  
Custodial Funds  
June 30, 2021

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	<b>Custodial Funds</b>
	<hr/>
<b>ADDITIONS</b>	
Special welfare collections	\$ 91,104
Employee deferrals	3,687,411
Total additions	\$ <u>3,778,515</u>
<b>DEDUCTIONS</b>	
Welfare costs	\$ 69,855
Flexible spending account benefits	3,685,546
Total deductions	\$ <u>3,755,401</u>
Net increase (decrease) in fiduciary net position	\$ <u>23,114</u>
Net position, beginning of year, restated	\$ <u>54,032</u>
Net position, end of year	\$ <u><u>77,146</u></u>

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021

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

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**A. Financial Reporting Entity**

Campbell County, Virginia (the “County”) is a political subdivision of the Commonwealth of Virginia governed under the County Administrator - Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The significant accounting policies are described below.

**Discretely Presented Component Units:** Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationship with the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

**Campbell County School Board**

The Campbell County School Board (the “School Board”) is responsible for elementary and secondary education within the County’s jurisdiction. The School Board is comprised of seven members elected by County voters. The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements.

**Campbell County Industrial Development Authority**

The Campbell County Industrial Development Authority (the “IDA”) was created to encourage and provide financing for economic development in the County. The IDA’s directors are appointed by the Board of Supervisors and the County is financially accountable for the IDA in that it provides local funding for the IDA’s activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The IDA is presented as a proprietary fund type and does not issue separate financial statements.

**Related Organizations:** The following entities are excluded from the accompanying financial statements:

**Campbell County Utilities and Service Authority**

The Campbell County Utilities and Service Authority was created by the Board of Supervisors to operate the County’s water and sewer systems. This Authority is excluded from the accompanying financial statements as the County neither exercises oversight responsibility nor has accountability for the fiscal affairs of the Authority. All obligations of the Authority are payable from and secured by revenues derived from the operation of the water and sewer systems.

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

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**A. Financial Reporting Entity (Continued)**

**Horizon Behavioral Health**

The County, in conjunction with the Counties of Amherst, Appomattox, and Bedford, and the City of Lynchburg, supports Horizon Behavioral Health, which is composed of two members from each of the participating localities. The County contributed \$189,401 to Horizon Behavioral Health for the current year.

**Blue Ridge Regional Jail Authority**

The County, in conjunction with the Counties of Amherst, Halifax and Bedford, and the Cities of Bedford and Lynchburg, participates in the Blue Ridge Regional Jail Authority (the “Authority”). Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$2,900,000 for the current year.

**Region 2000 Services Authority**

The County, in conjunction with the Cities of Lynchburg and Bedford, and the Counties of Appomattox and Nelson, participates in the Region 2000 Services Authority for solid waste disposal. The County paid the Authority tipping fees of \$887,528 for solid waste transferred to the Authority and received \$0 in distributions from the Authority for 2021 profits as a host fee.

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County reports no business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Statement of Net Position** - The Statement of Net Position is designed to display the financial position of the primary government (governmental 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.

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

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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**B. Government-Wide and Fund Financial Statements (Continued)**

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

**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 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.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Custodial funds, a type of fiduciary fund, report only assets and liabilities; therefore, they do not have a measurement focus. Custodial funds use the accrual basis of accounting to recognize assets and liabilities.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows of resources and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 60 days after year end are included in tax revenues, with the related amount reduced from deferred inflows of resources. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months preceding receipt by the County. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, State and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The County reports the following major governmental funds:

**General Fund** - The General Fund is the government's primary operating fund. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

**Special Revenue Fund** - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Solid Waste Fund is a special revenue fund which accounts for revenues from landfill operations and related expenditures.

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

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**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Capital Projects Funds** - The County Capital Projects Fund, School Construction Fund and Road Construction Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

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

Proprietary Funds are used to account for the reporting entity's activities similar to those often found in the private sector. The County reports the following major proprietary fund:

**Internal Service Fund - Health Insurance Fund** - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The County's internal service fund is the Health Insurance Fund, through which the County self-insures the costs of providing health insurance to employees.

In addition to its major funds, the County reports the following fund category:

**Fiduciary Funds** - Fiduciary funds are used to account for assets held by the County in a purely custodial capacity. The County's only fiduciary type funds are custodial funds which consist of the following: Special Welfare and Flexible Benefits 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 charges between the government's health insurance fund 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.

Operating revenues and expenses in the proprietary fund result from providing services in connection with its principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges for health investment services. Nonoperating revenues consist of interest income. Operating expenses include the costs of claims and administrative expenses.

**D. Budgetary Information**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 15, 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 related financing.
- Public hearings are conducted to obtain citizen comments.
- Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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**D. Budgetary Information (Continued)**

- The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories. The Board of Supervisors approved supplemental appropriations in the General Fund totaling \$17,407,468 for additional requests from various departments including contribution to the School Board and transfers to other funds. The Board of Supervisors also approved additional appropriations to the Solid Waste Fund of \$299,333, the County Capital Projects fund of \$11,643,198, the Road Construction fund of \$4,747,320, School Construction Fund of \$39,476,231 and the County Debt Service Fund of \$1,335,479.
- Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all governmental funds.
- All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Appropriations lapse on June 30 for all County and School Board units.
- All budgetary data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity date within three months of the date acquired.

**Investments**

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

**Receivables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis, and management's judgment. The allowance for uncollectibles was comprised of property taxes in the amount of \$392,092.

**Inventories**

Inventories for resale generally are recorded at the lower of cost (first-in/first-out (FIFO) method) or market except for any commodities received from the U.S. Department of Agriculture, which are valued at market. Supplies inventory is reported at cost. Inventories of the County's governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist of expendable supplies in the General Fund and USDA commodities in the Component Unit - School Board.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(Continued)

Prepaid Items

Payments made for services that will benefit periods beyond June 30 are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

Capital assets include property, plant, and equipment and are reported in the government-wide financial statements. The County does not own infrastructure assets. Capital assets are defined as items with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Other improvements	2-40 years
Equipment	5-10 years

Compensated Absences

County and School Board employees are granted a specified number of days of leave with pay each year. The statements reflect, as of June 30, the amount payable for all unused vacation, sick and compensatory leave, payable upon termination. Employer related taxes are also included. The cost of accumulated leave is accounted for as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only when the amounts have become due and payable.

Deferred/Unearned Revenue

Deferred/Unavailable revenue consists primarily of property taxes receivable not collected within 60 days of year end, as well as property taxes, either receivable or already collected, intended to finance a future fiscal period. Unearned revenue includes grants which have been advanced to the County but have not yet been earned.

Unearned revenue in the internal service fund represents advances by other funds, component units, and outside entities for the cost of insurance for periods after June 30.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(Continued)

Economic Incentive Grants Payable

Economic incentive grants payable are recorded when, in management’s opinion, failure by the grantee to meet the performance criteria is unlikely, generally amounts expected to be paid within one year. Refunds of these incentives are reflected as revenues when collection is determined to be likely.

Long-Term Obligations

Long-term debt obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or bonds outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period but no long-term liabilities. 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. Repayments are reported as debt service expenditures.

Encumbrances

The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of fund balance.

Use of Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Net Position

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

Net Position Flow Assumption

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

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(Continued)

Deferred Outflows/Inflows of Resources

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

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

Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

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**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance (Continued)**

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The County's policy establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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).

**IDA Transactions and Conduit Obligations**

In addition to disbursing incentives to promote the expansion of business initiatives in the County, the IDA may also structure ownership of properties through lease purchase arrangements or issue Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest. However, all rights to payments on these bonds have been assigned to the trustees, agents, or the holders of the bonds, and purchasers have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases the IDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the IDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the IDA does not recognize associated assets, liabilities, income or interest expense in its financial statements.

**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 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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

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E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(Continued)

Other Postemployment Benefits (OPEB)

*Group Life Insurance*

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Plan 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 Plan 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 Plan 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 Plan 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.

*Political Subdivision and Teacher Employee Health Insurance Credit Plan*

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

NOTE 2—DEPOSITS AND INVESTMENTS:

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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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

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Investments

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool.

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

Credit Risk of Debt Securities

As required by state statute or by the County, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service.

County's Rated Debt Investments' Values - Standard & Poor's Rating		
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	<u>Amount at June 30</u>
LGIP	AAAm	\$ 42,084,607
State Non-Arbitrage Pool	AAAm	35,184,567

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The County's current Policy places restrictions on the diversification by type of investments. The Policy provides the following restrictions on diversification as a percentage of the County's total investments. The maximum allowable concentration by investment type is as follows:

US Treasury Bills, Notes and Bonds	50%
Certificates of Deposit	70%
LGIP	50%
Bankers Acceptances	35%
Prime Quality Commercial Paper	35%
High Quality Commercial Notes	35%
Overnight Repurchase Agreement	50%

Interest Rate Risk

The County's current Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to fifteen years for any single corporate security; and five years for any single asset-backed security.

The carrying values and weighted average maturity were as follows:

Investment Type	Investment Maturity*		
	Fair Value	Less than 1	1 - 5
State Non-Arbitrage Pool	\$ 35,184,567	\$ 35,184,567	-
LGIP	42,084,607	42,084,607	-
Total investments	<u>\$ 77,269,174</u>	<u>\$ 77,269,174</u>	<u>-</u>

\* Weighted average maturity in years.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk

The Policy requires that all investment securities be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all investments are held in a bank’s trust department in the County’s name.

Cash and investments are reflected in the financial statements as follows:

		Component Units	
	Primary Government	School Board	IDA
Deposits and investments:			
Cash on hand	\$ 3,150	\$ -	\$ -
Deposits	100,879,954	10,448,554	198,689
Total	<u>\$ 100,883,104</u>	<u>\$ 10,448,554</u>	<u>\$ 198,689</u>
Statement of Net Position:			
Cash and cash equivalents	\$ 64,161,739	\$ 10,448,554	\$ 198,689
Restricted cash and equivalents	36,721,365	-	-
Total	<u>\$ 100,883,104</u>	<u>\$ 10,448,554</u>	<u>\$ 198,689</u>

NOTE 3—RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Receivables consist of the following:

	General Fund	Solid Waste	Capital Projects	Health Insurance	Total
Receivables:					
Taxes	\$ 47,823,641	\$ -	\$ -	\$ -	\$ 47,823,641
Accounts	638,476	-	-	7,110	645,586
Gross receivables	<u>\$ 48,462,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,110</u>	<u>\$ 48,469,227</u>
Less:					
Allowance for uncollectible amounts	\$ 392,092	\$ -	\$ -	\$ -	\$ 392,092
Net receivables	<u>\$ 48,070,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,110</u>	<u>\$ 48,077,135</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 3-RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE: (CONTINUED)

The taxes receivable account represents the current and past four years of uncollected tax levies on personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Real estate taxes are recorded as receivable when they attach as an enforceable lien, therefore, real estate taxes based on the January 1, 2021, assessment date are included in taxes receivable at June 30, 2021, even though taxpayers had not yet been billed. Additionally, personal property taxes are assessed on January 1, 2021 and the County does not prorate assessments, therefore the assessment is included in taxes receivable. However, since the January 1, 2021 levy is intended to finance a future period, these amounts have been included in unavailable revenue as discussed below.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, as well as for receivables which are considered unearned in that they are intended to finance a future period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, the components of unavailable/unearned revenue were as follows:

**Exhibit 3 Reconciliation**

Advance payments of state and federal grants - unearned	\$ 6,801,534
Total unearned revenue - governmental funds (Exhibit 3)	<u>\$ 6,801,534</u>
Property taxes receivable - due after June 30	\$ 46,331,369
Property taxes receivable - due prior to June 30	1,100,180
Advance collection of 2021-2022 property taxes	192,328
Less amounts collected within 60 days	<u>(209,218)</u>
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	<u>\$ 47,414,659</u>

**Exhibit 1 Reconciliation**

Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	\$ 47,414,659
Less property taxes due prior to June 30 (net of 60 day collections)	<u>(890,962)</u>
Deferred property taxes - Deferred Inflows of Resources - Statement of Net Position (Exhibit 1)	<u>\$ 46,523,697</u>
Advance payments of state and federal grants - unearned	\$ 6,801,534
Internal service fund deferrals related to discretely presented component units and outside entities	<u>1,346,039</u>
Unearned revenue - Statement of Net Position (Exhibit 1)	<u>\$ 8,147,573</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 4–DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments consist of the following:

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 1,330,743	\$ -
State sales tax	-	1,290,937
Comprehensive Services Act	1,225,004	-
Public assistance	185,918	-
Motor vehicle rental tax	54,679	-
Mobile home titling tax	23,297	-
Shared expenses and grants	319,219	-
Railroad rolling stock	134,714	-
Communications tax	159,890	-
VDOT revenue sharing	904,064	-
Other state funds	108,575	185,864
<u>Federal Government</u>		
Public assistance	291,639	-
Title I	-	244,590
Title II, Part A	-	89,769
Title VI-B special education cluster	-	269,121
School nutrition program - SFSP	-	137,166
CARES Act - ESSEER	-	1,515,896
Career and technical education	-	130,902
Other federal grants	57,255	40,302
Total	\$ 4,794,997	\$ 3,904,547

NOTE 5–INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES:

Interfund and Intra-Entity transfers are as follows:

Transfer Out Fund	Transfer In Fund	Amount
General Fund	Capital Projects Fund	\$ 4,709,882
General Fund	Solid Waste Fund	2,050,000
General Fund	County Debt Service Fund	5,680,097
General Fund	Health Insurance Fund	20,000
General Fund	School Construction Fund	833
Capital Projects Fund	General Fund	73,853

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 5-INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES: (CONTINUED)

The transfer from the General Fund to the Capital Projects Fund was to support general government capital projects. Transfers from the General Fund to the Solid Waste Fund were to offset shortfalls in operating revenues. Transfers between the Solid Waste Fund and the General Fund were to offset operating costs. Transfers from the General Fund to the Health Insurance Fund are to provide funding for health benefits. Transfers from the General Fund to the County Debt Service Fund were to accumulate resources to pay future debt service costs.

Balances due to and from the primary government and its component units consist of the following:

The Component Unit-School Board owed \$2,597,365 to the General Fund at year end as a result of appropriated local funds in excess of actual school expenditures in the current and previous years.

The primary government owed the Component Unit-IDA \$110,289 for economic incentive grants awarded by the IDA for which the County is ultimately responsible.

