County of Campbell, Virginia

Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

Prepared By:
Finance & Management Services Department

COUNTY OF CAMPBELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Campbell County
Virginia

Board of Supervisors
Dr. James Borland
Bob Good
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Susan Hogg
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November 25, 2019

To the Honorable Members of the Board of Supervisors
To the Citizens of Campbell County
County of Campbell, Virginia

We are pleased to present the Comprehensive Annual Financial Report of the County of Campbell, Virginia, (the "County"), for the fiscal year ended June 30, 2019. This report was prepared by the County's Department of Finance and Strategic Initiatives along with the Department of Management Services. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls: In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

The County adopts an annual budget by July 1 of each year as required by 15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with 15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required. These appropriations, except those to incur mandated expenditures, may be greater or less than contemplated in the budget.

THE REPORTING ENTITY AND ITS SERVICES

The County of Campbell report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board and the Industrial Development Authority are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The IDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors. In addition, the IDA imposes a financial burden on the County.

CAMPBELL COUNTY DEMOGRAPHIC & ECONOMIC DEVELOPMENT INFORMATION

The Campbell County Department of Economic Development has been quite busy during FY 2019 with several projects, including the construction of a 10,000 sq. ft. building in Seneca Commerce Park. Total capital investment is $1.4 million dollars with 20 new jobs created.

Campbell County's existing industrial sectors include but are not limited to advanced manufacturing, agricultural, automotive, banking/finance, call/customer service centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile, and trucking.

CAMPBELL COUNTY DEMOGRAPHIC & ECONOMIC DEVELOPMENT INFORMATION: (CONTINUED)

In FY 2019 Campbell County's unemployment rate ranged from 2.7% to 3.5% with an average of 3.2%. Virginia averaged 2.9% during FY 2019 in unemployment rates and the national average was 3.8%. As in previous years, Campbell County had a tendency to trend higher than the state but slightly lower than the national averages.

The Weldon Cooper Center reports that Campbell County's population estimate for 2018 is 55,425, which is up from the 2010 Census numbers of 54,842.

FY 2019 Major Economic Development Department Accomplishments/Initiatives

- ***Business Appreciation Month* -** The Commonwealth of Virginia celebrates Business Appreciation Month during the month of May. This year, Campbell County sent out over 2,100 letters to area businesses in appreciation for their hard work and dedication to our community. Our 16th Annual Business Appreciation Luncheon was held on May 30th, with Mr. John Capps, President of Central Virginia Community College as the guest speaker to a crowd of 80 distinguished representatives and businesses.
- ***Tobacco Agriculture Grants* -** Campbell County closed out Phase I of the Pasture grant, and has worked to roll out Phase II of the Pasture Grant.
- ***Grants* -** After discussions at the Board Input Session that was held in October 2018 at Hyland Heights Baptist Church, a Broadband Authority was created to address broadband needs for Campbell County. Since this formation, we have applied for and were awarded a grant from the Virginia Tobacco Indemnification and Community Revitalization Commission for broadband expansion in the County. Secondly, we submitted an application for the Economic Development Growth Enhancement (EDGE) Program to AEP and were awarded $15,000 towards the Industrial Development Authority's 10,000 sq. ft. building costs.
- ***Brookneal Campbell County Airport* -** The Department of Economic Development provides administrative support to the Brookneal Campbell County Airport. During FY 2019, the Airport selected the company to perform the Runway Crack Sealing and Re-striping project through the RFP process. The project has since been completed. The airport continues to see a great deal of air traffic from Liberty University's School of Aeronautics.
- ***Marketing* -** We have continued our partnership with the City of Lynchburg along with our Richmond-based consultant service. Together, we have participated in training with the consultant service and have reconnected with previous project leads to get further updates on their project progress.
- ***Product Development* -** The Seneca Commerce Park subdivision process was completed and construction of the Industrial Development Authority's 10,000 sq. ft. building is now complete. We were able to secure a tenant for the building just days after final completion walkthrough and obtaining the keys.
- ***Website* -** Our website continues to be the main method of advertising and marketing for the County. We continue to update and market not only industrial properties, but events throughout the area that benefit the business community and beyond.
- ***Continuing Education* -** Staff members continued their educational and developmental opportunities this year. Attendance was given to the Virginia Economic Developer's Association conferences, completion and certification of the University of Oklahoma's Economic Development Institute, as well as Chmura JobsEQ FIT Training certification.