NOTE 6-CAPITAL ASSETS:

Primary Government

Capital asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, nondepreciable:				
Land	\$ 3,676,150	\$ 327,284	\$ -	\$ 4,003,434
Construction in progress	11,950	5,845,751	-	5,857,701
Total capital assets, nondepreciable	\$ 3,688,100	\$ 6,173,035	\$ -	\$ 9,861,135
Capital assets, depreciable:				
Buildings and improvements	\$ 22,782,602	\$ 19,500	\$ -	\$ 22,802,102
Other improvements	11,066,540	5,505,222	-	16,571,762
Equipment	16,093,342	1,247,831	49,736	17,291,437
School buildings	31,090,338	-	-	31,090,338
Total capital assets, depreciable	\$ 81,032,822	\$ 6,772,553	\$ 49,736	\$ 87,755,639
Accumulated depreciation:				
Buildings and improvements	\$ 8,632,340	\$ 603,021	\$ -	\$ 9,235,361
Other improvements	7,564,296	724,820	-	8,289,116
Equipment	12,826,285	1,184,267	49,736	13,960,816
School buildings	9,875,658	777,258	-	10,652,916
Total accumulated depreciation	\$ 38,898,579	\$ 3,289,366	\$ 49,736	\$ 42,138,209
Capital assets, depreciable, net	\$ 42,134,243	\$ 3,483,187	\$ -	\$ 45,617,430
Governmental activities capital assets, net	\$ 45,822,343	\$ 9,656,222	\$ -	\$ 55,478,565

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 6-CAPITAL ASSETS: (CONTINUED)

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Primary Government: (Continued)

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Campbell for the year ended June 30, 2021, is that school financed assets in the amount of \$36,936,089 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 643,207
Judicial administration	90,271
Public safety	1,237,666
Public works	358,737
Health and welfare	69,933
Education	773,678
Parks, recreation, and cultural	70,766
Community development	<u>45,108</u>
Total depreciation	<u>\$ 3,289,366</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 6-CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit-School Board

Capital asset activity for the year was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, nondepreciable:				
Land	\$ 309,661	\$ -	\$ -	\$ 309,661
Construction in progress	-	169,355	-	169,355
Total capital assets, nondepreciable	\$ 309,661	\$ 169,355	\$ -	\$ 479,016
Capital assets, depreciable:				
Buildings and improvements	\$ 63,003,918	\$ -	\$ -	\$ 63,003,918
Other improvements	6,049,281	2,415,222	-	8,464,503
Equipment	20,776,867	1,092,220	558,133	21,310,954
Total capital assets, depreciable	\$ 89,830,066	\$ 3,507,442	\$ 558,133	\$ 92,779,375
Accumulated depreciation:				
Buildings and improvements	\$ 40,425,543	\$ 1,272,526	\$ -	\$ 41,698,069
Other improvements	2,314,861	449,714	-	2,764,575
Equipment	13,418,399	1,312,468	518,478	14,212,389
Total accumulated depreciation	\$ 56,158,803	\$ 3,034,708	\$ 518,478	\$ 58,675,033
Capital assets, depreciable, net	\$ 33,671,263	\$ 472,734	\$ 39,655	\$ 34,104,342
Governmental activities capital assets, net	\$ 33,980,924	\$ 642,089	\$ 39,655	\$ 34,583,358

All depreciation expense in the School Board was charged to the Education function.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Primary Government:</b>					
Governmental Activities:					
Direct Borrowings and Placements:					
General obligation bonds	\$ 23,920,000	\$ -	\$ 2,565,000	\$ 21,355,000	\$ 2,640,000
Lease revenue bonds	-	39,645,000	-	39,645,000	225,000
Literary fund loans	1,591,702	-	622,233	969,469	622,233
Bond Anticipation Note	942,248	-	942,248	-	-
Advance of Series 2020 lease revenue bonds	400,000	-	400,000	-	-
Bond premiums	206,207	5,373,509	284,581	5,295,135	327,174
Total bonds payable	\$ 27,060,157	\$ 45,018,509	\$ 4,814,062	\$ 67,264,604	\$ 3,814,407
Landfill closure/postclosure (Note 8)	2,703,777	32,446	-	2,736,223	-
Compensated absences	1,536,090	1,485,479	1,406,820	1,614,749	161,475
Net pension liability (Note 12)	7,435,551	7,032,547	3,085,064	11,383,034	-
Net OPEB liabilities (Note 13)	9,683,575	2,955,643	3,216,643	9,422,575	-
Total Primary Government	\$ 48,419,150	\$ 56,524,624	\$ 12,522,589	\$ 92,421,185	\$ 3,975,882
<b>Component Unit-School Board:</b>					
Net pension liability (Note 12)	\$ 63,475,989	\$ 25,873,662	\$ 18,127,409	\$ 71,222,242	\$ -
Net OPEB liabilities (Note 13)	30,566,723	10,281,610	11,050,544	29,797,789	-
Total Component Unit- School Board	\$ 94,042,712	\$ 36,155,272	\$ 29,177,953	\$ 101,020,031	\$ -
<b>Component Unit-IDA:</b>					
Direct Borrowings and Placements:					
Note payable	\$ 325,828	\$ -	\$ 325,828	\$ -	\$ -
Economic incentive grants payable (Note 9)	376,326	138,122	404,159	110,289	110,289
Total Component Unit - IDA	\$ 702,154	\$ 138,122	\$ 729,987	\$ 110,289	\$ 110,289

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Debt service requirements of general obligation bonds, bond anticipation note, lease revenue bonds and literary fund loans are paid by the General Fund through a transfer to the County Debt Service Fund. Costs related to landfill closure/postclosure are paid by the General Capital Projects Fund or the Solid Waste Fund. Requirements of the compensated absences, net pension liability and other postemployment benefits are paid by the General Fund for the primary government and the school operating and school cafeteria fund for the component unit-school board.

The primary governments and component unit IDA annual debt service requirements to maturity are as follows:

Year Ended June 30	Direct Borrowings and Placements					
	Governmental Activities					
	General Obligation Bonds		Lease Revenue Bonds		Literary Fund Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,640,000	\$ 602,099	\$ 225,000	\$ 1,467,556	\$ 622,233	\$ 22,139
2023	2,725,000	518,257	335,000	1,456,306	347,236	6,945
2024	2,800,000	431,575	350,000	1,439,556	-	-
2025	2,890,000	342,053	360,000	1,422,056	-	-
2026	2,975,000	251,879	375,000	1,404,056	-	-
2027-2031	7,325,000	324,094	5,480,000	6,482,531	-	-
2032-2036	-	-	7,790,000	4,947,331	-	-
2037-2041	-	-	8,985,000	3,750,300	-	-
2042-2046	-	-	10,870,000	1,861,150	-	-
2047-2048	-	-	4,875,000	220,500	-	-
Total	\$ 21,355,000	\$ 2,469,957	\$ 39,645,000	\$ 24,451,342	\$ 969,469	\$ 29,084

Details of long-term indebtedness are as follows:

Direct Borrowings and Placements	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities
<u>General Obligation Bonds:</u>					
School Construction	4.35-5.10%	April 2005	July 2030	8,685,000 \$	3,030,000
Refunding Bonds - School and County	2.62%	Sept 2015	July 2028	29,095,000	18,325,000
Total General Obligation Bonds				\$	21,355,000
<u>Literary Fund Loans</u>					
School Construction	3.00%	Nov 2001	Nov 2021	5,500,000	694,469
School Construction	2.00%	July 2002	July 2022	6,944,667	275,000
Total Literary Fund Loans				\$	969,469
<u>Lease Revenue Bonds:</u>					
School Construction	5.00-2.00%	July 2020	June 2048	35,265,000 \$	35,265,000
County Capital Projects	5.00-2.00%	July 2020	June 2048	4,380,000	4,380,000
Total Lease Revenue Bonds				\$	39,645,000

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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**NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)**

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Details of long-term indebtedness are as follows: (Continued)

During fiscal year 2016 the County issued Series 2015 refunding bonds to refund the outstanding VML/VACo Bonds issued June 2008. The refunding bonds issued September 29, 2015 in the amount of \$29,095,000 will refund the aforementioned bonds in the amount of \$26,170,000. The present value of the economic gain was \$1,084,046.

**NOTE 8—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:**

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The County's landfill consists of four phases described as follows: Phase I of the landfill has never been intended to be used for actual waste disposal and serves only as a storage area. Phase II of the landfill was closed in 1995. Phase III opened in 1995 and Phase IV was never opened. The remaining capacity of Phase III and all of Phase IV were sold to the regional landfill authority, Region 2000 Services Authority, during fiscal year 2012.

In accordance with state and Federal laws, the County placed a final cover on Phase II of the landfill in 1995 and is required to perform certain maintenance and monitoring functions at this site for a minimum of thirty years after closure. The cumulative amount of estimated postclosure care costs and corrective action costs for this site, less amounts expended for such costs to date were \$887,908 and \$1,848,315, respectively. The liability for Phase II reported is equal to 100% of the estimated liability.

The closure and postclosure care costs for Phase III were assumed by the Region 2000 Services Authority as part of the purchase of Phase III and IV. The cumulative amount reported as postclosure care costs and corrective action liability is \$4,682,260 as of June 30, 2021, all of which is for Phase II. The liability reported is based on what it would cost to perform all postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrates financial assurance requirements for closure and postclosure care through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.

**NOTE 9—IDA ECONOMIC INCENTIVE GRANTS PAYABLE:**

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As discussed in Note 11, the IDA has awarded certain economic incentive grants to businesses within the County; typically the grants are paid over a 1-5 year period. Outstanding grants approved by the governing body as of June 30, 2021 that have been substantially earned by the business and expected to be paid are recorded as a liability.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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**NOTE 10—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - SCHOOL BOARD:**

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Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

- A. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the County’s governmental activities. The proceeds from the debt issued “on behalf” of the School Board and related capital expenditures are recorded in the County’s funds.
- B. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.
- C. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. When the debt related to a particular capital asset is completely retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
- D. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board - Component Unit (Exhibit 32)	\$ 93,866,139
School-related principal and other debt service expenditures included in primary government (Exhibit 4)	<u>2,417,478</u>
Total expenditures for school activities	<u><u>\$ 96,283,617</u></u>

**NOTE 11—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - IDA:**

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The IDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the IDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the IDA but ultimately are long-term obligations reported in the County’s government-wide statement of net position. When the underlying requirements have been substantially met, these amounts are recorded by the IDA as payable to the grant recipient and as receivable from the County. At year end the IDA reported economic incentive grants payable of \$110,289 and an equal amount was reported as receivable from the County.

Amounts reported as payable to the IDA by the County consist of the following:

Long-term commitments to IDA, reported in the government-wide Statement of Net Position	\$ <u>110,289</u>
Total payable to IDA	<u><u>\$ 110,289</u></u>

The County also provides personnel and office space to the IDA at no charge.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN:

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*Plan Description*

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

*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 with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age plus and 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 with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Average Final Compensation and Service Retirement Multiplier*

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

*Employees Covered by Benefit Terms*

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	249	185
Inactive members:		
Vested inactive members	64	11
Non-vested inactive members	93	82
Inactive members active elsewhere in VRS	150	18
Total inactive members	307	111
Active members	339	172
Total covered employees	895	468

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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***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, 2021 was 11.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,667,200 and \$1,485,261 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 6.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$206,967 and \$233,489 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

\* Administrative expenses as a percent of the fair 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) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2019 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%

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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 fair 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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

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.

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, 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, 2020, the rate contributed by the school division for the

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Discount Rate: (Continued)*

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, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 75,112,932	\$ 67,677,381	\$ 7,435,551
Changes for the year:			
Service cost	\$ 1,811,383	\$ -	\$ 1,811,383
Interest	4,944,396	-	4,944,396
Differences between expected and actual experience	656,096	-	656,096
Changes of assumptions	-	-	-
Contributions - employer	-	1,482,938	(1,482,938)
Contributions - employee	-	726,195	(726,195)
Net investment income	-	1,301,151	(1,301,151)
Benefit payments, including refunds	(3,725,244)	(3,725,244)	-
Administrative expenses	-	(44,372)	44,372
Other changes	-	(1,520)	1,520
Net changes	\$ 3,686,631	\$ (260,852)	\$ 3,947,483
Balances at June 30, 2020	\$ 78,799,563	\$ 67,416,529	\$ 11,383,034

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Changes in Net Pension Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 14,559,293	\$ 13,724,976	\$ 834,317
Changes for the year:			
Service cost	\$ 317,176	\$ -	\$ 317,176
Interest	948,721	-	948,721
Benefit changes	-	-	-
Differences between expected and actual experience	(249,070)	-	(249,070)
Changes of assumptions	-	-	-
Contributions - employer	-	231,908	(231,908)
Contributions - employee	-	160,638	(160,638)
Net investment income	-	258,491	(258,491)
Benefit payments, including refunds	(1,008,333)	(1,008,333)	-
Administrative expenses	-	(9,149)	9,149
Other changes	-	(301)	301
Net changes	\$ 8,494	\$ (366,746)	\$ 375,240
Balances at June 30, 2020	\$ 14,567,787	\$ 13,358,230	\$ 1,209,557

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County'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		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net Pension Liability (Asset)	\$ 21,671,335	\$ 11,383,034	\$ 2,869,567
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	2,589,340	1,209,557	28,234

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,775,985 and \$379,973, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 443,767	\$ 105,938	\$ 10,892	\$ 135,339
Change in assumptions	800,286	-	28,488	-
Net difference between projected and actual earnings on pension plan investments	1,997,646	-	398,983	-
Employer contributions subsequent to the measurement date	1,667,200	-	206,967	-
Total	<u>\$ 4,908,899</u>	<u>\$ 105,938</u>	<u>\$ 645,330</u>	<u>\$ 135,339</u>

\$1,667,200 and \$206,967 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 861,907	\$ (71,122)
2023	932,362	105,925
2024	698,621	138,854
2025	642,870	129,367
2026	-	-
Thereafter	-	-

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Component Unit School Board (professional)**

*Plan Description*

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

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$6,773,781 and \$6,392,959 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$70,012,685 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .48110% as compared to .47598% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$7,089,070. 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,103,823
Change in assumptions	4,779,244	-
Net difference between projected and actual earnings on pension plan investments	5,325,240	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	537,638	817,208
Employer contributions subsequent to the measurement date	<u>6,773,781</u>	<u>-</u>
Total	<u>\$ 17,415,903</u>	<u>\$ 4,921,031</u>

\$6,773,781 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, 2022. 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>	
2022	\$ (392,996)
2023	1,746,980
2024	2,479,533
2025	1,941,660
2026	(54,086)

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 12—PENSION PLAN: (CONTINUED)

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Component Unit School Board (professional) (Continued)

*Actuarial Assumptions*

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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 fair 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:

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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions (Continued)*

The actuarial assumptions used in the June 30, 2019 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 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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 102,724,333	\$ 70,012,685	\$ 42,956,017

*Pension Plan Fiduciary Net Position*

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Primary Government and Component Unit School Board

*Aggregate Pension Information*

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 4,908,899	\$ 105,938	\$ 11,383,034	\$ 2,775,985
Totals	\$ 4,908,899	\$ 105,938	\$ 11,383,034	\$ 2,775,985

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board (Continued)

*Aggregate Pension Information (Continued)*

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	\$ 645,330	\$ 135,339	\$ 1,209,557	\$ 379,973
School Board Professional	17,415,903	4,921,031	70,012,685	7,089,070
Totals	<u>\$ 18,061,233</u>	<u>\$ 5,056,370</u>	<u>\$ 71,222,242</u>	<u>\$ 7,469,043</u>

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

*Plan Description*

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

*Benefits Provided*

A Campbell County retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. County employees hired prior to July 1, 2006 and School employees hired for the 2006-2007 school year and before must have 10 years of service with Campbell County in order to be eligible for postretirement medical coverage. All subsequently hired employees must have 20 years of service with Campbell County to be eligible. Retired employees, hired on or after July 1, 2010, eligible for VRS retirement benefits with at least 20 years of consecutive County service may continue their health insurance under the County insurance plan until age 65 if they elect to pay the entire insurance premium established for regular employees in that classification. The School Board allow dependents to be covered if eligible employees are hired on or after July 1, 2010; employees hired prior to July 1, 2010 are also provided dependent coverage if they meet the previously stated eligibility requirements. Coverage for County employees will be limited to the retired employee and will not include dependents for those hired on/after July 1, 2010.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

*Benefits Provided (Continued)*

Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan.

*Plan Membership*

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	264	801
Total retirees with coverage	<u>32</u>	<u>105</u>
Total	<u>296</u>	<u>906</u>

*Contributions*

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$454,800 and \$1,395,210, and \$570,575 and \$1,396,766 for fiscal year ended June 30, 2020.