FY 2019 Other Initiatives:

- 80% completion of Liberty University Ramp and Roundabout Revenue Sharing highway construction project
- Obtained bids and started construction of Simons Run Revenue Sharing highway construction project
- Reopened Hodges Transfer Site as a manned site with a 40 hour per week schedule of operations
- Complete HVAC upgrades to Public Safety Building
- Started HVAC replacement at Brookville Middle School
- Installed security fencing and began construction of public bathrooms
- Completed renovation of the flooring and wall painting of the 3rd floor of the Courthouse
- Implemented a new work order software system for Public Works

PROPERTY TAX RATES

There were no changes in property tax rates for FY 2019. The Real Estate Tax rate of 52 cents per $100 assessed value remains unchanged.

GOVERNMENT'S FINANCIAL POLICIES AND LONG TERM FINANCIAL PLANNING

The County experienced significant reductions in funding from the State from FY 2009 through FY 2012. This reduction in funding was addressed by the County tightly monitoring expenditures to ensure they were reduced in direct proportion to the reduction in State funding. During the FY 2010 budget in the spring of 2009 the Board of Supervisors adopted a strategy to build up fund reserves through the use of heightened expenditure controls. A portion of those additional fund reserves would be used as needed as part of a step-down strategy over a period of four years to offset revenue losses due to the weakened economy and due to funding reductions from the State in order to help offset service delivery reductions, primarily in the area of education, until the economy improved. This adopted fund reserve strategy served its purpose well and enabled the county to weather the adverse economic environment until the local economy showed significant improvement beginning in FY 2013. The local economy has continued to show modest improvement each year since FY 2013.

The County has established a target unassigned general fund balance of 15% of the combined non-duplicated budgets of the General Fund and School Operating Fund. For the FY 2019 budget year this totals 15% of $127.6 million or $19.1 million. The minimum target set by the County is 10%, or $12.8 million based on the FY 2019 budget. The target of $19.1 million represents approximately 60 days of operating reserve, and additionally serves to meet required financial assurance measures for solid waste activities, and demonstrates the County's fiscal soundness for borrowing capacity. $2.4 million was assigned by the Board in FY 2019 for future needs of school maintenance, economic development, debt service and emergency medical services.

The County utilizes an annual comprehensive planning process to look at long-term capital and operational needs. This process leads to the development of a formal Priority Initiative Plan and Timeline that identifies future funding requirements of up to ten years for Priority Initiatives. This plan is adopted by the Board of Supervisors in February of each year and used to develop the annual operating budget. Additionally, this same process yields a five-year Capital Improvement Plan (CIP) for the primary government and schools that is formally adopted by the Board in the spring of each year in conjunction with the annual operating budget.

OTHER INFORMATION

Management's Discussion and Analysis: Generally accepted accounting principles (GAAP) require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Campbell's MD&A can be found immediately following the report of the independent auditors.

Independent Audit: The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

Certificate of Achievement: In order to be awarded a Certificate of Achievement from the Government Finance Officers Association, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The County has been the recipient of this prestigious award for the last fifteen successive years.

Acknowledgments: The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Department Finance and Strategic Initiatives in conjunction with the Department of Management Services. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Commissioner of the Revenue, Real Estate Office, Community Development, Economic Development and other employees for their assistance in the preparation of this report.

Respectfully submitted,

Frank Rogers	Tyler Carraway
County Administrator	Director of Finance & Management Services

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Campbell
Virginia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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COUNTY OF CAMPBELL, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
JUNE 30, 2019

BOARD OF SUPERVISORS

Eddie Gunter, Jr., Chairman
Charlie A. Watts, II, Vice-Chairman

Dr. James A. Borland	Susan R. Hogg
Bob Good	Dale Moore
Jon R. Hardie	

COUNTY SCHOOL BOARD

R. Leon Brandt, Jr., Chairman
Mark A. Epperson, Vice-Chairman

Dr. Scott A. Miller	Barabara Rypkema
David Phillips	Gary R. Mattox
Barry A. Jones	