*Total OPEB Liability*

The County and School Board's total OPEB liabilities were measured as of June 30, 2021. The total OPEB liabilities were determined by an actuarial valuation as of that date.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

County

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Inflation	2.50% per year as of July 1, 2020
Salary Increases	County - The salary increase rate starts at 5.35% increase for 1 year of service and gradually declines to 3.50% for 20 or more years of service for non-law enforcement and 4.75% to 3.50% for law enforcement.
Discount Rate	2.19% as of June 30, 2021 2.66% as of June 30, 2020

School Board

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Inflation	2.50% per year as of July 1, 2020
Salary Increases	School Board - The salary increase rate starts at 5.70% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Discount Rate	2.19% as of June 30, 2021 2.66% as of June 30, 2020

The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

*Discount Rate*

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 2.19% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

*Changes in Total OPEB Liability*

	Changes in Net OPEB Liability	
	Primary Government County Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 8,471,587	\$ 20,556,461
Changes for the year:		
Service cost	398,164	1,073,661
Interest	229,926	556,927
Difference between expected and actual experience	(733,659)	(1,717,666)
Changes in assumptions	277,753	538,893
Contributions - employer	-	-
Net investment income	-	-
Benefit payments	(454,800)	(1,395,210)
Net changes	(282,616)	(943,395)
Balances at June 30, 2021	\$ 8,188,971	\$ 19,613,066

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.19%) or one percentage point higher (3.19%) than the current discount rate:

County Rate			School Board Rate		
1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
\$ 8,809,909	\$ 8,188,971	\$ 7,609,121	\$ 20,775,277	\$ 19,613,066	\$ 18,474,708

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50% decreasing annually to an ultimate rate of 3.50%) or one percentage point higher (8.50% decreasing annually to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

County Rates			School Board Rates		
1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
\$ 7,279,680	\$ 8,188,971	\$ 9,245,254	\$ 17,417,579	\$ 19,613,066	\$ 22,173,464

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

For the year ended June 30, 2021, the County and School Board recognized OPEB expense in the amount of \$435,716 and \$82,016, respectively. At June 30, 2021, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>County:</b>		
Differences between expected and actual experience	\$ 68,693	\$ 1,655,923
Changes in assumptions	758,026	-
Total	<u>\$ 826,719</u>	<u>\$ 1,655,923</u>
<b>School Board:</b>		
Differences between expected and actual experience	\$ -	\$ 6,482,924
Changes in assumptions	885,250	843,092
Total	<u>\$ 885,250</u>	<u>\$ 7,326,016</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2022	\$ (192,374)	\$ (1,548,572)
2023	(192,379)	(1,548,572)
2024	(235,504)	(1,548,571)
2025	(132,966)	(927,654)
2026	(75,981)	(699,000)
Thereafter	-	(168,397)

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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**Group Life Insurance:**

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Group Life Insurance: (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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$82,357 and \$79,103 for the years ended June 30, 2021 and June 30, 2020, respectively, and \$19,197 and \$18,372 from the School Board (Nonprofessional) and \$227,836 and \$218,183 from the School Board (Professional).

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2021, the entity reported a liability of \$1,233,604 and the School Board in the amounts of \$286,539 and \$3,402,423 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .07392% as compared to .07448% at June 30, 2019 and .01717% and .01697% for School Board (Nonprofessional) and .20388% and .20309% for the School Board (Professional).

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$49,757, the School Board (Professional) recognized \$120,136 and School Board (Nonprofessional) recognized expense of \$12,090. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)*

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,124	\$ 11,080
Net difference between projected and actual earnings on GLI OPEB program investments	37,056	-
Change in assumptions	61,694	25,758
Changes in proportion	31,646	18,708
Employer contributions subsequent to the measurement date	82,357	-
Total	<u>\$ 291,877</u>	<u>\$ 55,546</u>
<b>School Board - Nonprofessional</b>		
Differences between expected and actual experience	\$ 18,379	\$ 2,574
Net difference between projected and actual earnings on GLI OPEB program investments	8,607	-
Change in assumptions	14,330	5,983
Changes in proportion	4,177	-
Employer contributions subsequent to the measurement date	19,197	-
Total	<u>\$ 64,690</u>	<u>\$ 8,557</u>
<b>School Board - Professional</b>		
Differences between expected and actual experience	\$ 218,234	\$ 30,559
Net difference between projected and actual earnings on GLI OPEB program investments	102,206	-
Change in assumptions	170,160	71,045
Changes in proportion	24,712	49,058
Employer contributions subsequent to the measurement date	227,836	-
Total	<u>\$ 743,148</u>	<u>\$ 150,662</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (Continued)*

\$82,357, \$19,197 and \$227,836 (County, School Board Nonprofessional and School Board Professional) 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, 2022. 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:

Year Ended June 30	County	School Board	
		Professional	Nonprofessional
2022	\$ 21,296	\$ 41,635	\$ 5,479
2023	31,761	70,499	7,910
2024	43,907	104,752	10,128
2025	45,881	114,929	10,227
2026	10,745	30,455	2,918
Thereafter	384	2,380	274

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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 fair 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

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

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

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

**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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

The actuarial assumptions used in the June 30, 2019 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 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, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

## NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 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%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,621,667	\$ 1,233,604	\$ 918,461
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 4,472,747	\$ 3,402,423	\$ 2,533,221
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 376,678	\$ 286,539	\$ 213,338

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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**Group Life Insurance: (Continued)**

***GLI Program Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Health Insurance Credit (HIC) Plan - School Board (Nonprofessional):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*HIC Plan Notes*

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

*Employees Covered by Benefit Terms*

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	77
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	<u>-</u>
Total inactive members	<u>-</u>
Active members	<u>172</u>
Total covered employees	<u><u>249</u></u>

*Contributions*

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was .68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 Board to the HIC Plan were \$24,119 and \$22,907 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Net HIC OPEB Liability*

The School Board’s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

*Actuarial Assumptions*

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

\*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Actuarial Assumptions: (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 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%

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

*Discount Rate*

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

**Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)**

***Discount Rate: (Continued)***

rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

***Changes in Net HIC OPEB Liability***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 399,899	\$ 182,266	\$ 217,633
Changes for the year:			
Service cost	\$ 6,305	\$ -	\$ 6,305
Interest	25,774	-	25,774
Benefit changes	12,744	-	12,744
Differences between expected and actual experience	15,889	-	15,889
Changes of assumptions	-	-	-
Contributions - employer	-	22,910	(22,910)
Net investment income	-	3,547	(3,547)
Benefit payments	(36,127)	(36,127)	-
Administrative expenses	-	(325)	325
Other changes	-	(2)	2
Net changes	\$ 24,585	\$ (9,997)	\$ 34,582
Balances at June 30, 2020	\$ 424,484	\$ 172,269	\$ 252,215

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

**Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)**

***Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School Board's Net HIC OPEB Liability	\$ 288,544	\$ 252,215	\$ 218,880

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$37,104. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,292	\$ 3,297
Net difference between projected and actual earnings on HIC OPEB plan investments	5,727	-
Change in assumptions	4,079	37
Employer contributions subsequent to the measurement date	24,119	-
Total	\$ 48,217	\$ 3,334

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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**Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)**

***HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to HIC Plan OPEB: (Continued)***

\$24,119 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2022	\$	4,493
2023		8,380
2024		6,075
2025		1,816
2026		-
Thereafter		-

***HIC Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**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:

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$510,165 and \$503,498 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Teacher Employee HIC Plan OPEB Liabilities, Teacher Employee HIC Plan 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 \$6,243,546 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was .47861% as compared .47450% at June 30, 2019.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$494,180. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Plan OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 83,380
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	27,669	-
Change in assumptions	123,426	34,113
Change in proportion	48,944	105,452
Employer contributions subsequent to the measurement date	<u>510,165</u>	<u>-</u>
Total	<u>\$ 710,204</u>	<u>\$ 222,945</u>

\$510,165 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (17,126)
2023	(14,383)
2024	(15,302)
2025	(2,090)
2026	16,810
Thereafter	9,185

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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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, 2019, 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, 2020.

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 fair 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

The actuarial assumptions used in the June 30, 2019 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, 2020, 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	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

## NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.14%</u>

\*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

## NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 6,988,999	\$ 6,243,546	\$ 5,609,965

*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 2020 Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Aggregate OPEB Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
<b>Primary Government</b>				
VRS OPEB Plans:				
Group Life Insurance Program:				
County	\$ 291,877	\$ 55,546	\$ 1,233,604	\$ 49,757
County Stand-Alone Plan	826,719	1,655,923	8,188,971	435,716
Totals	<u>\$ 1,118,596</u>	<u>\$ 1,711,469</u>	<u>\$ 9,422,575</u>	<u>\$ 485,473</u>
<b>Component Unit School Board</b>				
VRS OPEB Plans:				
Group Life Insurance Program:				
School Board Nonprofessional	\$ 64,690	\$ 8,557	\$ 286,539	\$ 12,090
School Board Professional	743,148	150,662	3,402,423	120,136
School Board Health Insurance Credit Program	48,217	3,334	252,215	37,104
Teacher Health Insurance Credit Program	710,204	222,945	6,243,546	494,180
School Stand-Alone Plan	885,250	7,326,016	19,613,066	82,016
Totals	<u>\$ 2,451,509</u>	<u>\$ 7,711,514</u>	<u>\$ 29,797,789</u>	<u>\$ 745,526</u>

Line of Duty Act (LODA) (OPEB Benefits)

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$87,553.

## COUNTY OF CAMPBELL, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2021 (CONTINUED)

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#### NOTE 14-PROPERTY TAXES:

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The County levies real estate taxes on all real property within its boundaries, except that exempted by statute, at a rate enacted by the Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue. Public utility property is assessed by the Commonwealth. All real property is assessed at 100 percent of fair market value and reassessed every four years as of January 1. The Commissioner of Revenue, by authority of County ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in annual installments due December 5. The taxes receivable balance at June 30, 2021 includes amounts not yet received from the January 1, 2021 levy. Property taxes attach as an enforceable lien on property as of January 1.

In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The real estate tax rate was \$.52 and \$.52 per \$100 of assessed value for calendar years 2021 and 2020, respectively.

Personal property tax assessments on all motor vehicles is \$4.38 per \$100 assessed value. Personal property tax on business machinery and tools is \$3.20 per \$100 of assessed value. Personal property taxes for the calendar year are due on December 5. Personal property tax assessments are not prorated. Property is assessed as of January 1<sup>st</sup> of each year.

#### NOTE 15-RISK MANAGEMENT:

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The County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation claims; and natural disasters.

The County contracts with VACorp to provide insurance coverage for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the League, the League may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage consists of \$2 million primary and \$4 million excess coverage.

The School Board contracts with private insurers for property and liability coverage.

#### Unemployment Insurance

The County and School Board are fully self-insured for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

#### Employee Health Insurance

The County is self-insured for medical coverage for County and School employees. Anthem serves as the administrator of a group medical insurance program in which the County and School Board's participating employees are combined into one overall funding program. The program includes a specific stop loss of \$150,000 for the program year ending September 30, 2021, and a maximum aggregate liability of 115% of Anthem's estimate of the expected liability.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 15–RISK MANAGEMENT: (CONTINUED)

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**Employee Health Insurance: (Continued)**

Liabilities for unpaid claims and claims incurred but not reported (IBNR) are estimated based on the estimated ultimate costs of settling the claims. Changes in the balances of claim liabilities are as follows:

<u>Fiscal Year Ending</u>	<u>Beginning of Year</u>	<u>Insured Claims (Including IBNR)</u>	<u>Claim Payments</u>	<u>End of Year</u>
June 30, 2021	\$ 1,139,601	\$ 14,714,309	\$ 14,893,910	\$ 960,000
June 30, 2020	1,067,714	14,428,917	14,357,030	1,139,601
June 30, 2019	988,056	13,420,362	13,340,704	1,067,714
June 30, 2018	1,090,479	13,037,584	13,140,007	988,056
June 30, 2017	993,106	13,892,063	13,794,690	1,090,479

In fiscal year 2012 the County started offering health benefits with a health savings account. The County has provided an annual contribution to each employee's health savings account.

NOTE 16–COMMITMENTS AND CONTINGENCIES:

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**Special Purpose Grants**

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required, they will be immaterial.

**Revenue Bonds of Campbell County Utilities and Service Authority**

The County Board of Supervisors has issued expressions of intent to provide the debt service payments on certain revenue bonds issued by the Campbell County Utilities and Service Authority (CCUSA). This support agreement is a non-binding obligation to appropriate to the CCUSA such funds as may be requested from time to time to pay these debt service costs for the life of the bonds, or 20 years. The County paid CCUSA \$94,394 for debt service in fiscal year 2021. In turn, the County receives water and sewer access fees related to these projects. In 2021, the County received approximately \$52,739 in such fees.

**Leesville Road Waterline**

The County financed the construction of the Leesville Road waterline. Campbell County Utility Service (CCUSA) will own and operate the assets. All connection fees received as a result of the waterline will be remitted to the County until the costs are recovered. If the total costs are not recovered, CCUSA is not responsible for the difference.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 16—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

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**Construction Contract Commitments**

The County has outstanding construction contract commitments as follows:

<u>Project</u>		<u>Amount Outstanding</u>
Rustburg Middle School	\$	35,862,190
Simons Run Roadway Extension		30,492
Total commitments	\$	<u>35,892,682</u>

**Encumbrances**

The County reports encumbrances by fund as follows:

General Fund:		
Education	\$	7,026,097
Other general government operations		<u>2,271,522</u>
Total encumbrances	\$	<u>9,297,619</u>

NOTE 17—RESTRICTED ASSETS:

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The County and School Board reports the following restricted assets:

Primary Government - School construction	\$	33,323,688
Primary Government - County projects		1,860,879
Primary Government - Drug enforcement & other		146,192
Primary Government - Cash: Contributions - Road construction project		<u>1,390,606</u>
Total Restricted Assets	\$	<u>36,721,365</u>

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLE:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities during the fiscal year ended June 30, 2021. This statement 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 implementation of this Statement resulted in the following restatement of net position and fund balance:

Fund Financial Statements:

	General Fund	Custodial Funds		School Activity Funds
		Special Welfare	Flexible Benefits	
Fund balance as reported, July 1, 2020	\$ 35,091,616	\$ -	\$ -	\$ -
Implementation of GASB Statement No. 84	229,315	38,200	15,832	1,592,712
Fund balance/Net Position, July 1, 2020, restated	<u>\$ 35,320,931</u>	<u>\$ 38,200</u>	<u>\$ 15,832</u>	<u>\$ 1,592,712</u>

Government-wide Financial Statements:

	Primary Government	Component Unit School Board
Net position as reported, July 1, 2020	\$ 51,526,317	\$ (56,652,285)
Implementation of GASB Statement No. 84	229,315	1,592,712
Net Position, July 1, 2020, restated	<u>\$ 51,755,632</u>	<u>\$ (55,059,573)</u>

NOTE 19—UPCOMING PRONOUNCEMENTS:

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

Statement No. 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.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2021 (CONTINUED)

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NOTE 19–UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

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

## COUNTY OF CAMPBELL, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2021 (CONTINUED)

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#### NOTE 20–COVID PANDEMIC AND SUBSEQUENT EVENTS:

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The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

##### CARES Act Funding

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, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$9,577,010. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$1,326,273. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent funds in the amount of \$1,422,086 are reported as unearned revenue as of June 30, 2021.

##### ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

During 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,330,384 from the initial allocation are reported as unearned revenue as of June 30, 2021.

##### ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

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

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## General Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 43,483,847	43,433,847	\$ 43,968,450	\$ 534,603
Other local taxes	13,182,306	13,182,306	15,543,164	2,360,858
Permits, privilege fees, and regulatory licenses	341,535	353,435	379,995	26,560
Fines and forfeitures	145,300	145,300	130,646	(14,654)
Revenue from the use of money and property	255,881	255,881	170,792	(85,089)
Charges for services	2,938,754	2,938,754	2,879,155	(59,599)
Miscellaneous	89,975	614,461	821,202	206,741
Recovered costs	763,963	763,963	808,513	44,550
Intergovernmental:				
Commonwealth	14,156,905	15,460,437	15,035,526	(424,911)
Federal	4,318,120	12,511,827	10,719,439	(1,792,388)
Total revenues	\$ 79,676,586	\$ 89,660,211	\$ 90,456,882	\$ 796,671
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	\$ 124,807	\$ 124,807	\$ 77,046	\$ 47,761
County administrator	359,078	381,917	363,745	18,172
Independent auditor	65,400	65,400	65,400	-
Business auditor	135,069	137,193	133,622	3,571
Commissioner of the revenue	377,935	383,576	374,542	9,034
Reassessment	293,329	433,970	151,211	282,759
Central purchasing	114,937	116,477	104,194	12,283
Legal services	309,310	355,134	358,549	(3,415)
Treasurer	609,688	621,644	581,515	40,129
Information systems	1,020,969	1,014,675	1,013,979	696
Management services	317,089	4,660,550	1,866,573	2,793,977
Finance & Strategic Initiatives	237,882	239,622	195,132	44,490
Vehicle licensing	37,215	40,203	36,201	4,002
Public & employee relations	247,232	257,897	232,107	25,790
Other	1,026,220	578,087	521,344	56,743
Registrar	297,544	390,506	385,091	5,415
Total general government administration	\$ 5,573,704	\$ 9,801,658	\$ 6,460,251	\$ 3,341,407
Judicial administration				
Circuit court	\$ 92,493	\$ 94,378	\$ 81,753	\$ 12,625
General district court	9,845	9,845	7,560	2,285
Magistrates	1,415	1,415	923	492
Juvenile and domestic relations court	17,808	17,808	11,774	6,034
Clerk of the circuit court	620,611	703,199	604,845	98,354
Victim witness program	242,473	249,111	236,033	13,078
Commissioner of accounts	1,084	1,084	1,100	(16)
Commonwealth attorney	890,433	912,992	898,441	14,551
Total judicial administration	\$ 1,876,162	\$ 1,989,832	\$ 1,842,429	\$ 147,403

## General Fund

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

For the Year Ended June 30, 2021 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES (CONTINUED)				
Public safety				
Sheriff	\$ 6,493,460	\$ 7,268,281	\$ 7,030,911	\$ 237,370
Drug enforcement funds	-	4,972	13,795	(8,823)
E - 911 system	1,454,930	1,668,085	1,372,340	295,745
Fire departments	633,298	649,144	853,602	(204,458)
Ambulance and rescue services	340,286	340,336	402,328	(61,992)
Paid EMT services	3,342,180	3,525,198	3,492,314	32,884
Forest fire extinction service	20,781	20,781	20,329	452
Jail	2,900,000	2,900,000	2,900,000	-
Probation office	5,350	5,350	3,493	1,857
Local corrections	366,982	366,982	202,029	164,953
Building inspections	316,508	351,036	322,706	28,330
Animal control	274,624	311,687	244,022	67,665
Medical examiner	640	640	960	(320)
Emergency services	326,100	726,127	399,000	327,127
Total public safety	\$ 16,475,139	\$ 18,138,619	\$ 17,257,829	\$ 880,790
Public works				
Highway services	\$ 24,000	\$ 24,000	\$ 29,286	\$ (5,286)
Street lights	13,000	13,000	10,960	2,040
Maintenance of buildings and grounds	1,619,072	1,910,102	1,754,630	155,472
Public works administration	312,756	267,596	243,959	23,637
Total public works	\$ 1,968,828	\$ 2,214,698	\$ 2,038,835	\$ 175,863
Health and welfare				
Health department	\$ 409,181	\$ 409,181	\$ 409,181	\$ -
Horizon Behavior Health	189,401	189,401	189,401	-
Welfare assistance and administration	8,152,833	8,454,487	7,690,544	763,943
Children Services Act Program	3,204,358	4,710,630	4,411,638	298,992
Property tax relief for elderly/handicapped	-	-	414,526	(414,526)
Housing assistance	119,555	143,721	124,985	18,736
Youth services	114,727	116,296	96,987	19,309
Other health and welfare	17,524	17,524	17,524	-
Total health and welfare	\$ 12,207,579	\$ 14,041,240	\$ 13,354,786	\$ 686,454
Education				
Contribution to School Board				
Component unit	\$ 28,386,460	\$ 34,126,183	\$ 24,773,237	\$ 9,352,946
Total education	\$ 28,386,460	\$ 34,126,183	\$ 24,773,237	\$ 9,352,946

## General Fund

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

For the Year Ended June 30, 2021 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES (CONTINUED)				
Parks, recreation, and cultural				
Parks and recreation	\$ 546,994	\$ 509,873	\$ 393,389	\$ 116,484
Community recreation	173,320	173,320	15,610	157,710
Historic landmarks	5,000	5,000	5,000	-
Library	1,249,573	1,268,432	1,167,012	101,420
Literacy	41,416	41,341	36,242	5,099
Total parks, recreation, and cultural	\$ 2,016,303	\$ 1,997,966	\$ 1,617,253	\$ 380,713
Community Development				
Zoning	\$ 564,565	\$ 547,343	\$ 425,542	\$ 121,801
Economic development	571,780	1,369,818	779,473	590,345
Planning	51,000	51,000	51,000	-
Campbell County Utility Service Authority	98,454	98,454	94,394	4,060
Environmental management program	139,447	157,962	149,676	8,286
Soil and water conservation district	12,327	12,327	12,417	(90)
Cooperation extension program	117,342	78,743	73,920	4,823
Total community development	\$ 1,554,915	\$ 2,315,647	\$ 1,586,422	\$ 729,225
Nondepartmental	\$ (360,000)	\$ (385,000)	\$ 310	\$ (385,310)
Total expenditures	\$ 69,699,090	\$ 84,240,843	\$ 68,931,352	\$ 15,309,491
Excess (deficiency) of revenues over (under) expenditures	\$ 9,977,496	\$ 5,419,368	\$ 21,525,530	\$ 16,106,162
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 73,853	\$ 73,853	\$ -
Transfers out	(9,595,097)	(12,460,812)	(12,460,812)	-
Total other financing sources (uses)	\$ (9,595,097)	\$ (12,386,959)	\$ (12,386,959)	\$ -
Net change in fund balances	\$ 382,399	\$ (6,967,591)	\$ 9,138,571	\$ 16,106,162
Fund balance - beginning, restated	(382,399)	6,967,591	35,320,931	28,353,340
Fund balance - ending	\$ -	\$ -	\$ 44,459,502	\$ 44,459,502

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

## Solid Waste Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 7,033	\$ 7,033
Charges for services	-	10,933	52,344	41,411
Intergovernmental:				
Commonwealth	1,500	1,500	14,793	13,293
Total revenues	\$ 1,500	\$ 12,433	\$ 74,170	\$ 61,737
EXPENDITURES				
Current:				
Public Works - Solid Waste	\$ 2,020,086	\$ 2,319,419	\$ 1,932,870	\$ 386,549
Total expenditures	\$ 2,020,086	\$ 2,319,419	\$ 1,932,870	\$ 386,549
Excess (deficiency) of revenues over (under) expenditures	\$ (2,018,586)	\$ (2,306,986)	\$ (1,858,700)	\$ 448,286
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ -
Total other financing sources (uses)	\$ 2,050,000	\$ 2,050,000	\$ 2,050,000	\$ -
Net change in fund balances	\$ 31,414	\$ (256,986)	\$ 191,300	\$ 448,286
Fund balance - beginning	(31,414)	256,986	1,242,808	985,822
Fund balance - ending	\$ -	\$ -	\$ 1,434,108	\$ 1,434,108

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

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, 2020

	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost	\$ 1,811,383	\$ 1,591,339	\$ 1,545,609	\$ 1,549,866
Interest	4,944,396	4,784,393	4,612,240	4,516,824
Changes in benefit terms	-	2,192,088	-	-
Differences between expected and actual experience	656,096	(206,618)	(396,573)	(1,162,819)
Changes of assumptions	-	-	-	(337,699)
Benefit payments	(3,725,244)	(3,193,479)	(3,410,433)	(2,995,720)
<b>Net change in total pension liability</b>	<b>\$ 3,686,631</b>	<b>\$ 5,167,723</b>	<b>\$ 2,350,843</b>	<b>\$ 1,570,452</b>
<b>Total pension liability - beginning</b>	<b>75,112,932</b>	<b>69,945,209</b>	<b>67,594,366</b>	<b>66,023,914</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 78,799,563</b>	<b>\$ 75,112,932</b>	<b>\$ 69,945,209</b>	<b>\$ 67,594,366</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,482,938	\$ 1,439,426	\$ 1,434,362	\$ 1,393,354
Contributions - employee	726,195	707,444	669,563	683,119
Net investment income	1,301,151	4,291,994	4,514,736	6,732,850
Benefit payments	(3,725,244)	(3,193,479)	(3,410,433)	(2,995,720)
Administrator charges	(44,372)	(42,516)	(39,308)	(38,991)
Other	(1,520)	(2,702)	(4,002)	(5,992)
<b>Net change in plan fiduciary net position</b>	<b>\$ (260,852)</b>	<b>\$ 3,200,167</b>	<b>\$ 3,164,918</b>	<b>\$ 5,768,620</b>
<b>Plan fiduciary net position - beginning</b>	<b>67,677,381</b>	<b>64,477,214</b>	<b>61,312,296</b>	<b>55,543,676</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 67,416,529</b>	<b>\$ 67,677,381</b>	<b>\$ 64,477,214</b>	<b>\$ 61,312,296</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 11,383,034</b>	<b>\$ 7,435,551</b>	<b>\$ 5,467,995</b>	<b>\$ 6,282,070</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>85.55%</b>	<b>90.10%</b>	<b>92.18%</b>	<b>90.71%</b>
<b>Covered payroll</b>	<b>\$ 15,212,134</b>	<b>\$ 14,601,082</b>	<b>\$ 13,662,885</b>	<b>\$ 13,165,736</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>74.83%</b>	<b>50.92%</b>	<b>40.02%</b>	<b>47.72%</b>

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

## 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, 2020

	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 1,594,596	\$ 1,568,032	\$ 1,506,011
Interest	4,347,229	4,089,845	3,900,665
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(575,564)	824,419	-
Changes of assumptions	-	-	-
Benefit payments	(2,891,247)	(2,719,500)	(2,688,703)
<b>Net change in total pension liability</b>	<b>\$ 2,475,014</b>	<b>\$ 3,762,796</b>	<b>\$ 2,717,973</b>
<b>Total pension liability - beginning</b>	<b>63,548,900</b>	<b>59,786,104</b>	<b>57,068,131</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 66,023,914</b>	<b>\$ 63,548,900</b>	<b>\$ 59,786,104</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,644,686	\$ 1,654,904	\$ 1,640,441
Contributions - employee	658,971	675,034	637,244
Net investment income	953,652	2,435,302	7,297,446
Benefit payments	(2,891,247)	(2,719,500)	(2,688,703)
Administrator charges	(34,332)	(33,239)	(39,389)
Other	(407)	(514)	384
<b>Net change in plan fiduciary net position</b>	<b>\$ 331,323</b>	<b>\$ 2,011,987</b>	<b>\$ 6,847,423</b>
<b>Plan fiduciary net position - beginning</b>	<b>55,212,353</b>	<b>53,200,366</b>	<b>46,352,943</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 55,543,676</b>	<b>\$ 55,212,353</b>	<b>\$ 53,200,366</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 10,480,238</b>	<b>\$ 8,336,547</b>	<b>\$ 6,585,738</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.13%</b>	<b>86.88%</b>	<b>88.98%</b>
<b>Covered payroll</b>	<b>\$ 13,136,288</b>	<b>\$ 13,173,333</b>	<b>\$ 12,703,891</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>79.78%</b>	<b>63.28%</b>	<b>51.84%</b>

Schedule of 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, 2020

	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost	\$ 317,176	\$ 296,913	\$ 308,804	\$ 302,578
Interest	948,721	936,872	946,190	956,515
Differences between expected and actual experience	(249,070)	125,542	(392,164)	(311,278)
Changes of assumptions	-	328,372	-	(134,155)
Benefit payments	(1,008,333)	(1,024,578)	(967,321)	(954,989)
<b>Net change in total pension liability</b>	<b>\$ 8,494</b>	<b>\$ 663,121</b>	<b>\$ (104,491)</b>	<b>\$ (141,329)</b>
<b>Total pension liability - beginning</b>	<b>14,559,293</b>	<b>13,896,172</b>	<b>14,000,663</b>	<b>14,141,992</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 14,567,787</b>	<b>\$ 14,559,293</b>	<b>\$ 13,896,172</b>	<b>\$ 14,000,663</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 231,908	\$ 224,042	\$ 254,944	\$ 248,253
Contributions - employee	160,638	153,123	148,622	144,771
Net investment income	258,491	875,067	955,281	1,458,220
Benefit payments	(1,008,333)	(1,024,578)	(967,321)	(954,989)
Administrator charges	(9,149)	(9,130)	(8,550)	(8,793)
Other	(301)	(548)	(838)	(1,283)
<b>Net change in plan fiduciary net position</b>	<b>\$ (366,746)</b>	<b>\$ 217,976</b>	<b>\$ 382,138</b>	<b>\$ 886,179</b>
<b>Plan fiduciary net position - beginning</b>	<b>13,724,976</b>	<b>13,507,000</b>	<b>13,124,862</b>	<b>12,238,683</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 13,358,230</b>	<b>\$ 13,724,976</b>	<b>\$ 13,507,000</b>	<b>\$ 13,124,862</b>
<b>School Board's net pension liability - ending (a) - (b)</b>	<b>\$ 1,209,557</b>	<b>\$ 834,317</b>	<b>\$ 389,172</b>	<b>\$ 875,801</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>91.70%</b>	<b>94.27%</b>	<b>97.20%</b>	<b>93.74%</b>
<b>Covered payroll</b>	<b>\$ 3,524,184</b>	<b>\$ 3,326,525</b>	<b>\$ 3,198,309</b>	<b>\$ 3,083,237</b>
<b>School Board's net pension liability as a percentage of covered payroll</b>	<b>34.32%</b>	<b>25.08%</b>	<b>12.17%</b>	<b>28.41%</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.

Schedule of 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, 2020

	2016	2015	2014
<b>Total pension liability</b>			
Service cost	\$ 304,674	\$ 322,594	\$ 347,629
Interest	945,293	926,451	903,387
Differences between expected and actual experience	(132,039)	(10,314)	-
Changes of assumptions	-	-	-
Benefit payments	(960,237)	(978,898)	(864,159)
<b>Net change in total pension liability</b>	<b>\$ 157,691</b>	<b>\$ 259,833</b>	<b>\$ 386,857</b>
<b>Total pension liability - beginning</b>	<b>13,984,301</b>	<b>13,724,468</b>	<b>13,337,611</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 14,141,992</b>	<b>\$ 13,984,301</b>	<b>\$ 13,724,468</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 318,293	\$ 310,596	\$ 318,487
Contributions - employee	144,031	142,393	147,336
Net investment income	205,910	558,443	1,732,436
Benefit payments	(960,237)	(978,898)	(864,159)
Administrator charges	(7,927)	(8,065)	(9,589)
Other	(90)	(117)	91
<b>Net change in plan fiduciary net position</b>	<b>\$ (300,020)</b>	<b>\$ 24,352</b>	<b>\$ 1,324,602</b>
<b>Plan fiduciary net position - beginning</b>	<b>12,538,748</b>	<b>12,514,396</b>	<b>11,189,794</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 12,238,728</b>	<b>\$ 12,538,748</b>	<b>\$ 12,514,396</b>
<b>School Board's net pension liability - ending (a) - (b)</b>	<b>\$ 1,903,264</b>	<b>\$ 1,445,553</b>	<b>\$ 1,210,072</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.54%</b>	<b>89.66%</b>	<b>91.18%</b>
<b>Covered payroll</b>	<b>\$ 3,014,909</b>	<b>\$ 2,910,102</b>	<b>\$ 2,950,955</b>
<b>School Board's net pension liability as a percentage of covered payroll</b>	<b>63.13%</b>	<b>49.67%</b>	<b>41.01%</b>

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, 2020

	2020	2019	2018	2017
Employer's Proportion of the Net Pension Liability (Asset)	0.48%	0.48%	0.48%	0.48%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 70,012,685	\$ 62,641,672	\$ 55,996,000	\$ 58,563,000
Employer's Covered Payroll	41,958,174	39,791,832	38,345,750	37,477,663
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.86%	157.42%	146.03%	156.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%

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

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, 2020

	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.49%	0.51%	0.52%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 68,881,000	\$ 64,322,000	\$ 62,577,000
Employer's Covered Payroll	37,475,983	38,004,120	37,818,503
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.80%	169.25%	165.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plans  
For the Years Ended June 30, 2012 through June 30, 2021

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>County:</b>					
2021	\$ 1,667,200	\$ 1,667,200	\$ -	\$ 15,237,726	11%
2020	1,485,261	1,485,261	-	15,212,134	10%
2019	1,442,124	1,442,124	-	14,601,082	10%
2018	1,434,362	1,434,362	-	13,662,885	10%
2017	1,392,485	1,392,485	-	13,165,736	11%
2016	1,645,469	1,645,469	-	13,136,288	13%
2015	1,654,811	1,654,811	-	13,173,333	13%
2014	1,647,695	1,647,695	-	12,703,891	13%
2013	1,549,349	1,549,349	-	11,945,633	13%
2012	1,035,686	1,035,686	-	11,418,804	9%
<b>School Board - Nonprofessionals:</b>					
2021	\$ 206,967	\$ 206,967	\$ -	\$ 3,546,928	6%
2020	233,489	233,489	-	3,524,184	7%
2019	225,305	225,305	-	3,326,525	7%
2018	254,944	254,944	-	3,198,309	8%
2017	248,239	248,239	-	3,083,237	8%
2016	318,400	318,400	-	3,014,909	11%
2015	310,595	310,595	-	2,910,102	11%
2014	318,703	318,703	-	2,950,955	11%
2013	322,886	322,886	-	2,989,687	11%
2012	210,284	210,284	-	2,774,194	8%
<b>School Board - Professionals*:</b>					
2021	\$ 6,773,781	\$ 6,773,781	\$ -	\$ 42,162,432	16%
2020	6,392,959	6,392,959	-	41,958,174	15%
2019	6,096,601	6,096,601	-	39,791,832	15%
2018	6,155,222	6,155,222	-	38,345,750	16%
2017	5,415,854	5,415,854	-	37,477,663	14%
2016	5,232,865	5,232,865	-	37,475,983	14%
2015	5,491,770	5,491,770	-	38,004,120	14%

\* This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. Additional years will be included when available.