COUNTY LIBRARY BOARD

Karen Gunter, Chairman
Tamara Nuckols, Vice-Chairman

Dr. James A. Borland	Sandra Lichtenberger
Bill van Opstal	Donna Roberts
Rachel Cartwright	Cindy Shockley

OTHER OFFICIALS

Judge of the Circuit Court	John T. Cook
Clerk of the Circuit Court	Valerie P. Younger
Chief Judge of the General District Court	Sam D. Eggleston, III
Presiding Judge of the General District Court	Stephanie S. Maddox
Judge of the Juvenile & Domestic Relations Circuit Court	Mary Driskill
Commonwealth's Attorney	Paul McAndrews
County Attorney	F.E. "Tripp" Eisenhower
Commissioner of the Revenue	Calvin C. Massie, Jr.
Treasurer	Robin T. Jefferson
Sheriff	Steve A. Hutcherson
Superintendent of Schools	Dr. Robert Johnson
Social Services Director	Lisa Linthicum
County Administrator	Frank J. Rogers

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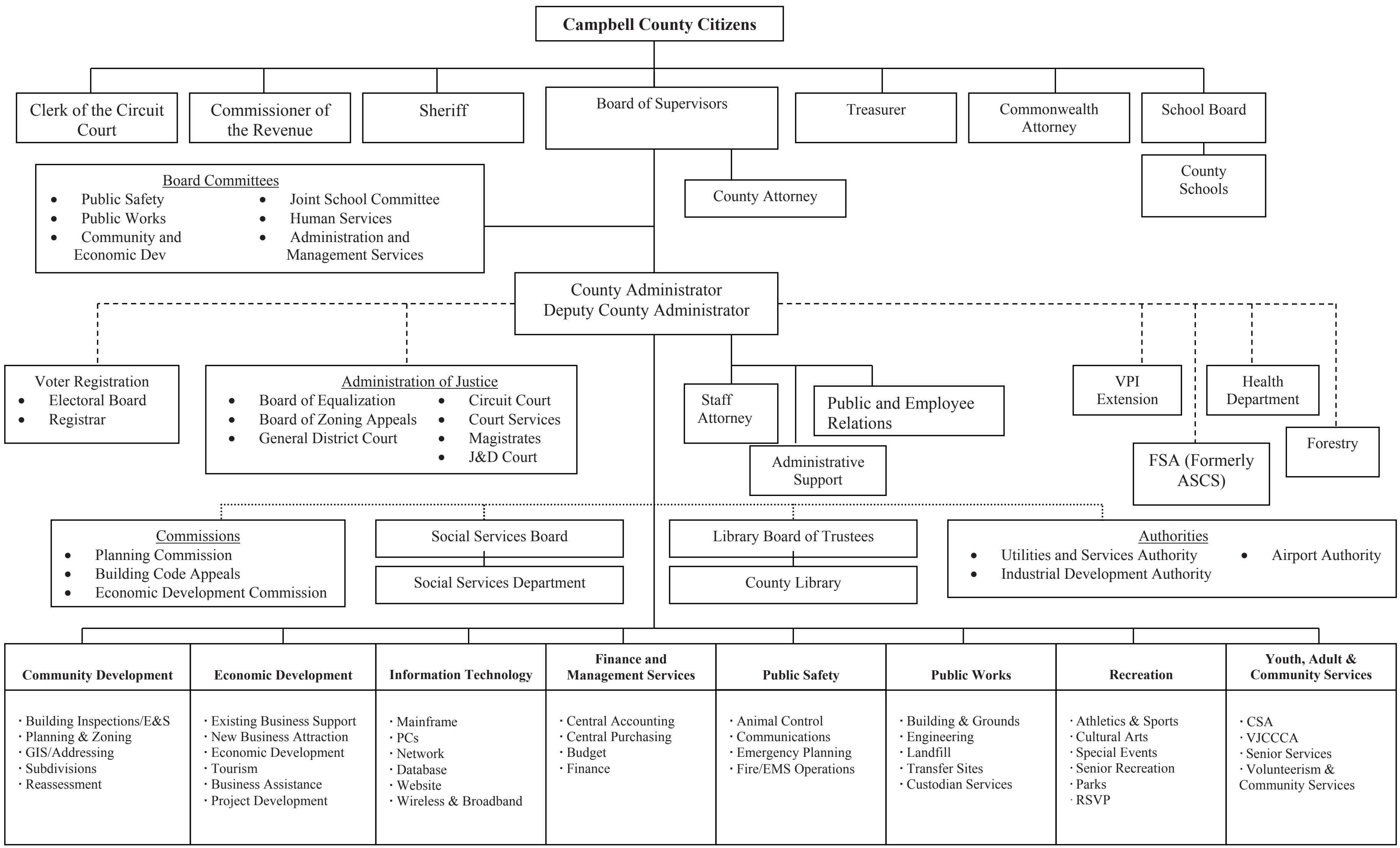
CAMPBELL COUNTY, VIRGINIA – ORGANIZATIONAL CHART