Notes to Required Supplementary Information - Pension  
Pension Plans  
For the Year Ended June 30, 2021

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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, 2019 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% to 15%
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% to 45%
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%

OPEB - Health Insurance Plan  
 Required Supplementary Information  
 Schedule of OPEB Funding Progress

	2021	2020	2019	2018
<b>County:</b>				
<b>Total OPEB liability</b>				
Service cost	\$ 398,164	\$ 360,268	\$ 339,383	\$ 394,699
Interest	229,926	308,621	359,240	318,362
Changes in assumptions	277,753	598,315	220,265	52,672
Differences between expected and actual experience	(733,659)	(940,221)	(835,454)	206,085
Benefit payments	(454,800)	(570,575)	(617,249)	(437,968)
<b>Net change in total OPEB liability</b>	<b>\$ (282,616)</b>	<b>\$ (243,592)</b>	<b>\$ (533,815)</b>	<b>\$ 533,850</b>
<b>Total OPEB liability - beginning</b>	<b>8,471,587</b>	<b>8,715,179</b>	<b>9,248,994</b>	<b>8,715,144</b>
<b>Total OPEB liability - ending</b>	<b>\$ 8,188,971</b>	<b>\$ 8,471,587</b>	<b>\$ 8,715,179</b>	<b>\$ 9,248,994</b>
<b>Covered employee payroll</b>	<b>\$ 17,411,108</b>	<b>\$ 11,873,221</b>	<b>\$ 11,416,648</b>	<b>\$ 11,057,286</b>
<b>County's total OPEB liability (asset) as a percentage of covered employee payroll</b>	<b>47.0%</b>	<b>71.4%</b>	<b>76.3%</b>	<b>83.6%</b>
<b>School Board:</b>				
<b>Total OPEB liability</b>				
Service cost	\$ 1,073,661	\$ 1,133,929	\$ 1,086,510	\$ 1,216,156
Interest	556,927	846,900	973,510	1,052,082
Changes in assumptions	538,893	(1,180,328)	607,107	178,321
Differences between expected and actual experience	(1,717,666)	(2,533,900)	(2,207,655)	(4,524,781)
Benefit payments	(1,395,210)	(1,396,766)	(1,663,591)	(2,384,173)
<b>Net change in total OPEB liability</b>	<b>\$ (943,395)</b>	<b>\$ (3,130,165)</b>	<b>\$ (1,204,119)</b>	<b>\$ (4,462,395)</b>
<b>Total OPEB liability - beginning</b>	<b>20,556,461</b>	<b>23,686,626</b>	<b>24,890,817</b>	<b>29,353,212</b>
<b>Total OPEB liability - ending</b>	<b>\$ 19,613,066</b>	<b>\$ 20,556,461</b>	<b>\$ 23,686,698</b>	<b>\$ 24,890,817</b>
<b>Covered employee payroll</b>	<b>\$ 50,552,259</b>	<b>\$ 45,251,012</b>	<b>\$ 41,170,822</b>	<b>\$ 39,874,888</b>
<b>School Board's total OPEB liability (asset) as a percentage of covered employee payroll</b>	<b>38.8%</b>	<b>45.4%</b>	<b>57.5%</b>	<b>62.4%</b>

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

## OPEB - Health Insurance Plan

## Notes to Required Supplementary Information - Health Insurance OPEB

For the Year Ended June 30, 2021

Valuation Date: July 1, 2020  
 Measurement Date: June 30, 2021

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.19% as of June 30, 2021; 2.66% as of June 30, 2020
Inflation	2.50% per year as of July 1, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.5% and gradually declines to 3.5%
Salary Increase Rates	County - The salary increase rate starts at 5.35% increase for 1 year of service and gradually declines to 3.50% for 20 or more years of service for non-law enforcement and 4.75% to 3.50% for law enforcement. School Board - The salary increase rate starts at 5.70% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Retirement Age	The average age at retirement is 63
Mortality Rates	The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019.

## Schedule of Share of Net OPEB Liability

## Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)

County:

2020	0.07390%	\$ 1,233,604	\$ 15,212,134	8.11%	52.64%
2019	0.07448%	1,211,988	14,601,082	8.30%	52.00%
2018	0.07185%	1,091,000	13,662,885	7.99%	51.22%
2017	0.07150%	1,076,000	13,165,736	8.17%	48.86%

School Board - Professional Employees:

2020	0.20390%	\$ 3,402,423	\$ 41,958,174	8.11%	52.64%
2019	0.20309%	3,304,815	39,791,832	8.31%	52.00%
2018	0.20174%	3,064,000	38,345,750	7.99%	51.22%
2017	0.20326%	3,059,000	37,477,663	8.16%	48.86%

School Board - Nonprofessional Employees:

2020	0.01720%	\$ 286,539	\$ 3,533,154	8.11%	52.64%
2019	0.01697%	276,147	3,326,525	8.30%	52.00%
2018	0.01682%	256,000	3,198,309	8.00%	51.22%
2017	0.01672%	252,000	3,083,237	8.17%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2017 through June 30, 2021

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>County:</b>					
2021	\$ 82,357	\$ 82,357	\$ -	\$ 15,251,251	0.54%
2020	79,103	79,103	-	15,212,134	0.52%
2019	75,926	75,926	-	14,601,082	0.52%
2018	71,047	71,047	-	13,662,885	0.52%
2017	68,576	68,576	-	13,165,736	0.52%
<b>School Board - Professional Employees:</b>					
2021	\$ 227,836	\$ 227,836	\$ -	\$ 42,191,888	0.54%
2020	218,183	218,183	-	41,958,174	0.52%
2019	207,021	207,021	-	39,791,832	0.52%
2018	201,014	201,014	-	38,345,750	0.52%
2017	194,956	194,956	-	37,477,663	0.52%
<b>School Board - Nonprofessional Employees:</b>					
2021	\$ 19,197	\$ 19,197	\$ -	\$ 3,554,990	0.54%
2020	18,372	18,372	-	3,533,154	0.52%
2019	17,298	17,298	-	3,326,525	0.52%
2018	16,631	16,631	-	3,198,309	0.52%
2017	16,033	16,033	-	3,083,237	0.52%

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

Notes to Required Supplementary Information  
Group Life Insurance Program (GLI) Plan  
For the Year Ended June 30, 2021

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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, 2019 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%

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan - School Board - Nonprofessional  
For the Measurement Dates June 30, 2017 through 2020

	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>				
Service cost	\$ 6,305	\$ 5,919	\$ 6,041	\$ 5,955
Interest	25,774	26,041	26,924	27,017
Changes of benefit terms	12,744	-	-	-
Differences between expected and actual experience	15,889	4,582	(11,748)	-
Changes in assumptions	-	8,003	-	(2,953)
Benefit payments	(36,127)	(33,307)	(34,373)	(28,342)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 24,585</b>	<b>\$ 11,238</b>	<b>\$ (13,156)</b>	<b>\$ 1,677</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>399,899</b>	<b>388,661</b>	<b>401,817</b>	<b>400,140</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 424,484</b>	<b>\$ 399,899</b>	<b>\$ 388,661</b>	<b>\$ 401,817</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 22,910	\$ 21,624	\$ 20,469	\$ 19,733
Net investment income	3,547	11,207	12,722	19,471
Benefit payments	(36,127)	(33,307)	(34,373)	(28,342)
Administrative expense	(325)	(239)	(285)	(302)
Other	(2)	(13)	(1,027)	1,027
<b>Net change in plan fiduciary net position</b>	<b>\$ (9,997)</b>	<b>\$ (728)</b>	<b>\$ (2,494)</b>	<b>\$ 11,587</b>
<b>Plan fiduciary net position - beginning</b>	<b>182,266</b>	<b>182,994</b>	<b>185,488</b>	<b>173,901</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 172,269</b>	<b>\$ 182,266</b>	<b>\$ 182,994</b>	<b>\$ 185,488</b>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 252,215</b>	<b>\$ 217,633</b>	<b>\$ 205,667</b>	<b>\$ 216,329</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>40.58%</b>	<b>45.58%</b>	<b>47.08%</b>	<b>46.16%</b>
<b>Covered payroll</b>	<b>\$ 3,524,184</b>	<b>\$ 3,326,525</b>	<b>\$ 3,198,309</b>	<b>\$ 3,083,237</b>
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	<b>7.16%</b>	<b>6.54%</b>	<b>6.43%</b>	<b>7.02%</b>

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

## Schedule of 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, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
School Board - Professional:					
2020	0.4786%	\$ 6,243,546	\$ 41,958,174	14.88%	9.95%
2019	0.4745%	6,211,667	39,791,832	15.61%	8.97%
2018	0.4742%	6,021,000	38,345,750	15.70%	8.08%
2017	0.4750%	6,026,000	37,477,663	16.08%	7.04%

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

## Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan - School Board

For the Years Ended June 30, 2017 through June 30, 2021

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>School Board - Nonprofessional:</b>					
2021	\$ 24,119	\$ 24,119	\$ -	\$ 3,546,928	0.68%
2020	22,907	22,907	-	3,524,184	0.65%
2019	21,622	21,622	-	3,326,525	0.65%
2018	20,469	20,469	-	3,198,309	0.64%
2017	19,733	19,733	-	3,083,237	0.64%
<b>School Board - Professional:</b>					
2021	\$ 510,165	\$ 510,165	\$ -	\$ 42,162,432	1.21%
2020	503,498	503,498	-	41,958,174	1.20%
2019	477,502	477,502	-	39,791,832	1.20%
2018	471,701	471,701	-	38,345,750	1.23%
2017	416,066	416,066	-	37,477,663	1.11%

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

## Notes to Required Supplementary Information

Health Insurance Credit (HIC) Plan - School Board - Nonprofessional and Professional  
For the Year Ended June 30, 2021

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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, 2019 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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

**Professional:**

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 CAMPBELL, VIRGINIA

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

Capital Projects Funds

For the Year Ended June 30, 2021

	County Capital Projects			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Miscellaneous	-	19,057	41,700	22,643
Intergovernmental:				
Commonwealth	279,192	353,045	380,561	27,516
Total revenues	\$ 329,192	\$ 422,102	\$ 422,261	\$ 159
EXPENDITURES				
Current:				
Capital projects	\$ 3,021,439	\$ 14,590,784	\$ 6,941,141	\$ 7,649,643
Debt service:				
Principal retirement	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Total expenditures	\$ 3,021,439	\$ 14,590,784	\$ 6,941,141	\$ 7,649,643
Excess (deficiency) of revenues over (under) expenditures	\$ (2,692,247)	\$ (14,168,682)	\$ (6,518,880)	\$ 7,649,802
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,845,000	4,709,882	\$ 4,709,882	\$ -
Transfers out	-	(73,853)	(73,853)	-
Issuance of lease revenue bonds	-	5,543,111	4,380,000	(1,163,111)
Premium from bond issuance	-	-	1,163,111	1,163,111
Total other financing sources (uses)	\$ 1,845,000	\$ 10,179,140	\$ 10,179,140	\$ -
Net change in fund balances	\$ (847,247)	\$ (3,989,542)	\$ 3,660,260	\$ 7,649,802
Fund balance - beginning	847,247	3,989,542	3,198,841	(790,701)
Fund balance - ending	\$ -	\$ -	\$ 6,859,101	\$ 6,859,101

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Road Construction				School Construction			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,495	\$ 65,495
-	188,715	214,406	25,691	-	-	-	-
-	2,265,869	1,393,298	(872,571)	-	-	-	-
\$ -	\$ 2,454,584	\$ 1,607,704	\$ (846,880)	\$ -	\$ -	\$ 65,495	\$ 65,495
\$ -	\$ 4,747,320	\$ 1,970,358	\$ 2,776,962	\$ -	\$ 38,942,704	\$ 6,173,057	\$ 32,769,647
-	-	-	-	-	132,631	1,342,248	(1,209,617)
-	-	-	-	-	400,896	402,071	(1,175)
\$ -	\$ 4,747,320	\$ 1,970,358	\$ 2,776,962	\$ -	\$ 39,476,231	\$ 7,917,376	\$ 31,558,855
\$ -	\$ (2,292,736)	\$ (362,654)	\$ 1,930,082	\$ -	\$ (39,476,231)	\$ (7,851,881)	\$ 31,624,350
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 833	\$ 833	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	39,475,398	35,265,000	(4,210,398)
-	-	-	-	-	-	4,210,398	4,210,398
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,476,231	\$ 39,476,231	\$ -
\$ -	\$ (2,292,736)	\$ (362,654)	\$ 1,930,082	\$ -	\$ -	\$ 31,624,350	\$ 31,624,350
-	2,292,736	362,654	(1,930,082)	-	-	366,477	366,477
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,990,827	\$ 31,990,827

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
County Debt Service Fund  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Current:				
Debt Service				
Principal	\$ 3,117,234	\$ 3,187,234	\$ 3,187,233	\$ 1
Interest and fiscal charges	812,863	2,078,342	1,986,581	91,761
Total expenditures	\$ 3,930,097	\$ 5,265,576	\$ 5,173,814	\$ 91,762
Excess (deficiency) of revenues over (under) expenditures	\$ (3,930,097)	\$ (5,265,576)	\$ (5,173,814)	\$ 91,762
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 5,680,097	\$ 5,680,097	\$ 5,680,097	\$ -
Total other financing sources (uses)	\$ 5,680,097	\$ 5,680,097	\$ 5,680,097	\$ -
Net change in fund balances	\$ 1,750,000	\$ 414,521	\$ 506,283	\$ 91,762
Fund balance - beginning	(1,750,000)	(414,521)	1,817,274	2,231,795
Fund balance - ending	\$ -	\$ -	\$ 2,323,557	\$ 2,323,557

Custodial Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2021

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	<u>Special Welfare</u>	<u>Flexible Benefits</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 56,736	\$ 17,174	\$ 73,910
Investments			
Receivables:			
Accounts receivable	<u>3,221</u>	<u>523</u>	<u>3,744</u>
Total assets	<u>\$ 59,957</u>	<u>\$ 17,697</u>	<u>\$ 77,654</u>
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 508</u>	<u>\$ -</u>	<u>\$ 508</u>
Total liabilities	<u>\$ 508</u>	<u>\$ -</u>	<u>\$ 508</u>
<b>NET POSITION</b>			
Restricted:			
Restricted for special welfare	\$ 59,449	\$ -	\$ 59,449
Restricted for employees	<u>-</u>	<u>17,697</u>	<u>17,697</u>
Total net position	<u>\$ 59,449</u>	<u>\$ 17,697</u>	<u>\$ 77,146</u>
Total liabilities and net position	<u>\$ 59,957</u>	<u>\$ 17,697</u>	<u>\$ 77,654</u>