Revised 11/20/18

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Independent Auditors' Report

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

We have audited the accompanying financial statements 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 and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 20 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. 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 17-27, 126-129, and 130-144 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of 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. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, 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
November 22, 2019

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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, 2019. In some areas, references to where the information is found in the CAFR 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 2019 by $42,835,918 (net position) [Exhibit 1]. During the current fiscal year, the County's net position decreased by $1,533,870 [Exhibit 2].
- The decrease in net position is largely due to the transfer of joint tenancy assets from the County to the School Board. These assets are school buildings encumbered by debt. The County issues the debt and the liability is reported on the Statement of Net Position [Exhibit 1]. The buildings and land are recorded by the County until the debt is repaid, then the remaining book value of the asset is transferred to the School Board and recorded as a reduction in assets to the Statement of Net Position.
- The County's combined funds reported year-ending fund balances totaling $37,707,367 [Exhibit 3] and reflected an increase of $504,896 from the previous year.
- At the end of the current fiscal year 2019, the unassigned fund balance for the general fund of $17,679,701 [Exhibit 3] represented 23.0% of the total general fund expenditures and transfers for the year. The unassigned fund balance for the general fund decreased by $1,212,036. The major contributing factor to the decrease was an increase in assigned funds for future school maintenance and future debt service. $4,212,307 of the year-end fund balance was assigned for future needs of school maintenance, economic development, debt service, reassessment services and emergency management services.
- The County has established a target unassigned general fund balance of 15% of the combined non-dedicated budget of the General Fund [Exhibit 10] and School Operating Fund [Exhibit 31]. For the FY 2019 budget year this totals 15% of $127.5 million or $19.1 million. The minimum target set by the County is 10% or $12.7 million, based on the FY 2019 budget. 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.

<u>Overview of the Financial Statements</u>

The discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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.

<u>Government-wide financial statements</u> - 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.

Overview of the Financial Statements: (Continued)

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.

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 four 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, and the School Construction Capital Projects Fund, all of which are considered to be major funds.

The County established a separate fund in FY 2015 for road sharing construction projects involving Liberty University and the Virginia Department of Transportation. The County does not provide funding for these road projects and will serve as a pass-through. There resides $4.3 million in cash [Exhibit 3] in this fund as of June 30, 2019, which was contributed by Liberty University and the Virginia Department of Transportation.

Overview of the Financial Statements: (Continued)

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, the Special Revenue Fund the Capital Projects Funds, and the School Construction Projects fund to demonstrate compliance with this budget.

Proprietary funds - The County maintains one proprietary fund – the Health Insurance Fund. 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 agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

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 $42,835,918 at the close of fiscal year 2019. The summary of Net Position below is based on accrual accounting method with data collected from [Exhibit 1].

Summary of Net Position

	Governmental Activities	
	2019	2018
Assets		
Current and Other assets	$ 89,890,953	$ 88,837,054
Capital assets	46,701,941	55,587,610
Total assets	136,592,894	144,424,664
Deferred outflows of resources	$ 1,932,107	$ 1,891,158
Liabilities		
Long-term liabilities	$ 48,222,825	$ 53,106,801
Current liabilities	5,562,338	4,686,886
Total liabilities	$ 53,785,163	$ 57,793,687
Deferred inflows of resources	$ 41,903,920	$ 44,152,347
Net position:		
Net investment in capital assets	$ 17,846,292	$ 23,202,885
Restricted	4,048,160	2,710,417
Unrestricted	20,941,466	18,456,486
Total net position	$ 42,835,918	$ 44,369,788

Government-wide Financial Analysis: (Continued)

The largest portion of the County's net position of $24,989,626 (58.3% of total net position) [Exhibit 1], primarily consists of cash, cash equivalents and investments. $4.3 million of the net position reported for the County is restricted to Road Sharing Construction Projects representing monies contributed by Centra Health, Liberty University and VDOT. 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 is $17,846,292 (41.7% 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 is 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 decreased in the amount of $1,533,870.