## Custodial Funds

## Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

For the Year Ended June 30, 2021

	Custodial Funds		
	Special Welfare	Flexible Benefits	Total
<b>ADDITIONS</b>			
Special welfare collections	\$ 91,104	\$ -	\$ 91,104
Employee deferrals	-	3,687,411	3,687,411
Total additions	\$ 91,104	\$ 3,687,411	\$ 3,778,515
<b>DEDUCTIONS</b>			
Welfare costs	\$ 69,855	\$ -	\$ 69,855
Flexible spending account benefits		3,685,546	3,685,546
Total deductions	\$ 69,855	\$ 3,685,546	\$ 3,755,401
Net increase (decrease) in fiduciary net position	\$ 21,249	1,865	23,114
Net position, beginning of year, restated	\$ 38,200	\$ 15,832	\$ 54,032
Net position, end of year	\$ 59,449	\$ 17,697	\$ 77,146

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	School Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,693,572	\$ 2,056,998	\$ 1,438,895	\$ 259,089	\$ 10,448,554
Receivables (net of allowance for uncollectibles):	6,178	29,387	8,586	-	44,151
Due from other governmental units	3,767,381	137,166	-	-	3,904,547
Prepaid items	1,171,497	20,598	-	-	1,192,095
Total assets	<u>\$ 11,638,628</u>	<u>\$ 2,244,149</u>	<u>\$ 1,447,481</u>	<u>\$ 259,089</u>	<u>\$ 15,589,347</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,247,333	\$ 25,055	\$ 11,139	\$ 116,926	\$ 2,400,453
Accrued liabilities	5,308,958	141,698	-	-	5,450,656
Due to primary government	2,597,365	-	-	-	2,597,365
Total liabilities	<u>\$ 10,153,656</u>	<u>\$ 166,753</u>	<u>\$ 11,139</u>	<u>\$ 116,926</u>	<u>\$ 10,448,474</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Prepaid items	\$ 1,171,497	\$ 20,598	\$ -	\$ -	\$ 1,192,095
Assigned:					
Education	313,475	2,056,798	1,436,342	-	3,806,615
Education - capital projects	-	-	-	142,163	142,163
Total fund balances	<u>\$ 1,484,972</u>	<u>\$ 2,077,396</u>	<u>\$ 1,436,342</u>	<u>\$ 142,163</u>	<u>\$ 5,140,873</u>
Total liabilities and fund balances	<u>\$ 11,638,628</u>	<u>\$ 2,244,149</u>	<u>\$ 1,447,481</u>	<u>\$ 259,089</u>	<u>\$ 15,589,347</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Total fund balances per above				\$	5,140,873
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds (Cost of \$90,139,727 and accumulated depreciation of \$56,158,803)					34,583,358
Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.					
Deferred outflows - pension related				\$ 18,061,233	
Deferred outflows - OPEB related				2,451,509	
Deferred inflows - pension related				(5,056,370)	
Deferred inflows - OPEB related				(7,711,514)	7,744,858
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds					
Net OPEB liabilities				\$ (29,797,789)	
Net pension liability				(71,222,242)	(101,020,031)
Net position of governmental activities				\$	<u>(53,550,942)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	School Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from the use of money and property	\$ 46,092	\$ 125	\$ -	\$ 502	\$ 46,719
Charges for services	288,749	14,010	-	-	302,759
Miscellaneous	684,096	61,959	1,342,789	-	2,088,844
Intergovernmental:					
Local government	24,773,237	-	-	-	24,773,237
Commonwealth	54,832,158	38,716	-	-	54,870,874
Federal	8,611,049	3,142,211	-	-	11,753,260
Total revenues	<u>\$ 89,235,381</u>	<u>\$ 3,257,021</u>	<u>\$ 1,342,789</u>	<u>\$ 502</u>	<u>\$ 93,835,693</u>
<b>EXPENDITURES</b>					
Current:					
Education	\$ 89,152,310	\$ 3,208,625	\$ 1,499,159	\$ 6,045	\$ 93,866,139
Total expenditures	<u>\$ 89,152,310</u>	<u>\$ 3,208,625</u>	<u>\$ 1,499,159</u>	<u>\$ 6,045</u>	<u>\$ 93,866,139</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 83,071</u>	<u>\$ 48,396</u>	<u>\$ (156,370)</u>	<u>\$ (5,543)</u>	<u>\$ (30,446)</u>
Net change in fund balances	\$ 83,071	\$ 48,396	\$ (156,370)	\$ (5,543)	\$ (30,446)
Fund balances - beginning, restated	1,401,901	2,029,000	1,592,712	147,706	5,171,319
Fund balances - ending	<u>\$ 1,484,972</u>	<u>\$ 2,077,396</u>	<u>\$ 1,436,342</u>	<u>\$ 142,163</u>	<u>\$ 5,140,873</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 \$ (30,446)

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

Capital outlay	\$ 3,676,797	
Depreciation expense	(3,034,708)	642,089

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to decrease net position

Loss on disposal of capital asset (39,655)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

(Increase)/decrease in net pension liability	\$	\$ (7,746,253)	
(Increase)/decrease in net OPEB liabilities		768,934	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		2,266,183	
(Increase) decrease in deferred inflows related to the measurement of the OPEB liabilities		151,807	
Increase/(decrease) in deferred outflows pension related items		4,985,144	
Increase/(decrease) in deferred outflows OPEB related items		510,828	936,643

Change in net position of governmental activities \$ 1,508,631

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2021

School Operating Fund								
					Variance with Final Budget Positive (Negative)			
Budgeted Amounts								
Original		Final		Actual				
<b>REVENUES</b>								
Revenue from the use of money and property	\$	50,000	\$	50,000	\$	46,092	\$	(3,908)
Charges for services		128,500		286,467		288,749		2,282
Miscellaneous		61,250		710,587		684,096		(26,491)
Recovered costs		97,500		97,500		-		(97,500)
Intergovernmental:								
Local government		28,385,984		34,125,707		24,773,237		(9,352,470)
Commonwealth		54,249,036		54,801,781		54,832,158		30,377
Federal		5,030,843		13,752,451		8,611,049		(5,141,402)
Total revenues	\$	88,003,113	\$	103,824,493	\$	89,235,381	\$	(14,589,112)
<b>EXPENDITURES</b>								
Current:								
Education:								
Instruction	\$	65,034,334	\$	70,393,518	\$	63,898,996	\$	6,494,522
Administration, attendance and health		4,850,416		5,618,112		4,993,335		624,777
Pupil transportation		5,419,100		5,794,557		5,224,953		569,604
Operation and maintenance services		8,382,504		14,418,411		9,592,438		4,825,973
Technology		4,316,759		7,607,236		5,442,588		2,164,648
Total expenditures	\$	88,003,113	\$	103,831,834	\$	89,152,310	\$	14,679,524
Excess (deficiency) of revenues over (under) expenditures								
	\$	-	\$	(7,341)	\$	83,071	\$	90,412
Net change in fund balances								
	\$	-	\$	(7,341)	\$	83,071	\$	90,412
Fund balance - beginning								
		-		7,341		1,401,901		1,394,560
Fund balance - ending								
	\$	-	\$	-	\$	1,484,972	\$	1,484,972

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

Statement of Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
June 30, 2021

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	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 198,689
Due from primary government	110,289
Industrial assets held for industry - real property	1,241,690
Total assets	\$ <u>1,550,668</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 888
Long-term liabilities:	
Due within one year	110,289
Total liabilities	\$ <u>111,177</u>
<b>NET POSITION</b>	
Unrestricted	\$ <u><u>1,439,491</u></u>

Schedule of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2021

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	<u>Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Revenue from the use of property	\$ 87,362
Total operating revenues	<u>\$ 87,362</u>
<b>OPERATING EXPENSES</b>	
Economic incentive grants	\$ 138,122
Other operating costs	8,283
Total operating expenses	<u>\$ 146,405</u>
Operating income (loss)	<u>\$ (59,043)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Contributions from Campbell County	\$ 287,652
Interest income	2,585
Interest expense and issuance costs	<u>(9,359)</u>
Nonoperating revenues (expenses)	<u>\$ 280,878</u>
Change in net position	\$ 221,835
Net position - beginning	1,217,656
Net position - ending	<u><u>\$ 1,439,491</u></u>

Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2021

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	<u>Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from grantors and customers	\$ 87,362
Payments to grantees and suppliers	(409,853)
Net cash provided by (used for) operating activities	<u>\$ (322,491)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Contributions from Campbell County	\$ 328,954
Interest Income	2,585
Net cash provided by (used for) noncapital financing activities	<u>\$ 331,539</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on long term debt	\$ (325,828)
Interest paid on long term debt	(9,359)
Net cash provided by (used for) capital and related financing activities	<u>\$ (335,187)</u>
 Net increase (decrease) cash and cash equivalents	 \$ (326,139)
<b>CASH AND CASH EQUIVALENTS</b>	
Cash and cash equivalents - beginning	524,828
Cash and cash equivalents - ending	<u><u>\$ 198,689</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (59,043)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in prepaid items	1,913
Increase (decrease) in accounts payable	676
Increase (decrease) in liabilities payable to industries	(266,037)
Net cash provided by (used for) operating activities	<u><u>\$ (322,491)</u></u>

## Other Statistical Information

### Contents

### Tables

#### Financial Trends

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

1 - 4

#### Revenue Capacity

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

5 - 7

#### Debt Capacity

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

8 - 9

#### Demographic and Economic Information

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

10-14

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

COUNTY OF CAMPBELL, VIRGINIA

Table 1

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

	2012	2013 (1)	2014	2015 (2)	2016	2017	2018	2019	2020	2021
Primary government										
Governmental activities										
Net investment in capital assets	\$ 25,710,879	\$ 26,658,220	\$ 28,719,429	\$ 22,853,751	\$ 24,885,321	\$ 24,156,518	\$ 23,202,885	\$ 17,846,292	\$ 18,762,186	\$ 23,398,528
Restricted	-	-	-	2,702,314	1,923,436	4,434,798	2,710,417	4,048,160	2,443,911	2,227,449
Unrestricted	31,368,847	31,359,486	30,189,019	20,276,672	19,932,586	20,919,378	18,456,486	20,941,466	30,320,220	39,044,715
Total governmental activities										
net position	\$ 57,079,726	\$ 58,017,706	\$ 58,908,448	\$ 45,832,737	\$ 46,741,343	\$ 49,510,694	\$ 44,369,788	\$ 42,835,918	\$ 51,526,317	\$ 64,670,692

(1) - The County implemented GASB Statement Nos. 63 and 65, effective fiscal year 2013

(2) - The County implemented GASB Statement Nos. 68 and 71, effective fiscal year 2015

COUNTY OF CAMPBELL, VIRGINIA

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

	2012	2013*	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 14,367,571	\$ 4,832,503	\$ 4,836,557	\$ 4,886,285	\$ 5,024,792	\$ 4,945,114	\$ 5,026,267	\$ 5,027,183	\$ 5,321,990	\$ 7,137,580
Judicial administration	1,634,401	1,678,561	1,742,957	1,672,627	1,664,229	1,844,547	1,729,746	1,682,837	1,871,624	2,036,059
Public safety	12,712,040	14,282,692	14,361,780	13,887,466	14,452,365	15,096,746	15,949,008	15,021,086	16,633,428	18,353,672
Public works	3,431,997	3,299,182	3,983,923	3,441,597	3,666,489	3,874,059	3,511,124	3,780,812	3,905,578	4,480,841
Health and welfare	9,329,764	9,816,547	9,882,472	10,090,691	10,467,241	10,908,973	11,069,783	11,555,463	13,273,896	13,613,290
Education	21,786,877	26,144,199	27,033,049	28,493,461	28,073,483	31,018,186	29,425,403	37,240,159	27,218,833	25,255,986
Parks, recreation and cultural	1,762,788	1,723,223	1,776,225	1,935,595	1,833,900	1,877,096	1,673,236	1,830,140	1,612,361	1,770,665
Community development	2,316,684	2,745,880	2,142,982	1,942,194	2,997,625	4,340,246	5,307,490	4,030,088	5,198,467	3,578,797
Interest on long-term debt	2,244,465	2,108,383	1,555,690	1,825,883	3,896,145	1,051,261	947,069	829,479	969,333	2,183,504
Total governmental activities expenses	\$ 69,586,587	\$ 66,631,170	\$ 67,315,635	\$ 68,175,799	\$ 72,076,269	\$ 74,956,228	\$ 74,639,126	\$ 80,997,247	\$ 76,005,510	\$ 78,410,394
Total primary government expenses	\$ 69,586,587	\$ 66,631,170	\$ 67,315,635	\$ 68,175,799	\$ 72,076,269	\$ 74,956,228	\$ 74,639,126	\$ 80,997,247	\$ 76,005,510	\$ 78,410,394
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 8,852,653	\$ 390,947	\$ 414,893	\$ 394,421	\$ 524,302	\$ 413,371	\$ 391,810	\$ 369,160	\$ 316,075	\$ 417,336
Judicial administration	31,272	28,690	10,163	7,358	24,531	6,784	6,614	7,692	20,726	17,165
Public safety	1,841,768	2,031,695	1,954,759	2,044,946	2,116,815	2,227,336	2,816,049	2,570,387	2,921,231	2,810,471
Public works	636,348	823,993	803,031	923,792	804,902	669,989	838,033	22	-	52,344
Health and welfare	-	-	-	-	1,700	-	-	-	-	-
Parks, recreation and cultural	209,061	209,368	200,099	190,557	204,666	199,587	173,124	137,960	89,483	40,839
Community development	46,174	43,957	51,107	196,360	92,397	111,284	133,000	130,155	120,955	103,985
Operating grants and contributions	10,765,466	11,243,741	11,050,952	11,310,942	11,881,220	12,227,418	12,775,294	13,107,422	16,958,658	20,651,392
Capital grants and contributions	480,513	450,560	775,951	508,650	1,179,300	1,451,825	1,765,564	1,161,564	1,361,198	1,914,587
Total governmental activities program revenues	\$ 22,863,255	\$ 15,222,951	\$ 15,260,955	\$ 15,577,026	\$ 16,829,833	\$ 17,307,594	\$ 18,899,488	\$ 17,484,362	\$ 21,788,326	\$ 26,008,119
Total primary government program revenues	\$ 22,863,255	\$ 15,222,951	\$ 15,260,955	\$ 15,577,026	\$ 16,829,833	\$ 17,307,594	\$ 18,899,488	\$ 17,484,362	\$ 21,788,326	\$ 26,008,119
Net (expense) / revenue										
Governmental activities	\$ (46,723,332)	\$ (51,408,219)	\$ (52,054,680)	\$ (52,598,773)	\$ (55,246,436)	\$ (57,648,634)	\$ (55,739,638)	\$ (63,512,885)	\$ (54,217,184)	\$ (52,402,275)
Total primary government net expense	\$ (46,723,332)	\$ (51,408,219)	\$ (52,054,680)	\$ (52,598,773)	\$ (55,246,436)	\$ (57,648,634)	\$ (55,739,638)	\$ (63,512,885)	\$ (54,217,184)	\$ (52,402,275)

COUNTY OF CAMPBELL, VIRGINIA

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

	2012	2013*	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 31,620,082	\$ 36,936,888	\$ 37,049,057	\$ 37,430,288	\$ 38,165,723	\$ 39,533,657	\$ 39,960,346	\$ 41,124,934	\$ 43,539,699	\$ 43,541,400
Other local taxes **	8,871,212	9,571,055	9,722,828	10,160,937	10,819,564	11,048,948	11,272,113	11,589,019	13,049,588	15,543,164
Unrestricted revenues from use of money and property	241,235	153,943	466,368	347,551	442,270	284,381	397,601	822,780	603,734	177,825
Unrestricted grants and contributions	5,373,618	5,275,066	5,316,657	5,426,764	5,292,660	5,277,881	5,310,860	5,152,503	5,100,490	4,977,638
Other	183,127	406,963	390,512	3,397,589	1,434,825	4,273,118	213,205	3,289,779	279,897	1,065,881
Gain (loss) on sale of capital assets *	5,321,494	62,284	-	-	-	-	-	-	334,175	11,427
Total governmental activities	\$ 51,610,768	\$ 52,406,199	\$ 52,945,422	\$ 56,763,129	\$ 56,155,042	\$ 60,417,985	\$ 57,154,125	\$ 61,979,015	\$ 62,907,583	\$ 65,317,335
Total primary government	\$ 51,610,768	\$ 52,406,199	\$ 52,945,422	\$ 56,763,129	\$ 56,155,042	\$ 60,417,985	\$ 57,154,125	\$ 61,979,015	\$ 62,907,583	\$ 65,317,335
<b>Change in Net Position</b>										
Governmental activities	\$ 4,887,436	\$ 997,980	\$ 890,742	\$ 4,164,356	\$ 908,606	\$ 2,769,351	\$ 1,414,487	\$ (1,533,870)	\$ 8,690,399	\$ 12,915,060
Total primary government	\$ 4,887,436	\$ 997,980	\$ 890,742	\$ 4,164,356	\$ 908,606	\$ 2,769,351	\$ 1,414,487	\$ (1,533,870)	\$ 8,690,399	\$ 12,915,060

\* The County implemented GASB Statement 63 and 65, effective July 1, 2012 -  
Certain revenue and expense items were reclassified and netted to reflect changes in the allocation of the internal service fund

COUNTY OF CAMPBELL, VIRGINIA

Table 3

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 1,461,885	\$ 137,125	\$ 141,363	\$ 192,102	\$ 182,523	\$ 212,949	\$ 236,518	\$ 179,735	\$ 217,499	\$ 215,787
Restricted	-	-	-	-	826	26,437	-	-	-	146,192
Committed	7,226,668	7,082,941	7,283,292	7,575,891	9,099,024	7,010,639	6,948,860	6,879,539	7,149,885	9,297,619
Assigned	-	-	-	-	1,971,562	1,599,275	3,987,150	4,212,307	5,479,967	7,553,575
Unassigned	14,140,923	15,601,083	17,337,694	16,346,608	15,104,713	20,106,540	18,891,737	17,679,701	22,244,265	27,246,329
Total general fund	\$ 22,829,476	\$ 22,821,149	\$ 24,762,349	\$ 24,114,601	\$ 26,358,648	\$ 28,955,840	\$ 30,064,265	\$ 28,951,282	\$ 35,091,616	\$ 44,459,502
All other governmental funds										
Nonspendable	\$ 873	\$ 542	\$ 1,012	\$ 1,100	\$ 1,220	\$ 1,616	\$ 1,473	\$ 25,649	\$ 1,473	\$ 1,107
Restricted	-	-	-	2,702,314	1,922,610	4,408,361	2,710,417	4,048,160	2,810,388	34,072,084
Committed	2,507,129	2,694,012	3,028,201	3,762,857	2,273,289	2,066,082	-	-	-	-
Assigned	5,996,277	4,846,534	3,040,532	2,203,451	2,214,234	1,575,575	4,426,316	4,682,276	6,257,450	10,615,659
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,504,279	\$ 7,541,088	\$ 6,069,745	\$ 8,669,722	\$ 6,411,353	\$ 8,051,634	\$ 7,138,206	\$ 8,756,085	\$ 9,069,311	\$ 44,688,850
Total fund balance, governmental funds	\$ 31,333,755	\$ 30,362,237	\$ 30,832,094	\$ 32,784,323	\$ 32,770,001	\$ 37,007,474	\$ 37,202,471	\$ 37,707,367	\$ 44,160,927	\$ 89,148,352

COUNTY OF CAMPBELL, VIRGINIA

Table 4

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
General property taxes	\$ 31,394,666	\$ 36,483,531	\$ 37,019,002	\$ 37,439,459	\$ 38,312,800	\$ 39,590,867	\$ 40,201,666	\$ 41,064,815	\$ 43,034,658	\$ 43,968,450
Other local taxes	8,871,212	9,571,055	9,722,828	10,160,937	10,819,564	11,048,948	11,272,113	11,589,019	13,049,588	15,543,164
Permits, privilege fees and regulatory licenses	309,389	309,438	254,802	459,415	267,432	305,707	369,494	325,824	368,220	379,995
Fines and forfeitures	178,962	161,464	136,015	141,950	139,765	136,360	130,934	104,526	130,615	130,646
Revenue from use of money and property	230,873	150,512	428,749	323,486	402,506	268,913	370,710	753,773	591,110	243,320
Charges for services	2,793,238	3,057,748	3,043,235	3,156,089	3,362,116	3,186,284	3,858,202	2,785,026	2,969,635	2,931,499
Miscellaneous	308,612	347,112	380,190	3,397,589	664,067	4,221,108	380,147	3,313,989	1,301,040	1,077,308
Recovered costs	295,141	314,854	302,814	318,685	331,594	346,180	371,420	699,299	739,101	808,513
Intergovernmental	16,424,139	16,969,367	17,143,560	17,246,356	18,353,180	18,957,124	19,851,718	19,421,489	23,420,346	27,543,617
<b>Total revenues</b>	<b>\$ 60,806,232</b>	<b>\$ 67,365,081</b>	<b>\$ 68,431,195</b>	<b>\$ 72,643,966</b>	<b>\$ 72,653,024</b>	<b>\$ 78,061,491</b>	<b>\$ 76,806,404</b>	<b>\$ 80,057,760</b>	<b>\$ 85,604,313</b>	<b>\$ 92,626,512</b>
<b>Expenditures</b>										
General government administration	\$ 4,073,250	\$ 4,283,849	\$ 4,306,051	\$ 4,471,685	\$ 4,299,115	\$ 4,299,196	\$ 4,650,890	\$ 4,679,513	\$ 4,558,321	\$ 6,460,251
Judicial administration	1,507,600	1,559,058	1,611,258	1,632,723	1,659,763	1,784,349	1,715,366	1,731,596	1,787,938	1,842,429
Public safety	11,905,232	12,422,719	12,968,541	12,940,855	13,689,044	13,423,134	14,374,483	15,020,685	15,504,318	17,257,829
Public works	3,113,380	3,229,978	3,675,089	3,220,854	3,316,317	3,407,386	3,350,777	3,390,511	3,523,258	3,971,705
Health and welfare	8,980,678	9,586,967	9,650,094	10,049,547	10,404,776	10,657,726	11,233,276	11,856,442	13,247,951	13,354,786
Education	20,022,771	23,902,801	24,102,429	25,787,723	25,841,800	27,149,039	27,070,626	30,048,792	26,919,132	24,773,237
Parks, recreation and cultural	1,654,803	1,617,241	1,653,349	1,731,715	1,759,831	1,708,977	1,660,728	1,756,064	1,587,758	1,617,253
Community development	1,931,433	2,096,644	1,579,983	1,567,334	1,747,378	1,693,451	1,986,208	1,601,829	2,398,166	1,586,422
Non-departmental	357	96	-	219	430	769	41	83	427	310
Capital projects	1,057,458	2,741,894	3,665,156	3,126,173	4,913,720	4,665,234	5,498,535	5,027,153	6,719,505	15,084,556
Debt service										
Principal	3,259,527	3,252,633	3,124,117	3,159,124	4,260,390	3,737,540	3,600,876	3,508,566	3,117,234	4,529,481
Interest and other fiscal charges	2,301,424	2,170,990	1,615,593	1,883,785	3,616,966	1,137,218	1,021,044	911,630	1,029,551	2,388,652
<b>Total expenditures</b>	<b>\$ 59,807,913</b>	<b>\$ 66,864,870</b>	<b>\$ 67,951,660</b>	<b>\$ 69,571,737</b>	<b>\$ 75,509,530</b>	<b>\$ 73,664,019</b>	<b>\$ 76,162,850</b>	<b>\$ 79,532,864</b>	<b>\$ 80,393,559</b>	<b>\$ 92,866,911</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 998,319	\$ 500,211	\$ 479,535	\$ 3,072,229	\$ (2,856,506)	\$ 4,397,472	\$ 643,554	\$ 524,896	\$ 5,210,754	\$ (240,399)
Other financing sources (uses)										
Transfers in	\$ 2,383,573	\$ 4,173,957	\$ 2,791,054	\$ 3,344,897	\$ 2,443,015	\$ 2,468,808	\$ 3,716,092	\$ 4,020,642	\$ 6,257,161	\$ 12,514,665
Transfers out	(2,382,573)	(5,773,957)	(2,811,054)	(4,464,897)	(2,525,831)	(2,628,807)	(4,164,649)	(4,039,792)	(6,356,603)	(12,534,665)
Sale of capital assets	181,149	128,271	10,322	-	-	-	-	-	-	-
Payments to refund bonds	-	-	-	-	(26,170,000)	-	-	-	-	-
Issuance of long-term debt	-	-	-	-	29,095,000	-	-	-	1,342,248	39,645,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	5,373,509
<b>Total other financing sources (uses)</b>	<b>\$ 182,149</b>	<b>\$ (1,471,729)</b>	<b>\$ (9,678)</b>	<b>\$ (1,120,000)</b>	<b>\$ 2,842,184</b>	<b>\$ (159,999)</b>	<b>\$ (448,557)</b>	<b>\$ (19,150)</b>	<b>\$ 1,242,806</b>	<b>\$ 44,998,509</b>
<b>Net change in fund balances</b>	<b>\$ 1,180,468</b>	<b>\$ (971,518)</b>	<b>\$ 469,857</b>	<b>\$ 1,952,229</b>	<b>\$ (14,322)</b>	<b>\$ 4,237,473</b>	<b>\$ 194,997</b>	<b>\$ 505,746</b>	<b>\$ 6,453,560</b>	<b>\$ 44,758,110</b>
Debt service as a percentage of noncapital expenditures	9.35%	8.23%	7.21%	7.4%	10.92%	6.74%	6.18%	5.68%	5.34%	8.66%

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

Fiscal Year	Real Estate (1)	Personal Property (5)	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Total Direct Tax Rate (4)	Overlapping Tax Rates		Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
								Brookneal	Altavista		
2012	\$ 3,569,563,504	\$ 293,444,818	\$ 33,350,485	\$ 176,187,896	\$ 227,802,743	\$ 4,300,349,446	\$ 0.80	\$ N/A	\$ N/A	\$ 4,593,794,264	93.61%
2013	3,603,683,524	329,262,195	33,492,140	162,685,289	233,962,523	4,363,085,671	0.87	N/A	N/A	4,692,347,866	92.98%
2014	3,912,428,038	323,800,332	33,896,613	164,990,259	269,437,638	4,704,552,880	0.87	N/A	N/A	5,028,353,212	93.56%
2015	3,948,966,754	322,558,248	34,559,213	164,892,424	331,742,101	4,802,718,740	0.82	N/A	N/A	5,125,276,988	93.71%
2016	3,987,197,968	332,321,336	30,671,382	164,892,424	349,605,154	4,864,688,264	0.82	N/A	N/A	5,197,009,600	93.61%
2017	4,034,203,537	337,261,573	31,630,947	186,943,782	354,102,476	4,944,142,315	0.82	N/A	N/A	5,281,403,888	93.61%
2018	4,091,083,881	344,171,598	31,729,101	182,735,007	381,288,691	5,031,008,278	0.83	N/A	N/A	5,375,179,876	93.60%
2019	4,149,072,478	357,948,433	31,863,173	180,874,193	399,205,478	5,118,963,755	0.83	N/A	N/A	5,476,912,188	93.46%
2020	4,420,544,457	374,454,522	29,702,871	189,522,060	442,420,557	5,456,644,467	0.80	N/A	N/A	5,831,098,989	93.58%
2021	4,444,658,630	390,964,288	30,204,710	201,974,946	449,894,208	5,517,696,782	0.80	N/A	N/A	5,908,661,070	93.38%

(1) Assessed value is as of January 1 of the previous fiscal year; does not include tax exempt property; excludes land use reduced valuation; includes mineral values

(2) Merchants' capital is no longer assessed as of fiscal year 2004

(3) Real estate, mobile homes, and machinery and tools taxes are assessed on a taxable property value which is 100% of estimated fair market value

Personal property taxes are assessed on a taxable property value which is 50% of fair market.

(4) Per \$100 of assessed value.

(5) Includes recreational and apportioned vehicles

Source: Commissioner of Revenue

COUNTY OF CAMPBELL, VIRGINIA

Table 6

Principal Property Taxpayers

Current Year and the Nine Years Prior

Taxpayer	FY 2021 Taxable			% of Total			Taxpayer	FY 2011 Taxable			% of Total		
	Assessed Value (2020 Book Values)			Rank	Assessed	Valuation		Assessed			Rank	Assessed	Valuation
BWXT Nuclear Oper. Group	125,177,009			1	2.39%		BWXT Nuclear Oper. Group	\$73,123,006			1	1.64%	
Abbott Laboratories (Ross)	75,166,715			2	1.43%		Abbott Laboratories (Ross)	65,168,467			2	1.46%	
BGF Industries Inc	41,164,176			3	0.79%		AREVA NP Inc. (Framatome)	35,212,776			3	0.79%	
Georgia Pacific Wood Prod LLC	29,456,567			4	0.56%		BGF Industries Inc	25,210,915			4	0.56%	
B&W Fuel Company (Commercial Division)	23,523,169			5	0.45%		Georgia Pacific Wood Prod LLC	24,634,571			5	0.55%	
Graham Packaging Plastic Products	21,631,676			6	0.41%		The Timken Company	20,721,758			6	0.46%	
Boxley Materials Company Inc	17,688,488			7	0.34%		Progress Printing Company	15,828,321			7	0.35%	
Progress Printing Company	16,066,156			8	0.31%		Schrader-Bridgeport International	15,034,449			8	0.34%	
Schrader-Bridgeport International	15,604,037			9	0.30%		Graham Packaging Plastic Prod.	9,579,284			9	0.21%	
Long Island Lumber Inc.	2,451,265			10	0.05%		Boxley Materials Company	7,209,552			10	0.16%	
	\$367,929,258				7.02%			\$291,723,099				6.52%	

COUNTY OF CAMPBELL, VIRGINIA

Table 7

Property Tax Levies and Collections  
Last Ten Fiscal Years

Year Ended June 30	Current Tax Levy (1)	Collections in Year of Levy			Collections in Subsequent Years	Total Collections to Date	
		Current Tax Amount	Percent of Levy Collected			Total Tax Collections	Percent of Levy Collected
2012	\$ 34,291,683	\$ 33,598,099	97.98%	\$	681,759	\$ 34,279,858	99.97%
2013	36,438,020	35,105,656	96.34%		825,433	35,931,089	98.61%
2014	36,680,581	35,493,051	96.76%		1,034,315	36,527,366	99.58%
2015	40,359,558	39,551,215	98.00%		805,118	40,356,333	99.99%
2016	41,440,549	40,302,698	97.25%		763,756	41,066,454	99.10%
2017	42,286,750	41,717,667	98.65%		570,398	42,288,065	100.00%
2018	42,907,217	42,363,903	98.73%		510,251	42,874,154	99.92%
2019	43,936,922	43,007,056	97.88%		470,526	43,477,582	98.95%
2020	46,139,952	45,192,683	97.95%		666,338	45,859,021	99.39%
2021	47,342,153	45,811,773	96.77%		-	45,811,773	96.77%

(1) Exclusive of penalties and interest.