Health Insurance Fund: Health Insurance Fund net position of $6,754,743 [Exhibit 6] increased by $1,743,968 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 that represents two years at 15% each of the total anticipated health and dental claims, HSA costs and administration costs for the upcoming year. The targeted net position for the Health Insurance Fund is $4.4 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 $6.7 million also reflects a reduction in net position of $1,067,714 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2019. 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 utilized to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.

HSA contributions for the year totaled $2,320,820 on a combined basis for employer and employee contributions for County, Schools and CCUSA employees. The employees contributed $716,703 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.

Government-wide Financial Analysis: (Continued)

Governmental Activities: As stated earlier Governmental Activities resulted in a decrease in the County's net position of $1,533,870 or 3.6%. Elements of the changes in net position of the Primary Government are summarized as follows from [Exhibit 2]:

Changes in Net Position - Statement of Activities

	Governmental Activities	
	2019	**2018**
Program Revenues:		
Charges for services	$ 3,215,376	$ 4,358,630
Operating grants and contibutions	13,107,422	12,775,294
Capital grans and constributions	1,161,564	1,765,564
General Revenues:		
General property taxes	41,124,934	39,960,346
Other local taxes	11,589,019	11,272,113
Use of money and property	822,780	397,601
Grants and contributions not restricted	5,152,503	5,310,860
Miscellaneous revenue	3,289,779	213,205
Total revenues	$ 79,463,377	$ 76,053,613
Expenses		
General government administration	$ 5,027,183	$ 5,026,267
Judicial administration	1,682,837	1,729,746
Public safety	15,021,086	15,949,008
Public works	3,780,812	3,511,124
Health and welfare	11,555,463	11,069,783
Education	37,240,159	29,425,403
Parks, recreation and cultural	1,830,140	1,673,236
Community development	4,030,088	5,307,490
Interest and other fiscal charges	829,479	947,069
Total expenses	$ 80,997,247	$ 74,639,126
Change in net position	$ 1,533,870	$ 1,414,487
Net position, beginning	44,369,788	49,510,694
Restatement adjustment FY2018 - GASB No. 75	$ -	$ (6,555,393)
Net position, beginning	-	42,955,301
Net positoin, ending	$ 42,835,918	$ 44,369,788

Actual revenues for governmental activities for all primary government funds for the year on a combined basis fell short of actual expenses in the amount of $1,533,870 including current year depreciation on capital assets. Current year depreciation expense for capital assets for the primary government totaled $2,920,698. General Revenues for governmental activities increased by $3,409,764 or 4.5% primarily because of revenues previously received in FY 2017 for Liberty Mountain Drive exit ramp.

Governmental-Wide expenses, including current year depreciation on capital assets, increase by $6,358,121 or 8.5% with significant variations below.

Government-wide Financial Analysis: (Continued)

EXPENSES - PRIMARY GOVERNMENT – SIGNIFICANT CHANGES

- Children's Services Act (CSA) experienced a significant increase in expenditures during FY 2019, up $788,944 or 27.1% over FY 2018. The increase is due to the rising number of children and youth needing community services.

- Funding to Schools increased significantly during FY19, up $2,978,166 over FY 2018. The increase is primarily attributed to the transfer of assigned dollars in the amount of $2,118,316, for the purpose of HVAC replacement and upgrades at Brookville Middle School.