COUNTY OF CAMPBELL, VIRGINIA

Table 8

Ratios of Total Outstanding Debt  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
	General		Literary		Lease		Bond		Bond					
	Obligation Bonds		Fund Loans		Revenue Bonds		Anticipation Note		Premiums					
2012	\$	42,397,886	\$	8,319,568	\$	-	-	\$	370,271	\$	51,087,725	3.0%	\$	922
2013		39,996,978		7,447,335		-	-		349,763		47,794,076	2.8%		859
2014		37,395,331		6,575,101		-	-		329,255		44,299,687	2.6%		782
2015		35,108,439		5,702,869		-	-		308,747		41,120,055	2.4%		727
2016		34,645,283		4,830,635		-	-		288,239		39,764,157	2.4%		703
2017		31,779,976		3,958,402		-	-		267,731		36,006,109	2.1%		648
2018		29,051,333		3,086,168		-	-		247,223		32,384,724	1.9%		583
2019		26,415,000		2,213,936		-	-		226,715		28,855,651	1.7%		521
2020		23,920,000		1,591,702		400,000	942,248		206,207		27,060,157	1.6%		493
2021		21,355,000		969,469		39,645,000	-		5,295,135		67,264,604	4.0%		1,174

Note: All of the County's debt is a direct obligation of the County; the County has no overlapping debt.

Debt is net of premiums and discounts

(1) Source - Census.gov; U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available.  
Personal income was last updated for calendar year 2008.

COUNTY OF CAMPBELL, VIRGINIA

Table 9

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

Fiscal Year	Net General Bonded Debt				Percentage of Actual Value of Taxable Property (2)	Total Net General Bonded Debt Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Bond Anticipation Note	Bond Premiums		
2012	\$ 42,397,886	\$ 8,319,568	\$ -	\$ 370,271	1.11%	\$ 922
2013	39,996,978	7,447,335	-	349,763	1.02%	859
2014	37,395,331	6,575,101	-	329,255	0.88%	782
2015	35,108,439	5,702,869	-	308,747	0.80%	727
2016	34,645,283	4,830,635	-	288,239	0.77%	703
2017	31,779,976	3,958,402	-	267,731	0.68%	648
2018	29,051,333	3,086,168	-	247,223	0.60%	583
2019	26,415,000	2,213,936	-	226,715	0.53%	521
2020	23,920,000	1,591,702	942,248	206,207	0.46%	486
2021	21,355,000	969,469	-	5,295,135	0.47%	482

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans; excludes capital leases and compensated absences. Debt is net of premiums and discounts.

COUNTY OF CAMPBELL, VIRGINIA

Table 10

Principal Employers		2021		
Employer	Industry	Employees	Rank	% of Total Employment
BWX Technologies (formerly Babcock & Wilcox NOG & Technical Services Division)	Nuclear	1,000 - 4,999	1	4% - 20%
Campbell County Schools	Education	1,000 - 4,999	2	4% - 20%
Abbott Industries	Pharmaceuticals	500 - 999	3	2% - 4%
Campbell County	Government	250 - 499	4	1% - 2%
BGF Industries	Fiberglass fabric	250 - 499	5	1% - 2%
Wal Mart- Supercenter	General Merchandise Stores	250 - 499	6	1% - 2%
Moore's Electrical and Mechanical	Electric/Mechanical Services	250 - 499	7	1% - 2%
Food Lion	Grocery	250 - 499	8	1% - 2%
Schrader-Bridgeport International, Inc.	Electrical Manufacturing	100 - 249	9	0.3% - 1%
The Babcock & Wilcox Co.	Nuclear	100 - 249	10	0.3% - 1%
Foster Fuels Inc.	Fuel Distributor	100 - 249	11	0.3% - 1%
Standard Insurance Company	Insurance Services	100 - 249	12	0.3% - 1%
YMCA	Fitness/Health	100 - 249	13	0.3% - 1%
Banker Steel Co. LLC	Steel Manufacturing	100 - 249	14	0.3% - 1%
Georgia Pacific Wood Prod	Wood Manufacturing	100 - 249	15	0.3% - 1%
Sonny Merryman, Inc.	Truck/Bus Sales	100 - 249	16	0.3% - 1%
Thompson Trucking	Truck Transportation	100 - 249	17	0.3% - 1%
Care Advantage	Home Health Services	100 - 249	18	0.3% - 1%
Autumn Care of Altavista LLC	Assisted Living	100 - 249	19	0.3% - 1%
Totals:		4,850 - 16,231		18.3% - 65%
Total Employed: 25,507				

Source: Virginia Employment Commission, LMI, Largest Employer Data

COUNTY OF CAMPBELL, VIRGINIA

Table 11

Demographic and Economic Statistics  
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Income (3)	School Enrollment(4)	Unemployment Rate (5)
2011	55,032	\$ 4,381,731.00	\$ 22,588.00	8,371	7.20%
2012	55,030	\$ 4,548,867.00	\$ 22,753.00	8,391	6.50%
2013	55,235	\$ 4,515,201.00	\$ 23,231.00	8,338	5.90%
2014	56,232	\$ 4,721,107.00	\$ 23,801.00	8,138	5.30%
2015	56,167	\$ 4,804,431.00	\$ 24,192.00	7,939	4.80%
2016	55,562	\$ 4,812,824.00	\$ 25,219.00	8,020	4.40%
2017	55,503	\$ 4,962,495.00	\$ 26,417.00	7,895	4.20%
2018	55,137	\$ 5,161,257.00	\$ 27,842.00	7,891	3.40%
2019	54,885	\$ 5,285,450.00	\$ 27,739.00	7,921	3.10%
2020	57,287	n/a*	n/a*	7,787	5.90%
2021	n/a*	n/a*	n/a*	n/a*	n/a*

- (1) Population is based on figures available from Weldon Cooper Center, University of Virginia. 2010 and 2011 is based on US Census.  
(2) Source - U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available. Campbell + Lynchburg MSA data provided.  
(3) Source - Chmura JobsEQ Economics and Analytics Database  
(4) Source - Virginia Department of Education - Fall Membership  
(5) Source - Virginia Employment Commission, VLM

\* Updated information not available

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Primary Government</b>										
Function:										
General government	42	44	44	44	52	52	46	42	37	42
Judicial administration	20	20	20	21	21	22	22	22	22	23
Public safety **	122	122	122	123	122	123	128	142	144	144
Public works	33	33	33	34	26	26	25	25	24	24
Health and welfare	82	82	82	82	78	79	69	78	79	80
Culture and recreation	22	20	20	20	22	22	19	18	20	16
Community development	9	9	9	10	12	12	12	11	12	13
Totals	330	330	330	334	333	336	321	338	338	342
<b>Component Unit - School Board</b>										
Function:										
Education - full and part-time	1,303	1,319	1,311	1,312	1,232	1,234	1,238	1,320	1,331	1,312

Source: County and School Board Human Resource department records.

COUNTY OF CAMPBELL, VIRGINIA

Table 13

Operating Indicators By Function  
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public safety</b>										
Sheriffs department:										
Physical arrests	5,192	4,533	3,390	3,351	3,673	2,652	3,188	3,936	3,532	2,502
Parking violations	148	50	8	18	20	18	13	12	25	10
Traffic violations	2,631	1,620	807	858	1,058	1,097	933	1,063	874	1,531
Court security manhours worked *	7,618	7,618	7,748	6,858	6,482	6,562	9,455	10,489	11,787	8,953
Prisoner transports	298	371	235	286	348	363	444	297	246	156
Code enforcement violations	25	27	26	41	48	51	60	80	59	47
DUIs	103	80	59	70	105	54	57	44	36	63
<b>Culture and recreation</b>										
Parks and recreation attendees/participants:										
Youth sports participants	2,317	2,393	2,245	2,241	2,535	2,506	2,570	2,180	2,370	1,753
Dance and crafts - youth and adult	362	310	350	300	398	194	75	178	50	16
Trips	303	310	30	6	-	-	-	-	-	-
Senior centers	695	616	1,619	1,028	989	380	289	218	264	275
Playground programs	-	-	-	-	-	-	-	-	-	-
Registered special events	236	386	368	678	504	575	762	842	642	430
Open special events	1,198	1,500	2,914	1,035	2,519	1,700	1,600	1,387	1,279	1,222
Cooperative events	2,086	2,564	2,835	4,281	4,370	4,327	12,548	11,672	13,687	7,038
Ticket sales	2,954	2,692	3,040	2,538	2,340	2,765	2,692	1,839	1,045	657
<b>Library:</b>										
Volumes and eCollections *	169,710	167,616	160,391	174,666	160,990	153,837	219,068	282,957	260,036	136,767
Total volumes borrowed	259,321	231,449	211,068	236,142	267,089	178,605	218,217	222,184	217,134	180,322
Number of borrowers	21,799	13,905	19,949	19,123	17,178	19,065	21,534	22,430	19,359	19,655
Number of new borrowers added	2,976	2,191	2,378	2,551	7,236	3,086	2,478	2,397	2,060	1,737
Family and children's programs attendance	4,997	5,725	6,204	8,582	6,914	9,065	11,829	8,451	17,722	9,050
Public computer usage	47,031	45,630	39,760	38,809	40,439	33,620	27,477	29,783	29,645	20,828
Library visits	231,091	223,477	213,556	209,107	205,251	198,195	231,189	222,634	220,331	165,248
Number of family and childrens programs	147	762	588	365	748	2,869	449	288	251	258
Adult and teen program attendance	1,709	4,665	1,547	2,199	3,768	3,768	1,614	2,200	1,685	1,663
<b>Component Unit - School Board</b>										
Education:										
Actual school enrollment	8,140	8,029	7,995	7,876	7,786	7,656	7,671	7,632	7,602	7,574

Source: Library, Recreation & Parks and Sheriff's annual report to the Board of Supervisors

COUNTY OF CAMPBELL, VIRGINIA

Table 14

Capital Asset Statistics By Function  
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Public safety - insured vehicles</b>										
Law enforcement vehicles	76	84	84	86	81	82	82	98	100	100
Other public safety	19	17	18	18	19	19	19	21	19	22
<b>Public works</b>										
Vehicles	18	16	14	14	13	13	13	13	13	14
<b>Health and welfare</b>										
Vehicles	28	26	28	28	28	28	28	28	29	28
<b>Parks, recreation and cultural</b>										
Vehicles	7	7	7	7	7	7	7	7	7	7
<b>Other</b>										
Vehicles	7	7	8	8	11	11	11	11	11	12
<b>Total Vehicles</b>	<b>155</b>	<b>157</b>	<b>159</b>	<b>161</b>	<b>159</b>	<b>160</b>	<b>160</b>	<b>178</b>	<b>179</b>	<b>183</b>

**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 Campbell, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Campbell, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2021. Our report includes a reference to other auditors who audited the financial statements of the County of Campbell, Virginia School Board School Activity Funds, as described in our report on the County of Campbell, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Campbell, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 8, 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 Campbell, Virginia**

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

We have audited the County of Campbell, 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 Campbell, Virginia's major federal programs for the year ended June 30, 2021. County of Campbell, 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 Campbell, 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 Campbell, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the County of Campbell, 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, 2021.

## Report on Internal Control over Compliance

Management of the County of Campbell, 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 Campbell, 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 Campbell, Virginia's internal control over compliance.

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

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

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

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
December 8, 2021

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
Department of Health and Human Services:				
Direct Payments:				
COVID-19-Provider Relief Funds	93.498		\$ 91,319	\$ -
Pass Through Payments:				
Virginia Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families	93.556	0950120/0950119	\$ 29,390	\$ -
Temporary Assistance for Needy Families (TANF)	93.558	0400121/0400120	464,652	-
Virginia Department of Education:				
Temporary Assistance for Needy Families (TANF)	93.558		215,430	-
Subtotal CFDA 93.558			680,082	-
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	0500121/0500120	1,107	-
Low-Income Home Energy Assistance Program	93.568	0600421/0600420	76,709	-
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760120	95,923	-
Adoption and Legal Guardianship Incentive Payments	93.603	1130118	1,869	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	214	-
Foster Care - Title IV-E	93.658	1100121/1100120	629,547	-
Adoption Assistance	93.659	1120121/1120120	913,294	-
Social Services Block Grant	93.667	1000121/1000120	437,929	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120	12,245	-
Children's Health Insurance Program	93.767	0540121/0540120	7,431	-
Medicaid Cluster:				
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200121/1200120	637,703	-
Total Department of Social Services			\$ 3,523,443	\$ -
Total Department of Health and Human Services			\$ 3,614,762	\$ -
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	unknown	\$ 2,028	\$ -
Total Department of Homeland Security			\$ 2,028	\$ -
Department of Agriculture:				
Pass Through Payments:				
Department of Agriculture:				
National School Lunch Program - Food distribution	10.555	202120N10994 1	\$ 316,678	\$ -
Summer Food Service Program for Children	10.559	202020N10994 1/201919N10994 1	2,308,590	-
COVID-19 - Summer Food Service Program for Children	10.559	202020N85034 1	516,943	-
Subtotal CFDA 10.559			2,825,533	-
Subtotal Child Nutrition Cluster			3,142,211	-
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040121/0040120/0010120/0010121	853,201	-
Total Department of Agriculture			\$ 3,995,412	\$ -

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Federal Expenditures
Department of Justice:				
Direct Payments:				
COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034		\$ 30,922	\$ -
Bulletproof Vest Partnership Program	16.607		1,360	-
Pass Through Payments:				
Department of Criminal Justice Service:				
Violence Against Women Formula Grants	16.588	17WFAX0013	41,628	-
Crime Victim Assistance	16.575	17VAGXZ0018/16VAGX0039	207,082	-
Total Department of Justice			\$ 280,992	\$ -
Department of Treasury:				
Pass Through Payments:				
Department of Education:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0218	\$ 1,326,273	\$ -
Virginia Department of Accounts:				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	6,060,007	785,914
Subtotal CFDA 21.019			7,386,280	785,914
Total Department of Treasury			\$ 7,386,280	\$ 785,914
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FOP-2021-51226-21226	\$ 26,867	\$ -
Alcohol Open Container Requirements	20.607	154AL-2021-51225-21225	20,478	-
Total Department of Transportation			\$ 47,345	\$ -
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Urban Development:				
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	unknown	\$ 76,534	\$ -
Total Department of Housing and Urban Development			\$ 76,534	\$ -
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	S010A200046	\$ 1,665,259	\$ -
Adult Education Basic Grants to States	84.002	unknown	91,018	-
Career and Technical Education - Basic Grants to States	84.048	V048A180046	217,817	-
Special Education Cluster:				
Title VI-B: Special Education - Grants to States	84.027	H027A190107/H027A200107	1,701,042	-
Title VI-B: Special Education Preschool Grants	84.173	H173A200112/H173A190112	41,281	-
Subtotal Special Education Cluster			\$ 1,742,323	\$ -
Student Support and Academic Enrichment Program	84.424	S424A190048/S424A200048	142,338	-
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	S367A200044/S367A190044	247,414	-
English Language Acquisition Grants	84.365	S365A190046/S365A200046	14,163	-
Education for Homeless Children and Youth	84.196	Unknown	1,053	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	2,603,313	-
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C200042	344,648	-
Subtotal CFDA 84.425			2,947,961	-
Total Department of Education			\$ 7,069,346	\$ -
Total Expenditures of Federal Awards			\$ 22,472,699	\$ 785,914

## COUNTY OF CAMPBELL, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

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#### Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the County of Campbell, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Campbell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Campbell, Virginia.

#### Note 2 - Basis of Accounting

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

#### Note 3 - Food Commodities

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

#### Note 4 - Indirect Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

#### Note 5 - Subrecipients

The County passed through \$785,914 to subrecipients under the Coronavirus Relief Fund (21.019) program.

#### Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 10,719,439
Total primary government	\$ 10,719,439

Component Unit School Board:

School Operating Fund	\$ 8,611,049
School Cafeteria Fund	3,142,211
Total Component Unit School Board	\$ 11,753,260

Total federal expenditures per basic financial statements	\$ 22,472,699
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 22,472,699
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#### Note 7 - Loan Balances

The County has no loans or guarantees which are subject to reporting requirements for the current year.

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

CFDA #	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	National School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program - Food distribution
93.659	Adoption Assistance
21.019	COVID-19 - Coronavirus Relief Fund
84.425D	COVID-19 - Elementary and Secondary Emergency Relief Fund
84.425C	COVID-19 - Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Findings**

There are no prior year findings to report.