PROGRAM/GENERAL REVENUES – PRIMARY GOVERNMENT

Revenues for governmental activities increased by $1,818,185 or 2.5%, as compared to the previous year. Overall, Campbell County has continued growth in the local economy and the following are some substantial increases in actual local revenue as compared to the previous fiscal year:

- Personal Property Tax up $577,454 or 5.4%
- Real Estate Tax up $279,246 or 1.4%
- Local Sales Tax up $176,583 or 3.3%
- BPOL Tax up $33,267 or 1.5%

Other significant changes in local revenue:

- EMS Billing Revenue Proceeds down $155,636 or 7.3%
- Machinery & Tools Tax down $94,664 or 1.6%
- Building Permits down $44,853 or 21.4%
- Apportioned Vehicles for Hire down $14,033 or 6.4%

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on 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 46.9% percent of the combined governmental fund balance or $17,679,701 [Exhibit 3] comprises the unassigned fund balances, which are available for spending at the County's discretion. The remainder of fund balances 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)

Unassigned fund balance of the General Fund was $17,679,701, while the total general fund balance was $28,951,282 [Exhibit 3]. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures on an annualized basis. Unassigned general fund balance represents 23.0% of total general fund expenditures and transfers, while total general fund balance represents 37.6% of total general fund expenditures and transfers

GENERAL FUND: The total General Fund balance experienced a decrease in the amount of $1,112,983 or 3.7% from FY 2018. This decrease is due to the transfer of assigned dollars in the amount of $2,118,315 to the School Capital Project Fund for the purpose of replacing the HVAC system at Brookville Middle School; which is recorded as an expenditure in FY 2019. General Fund revenue exceeded expenditures by $2,914,893.

The General Fund unassigned fund balance decreased in the amount of $1,212,036 or 6.4%. $4,212,307 [Exhibit 3] of the year end unassigned fund balance was assigned by the Board in FY 2020 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 $1,817,930 or 2.5% from the previous year.

No changes in Campbell County Tax rates occurred in FY 2019.

SOLID WASTE MANAGEMENT FUND: Expenditures for the Solid Waste Management Fund (SWMF) for FY 2019 totaled $1,581,602 [Exhibit 4]. The transfer in from the General Fund decreased $900,071 from the previous fiscal year. For the first time in the existence of the Region 2000 Service Authority, members of the 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. With this decision by the Authority, total revenue of $24,470 for FY 2019 decreased dramatically by 97.1% from a total of $856,401 received in FY 2018.

During FY 2019 there were no transfers out from the SWMF. Tipping fees of $643,748 were paid to the Region 2000 Services Authority for solid waste received at the regional landfill generated from County citizens and businesses. Transfer site operations throughout the County cost $627,199 for the year which included delivery costs of trash from transfer sites to the regional landfill. In-House Construction for small projects cost $99,133.

There exists a year-end fund balance of $1,129,639 residing in the SWMF. The year-end fund balance is down by $447,332 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 $727,468 from the previous year to $3,578,286 [Exhibit 3]. 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 $72,599,979 [Exhibit 10] and the final amended budget of $85,839,810 amounted to an increase of $13,239,831 in budgeted expenditure appropriations with highlights as follows:

- $6,899,647 increase in budget for the transfer to the Schools for additional funding consisting of budget encumbrances and carryovers approved from FY2018 to FY2019.

- $2,118,316 increase in budget, for a transfer to the Schools for capital improvements at Brookville Middle School, specifically the replacement of the HVAC system FY2018 to FY2019.

- $1,678,834 increase in the budget for encumbrances, carryovers and new assigned funds for other general fund department expenditures approved from FY2018 to FY2019.

- $370,748 Tax Relief for the Elderly and Disabled recognized as real estate tax received due to an accounting regulation issued by the State. Reporting standards require localities to recognize as additional revenue the value of Tax Relief for the Elderly and Disabled and record a corresponding expenditure for the same amount. This required accounting transaction has been recorded each year in the form of a supplemental appropriation.

Differences between the general fund original revenue budget of $73,282,378 and the final amended revenue budget of $74,540,034 amounted to an increase of $1,257,656 [Exhibit 10] in budgeted revenues with highlights as follows:

- As mentioned above $370,748 of revenue was recognized as real estate tax received due to an accounting standard issued by the State related to the Tax Relief for the Elderly and Disabled program. The corresponding expenditure is noted above in the expenditure section for this required accounting transaction.

- $327,879 increase in revenue for Recovered Costs due to increase in the number of School Resource Officers.

- $54,683 increase in the budget due to revenue carryovers approved from FY2018 to FY2019. These revenue carryovers are associated with expenditure carryovers noted above in the expenditures section.

- 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 ($75,839,002) exceeded original budget ($73,282,378) by $2,556,624 [Exhibit 10] and exceeded final budget ($74,540,034) in the amount of $1,298,968. Actual expenditures ($72,924,109) were greater than opening budget ($69,804,979) by $3,119,130 and actual expenditures were less than final budget ($81,805,976) by $8,881,867 primarily because of contribution to School Board being significantly less than final budgeted amount.

General Fund Budgetary Highlights: (Continued)

Actual Transfers Out from the General Fund to funds other than to the School Operating Fund totaled $4,033,834 versus $3,864,649 for FY 2018. $466,348 decrease transfer to the Health Insurance Fund, $20,000 in FY 2019 compared to $486,348 in FY 2018, to assist in the continuing funding of contributions to employee-owned HSA accounts. $1,535,604 increase in transfers to CIP Fund, $2,904,034 versus $1,368,430 in FY 2018. A decrease of $900,071 in Solid Waste Fund; $1,109,800 versus $2,009,871 in FY 2018. The net increase in transfers out from General Fund to other funds equaled $169,185 primarily due to an increase transfer to the CIP Fund. Funds for School CIP have been continually assigned; during FY 2019, $2,118,316 were appropriated for the replacement of an HVAC system at Brookville Middle School.

Revenues & Expenditures General Fund - Budget to Actual

	General Fund Budget to Actual		
	Final Budget	Actual	Variance
Revenues:			
Local revenue sources	$ 55,715,529	$ 57,595,348	$ 1,879,819
Intergovernmental	18,824,505	18,243,654	(580,851)
Total Revenue	$ 74,540,034	$ 75,839,002	$ 1,298,968
Expenditures:			
General government administration	$ 4,933,394	$ 4,679,513	$ 253,881
Judicial administration	1,877,742	1,731,596	146,146
Public safety	15,606,464	15,020,685	585,779
Public works	1,881,360	1,808,909	72,451
Health and welfare	12,463,731	11,856,442	607,289
Education	36,554,423	30,048,792	6,505,631
Parks, recreation and cultural	1,923,149	1,756,064	167,085
Community development	2,499,647	1,601,829	897,818
Debt service	4,426,066	4,420,196	5,870
Nondepartmental	(360,000)	83	(360,083)
Total expenditures	$ 81,805,976	$ 72,924,109	$ 8,881,867

Revenues: As reported above, from [Exhibit 10], total actual revenues exceeded final budget by $1,298,968 or 1.7%. Total local revenue comprised 75.9% of total actual General Fund revenue while Intergovernmental Revenue (State/Federal) comprised the remaining 24.1% of total actual General Fund revenue. Intergovernmental revenue was $580,851 less than final budget (3.2% less). Actual local revenue exceeded final budget by $1,879,819 or 3.4%.

Final budgeted intergovernmental revenue totaling $122,873 not actually received during the year will be carried over into next fiscal year as these earned revenues will be received next fiscal year. These approved carryover revenues were for grant funded programs and purchases. The remaining revenue shortfall of $457,978 in Intergovernmental revenue after adjusting for carryovers was caused by reimbursements from State/Federal being less than budget in Social Service programs and administration. The County's actual reimbursement revenue for these Health & Welfare programs is based on actual expenditures centered in these same programs and is not based on budgeted expenditures. The great majority of the Health & Welfare revenue shortfall for these programs resulted from corresponding actual expenditures being less than budget.

General Fund Budgetary Highlights: (Continued)

Expenditures: Total General Fund actual expenditures and transfers out of $76,957,943 [Exhibit 10] on a combined basis were $8,881,867 less than the final budget of $85,839,810. The largest component of this difference in the level of actual expenditures verses amended budget is for Education. Actual education expenditures in the form of the transfer from the General Fund were $6,505,631 less than the final budget. The Board of Supervisors subsequently re-appropriated $5,883,104 of this amount to the schools as encumbrances for FY2020 covering school contracts and obligations not completed as of June 30, 2019.

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 of governmental funds as of June 30, 2019 totals $46,701,941 (net of accumulated depreciation) [Exhibit 1] for a decrease of $8,885,669 from FY 2018. Depreciation expense for the year for all capital assets for all primary government funds totaled $2,920,698. 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, 2019

Governmental Activities	Ending Balance Original Cost	Accumulated Depreciation	Net Capital Assets
Capital assets, not being depreciated:			
Land	$ 2,594,180	$ -	$ 2,594,180
Construction in progress	11,950	-	11,950
Total capital assets, not being depreciated	$ 2,606,130	$ -	$ 2,606,130
Other capital assets:			
Buildings and improvements	$ 22,737,655	$ 8,028,271	$ 14,709,384
Other improvements	11,065,446	7,262,707	3,802,739
School buildings	14,095,703	9,098,400	4,997,303
Equipment	45,780,089	11,892,997	33,887,092
Total other capital assets	$ 93,678,893	$ 36,282,375	$ 57,396,518
Total capital assets	$ 96,285,023	$ 36,282,375	$ 60,002,648

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 $28,628,936 total principal balance of outstanding debt at the end of the year; $26,415,000 was for General Obligation Bonds and $2,213,936 was for State Literary Loans. General Obligation Bonds amounted to less than 1% of the County's assessed value for real estate, well below the maximum limit set by the State of 10% of assessed value for real estate. The County's total outstanding debt principal was paid down by $3,508,566 during the year.

Debt service paid during the year amounted to $911,630 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.

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

Debt Service			
Year Ending June 30	Principal	Interest	Total
2019	$ 3,508,566	$ 911,025	$ 4,419,591
2020	3,117,233	811,761	3,928,994
2021	3,187,233	705,302	3,892,535
2022	3,262,234	624,238	3,886,472
2023	3,072,236	525,202	3,597,438
2024-2028	13,445,000	1,316,261	14,761,261
2029	2,545,000	33,340	2,578,340
Total	$ 32,137,502	$ 4,927,129	$ 37,064,631

The County provides 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 2019. 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 $1,849,595 [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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BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2019

	Primary Government	Component Units	
	Governmental Activities	School Board	Industrial Development Authority
ASSETS			
Cash and cash equivalents	$ 32,805,260	$ 10,068,319	$ 395,724
Investments	5,055,058	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	40,753,204	-	-
Accounts receivable	736,209	14,450	-
Interest receivable	36,615	-	-
Advance to primary government	-	-	185,261
Due from component unit	2,572,001	-	-
Due from other governmental units	3,389,511	3,006,967	-
Prepaid items	205,384	1,139,409	-
Restricted assets:			
Cash and cash equivalents	4,337,711	-	-
Industrial assets held for industry	-	-	1,241,690
Capital assets (net of accumulated depreciation):			
Land	2,594,180	309,661	-
Buildings and improvements	14,731,384	20,281,326	-
Other improvements	3,884,877	2,526,442	-
Equipment	3,487,612	7,760,203	-
School buildings	21,991,938	-	-
Construction in progress	11,950	2,221,585	-
Total assets	$ 136,592,894	$ 47,328,362	$ 1,822,675
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 1,442,124	$ 7,119,306	$ -
OPEB related items	489,983	1,533,193	-
Total deferred outflows of resources	$ 1,932,107	$ 8,652,499	$ -
LIABILITIES			
Accounts payable	$ 1,742,332	$ 2,376,383	$ -
Accrued liabilities	1,469,077	4,954,588	-
Accrued interest payable	401,728	-	-
Due to primary government	-	2,572,001	-
Advance from component unit	185,261	-	-
Unearned revenue	1,763,940	-	-
Long-term liabilities:			
Due within one year	3,352,904	-	195,903
Due in more than one year	44,869,921	89,618,465	325,858
Total liabilities	$ 53,785,163	$ 99,521,437	$ 521,761
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 1,510,680	$ 9,139,800	$ -
OPEB related items	818,212	5,780,450	-
Deferred property taxes	39,575,028	-	-
Total deferred inflows of resources	$ 41,903,920	$ 14,920,250	$ -
NET POSITION			
Net investment in capital assets	$ 17,846,292	$ 33,099,217	$ -
Restricted:			
Capital improvements - road construction, pass-through	4,048,160	-	-
Unrestricted (deficit)	20,941,466	(91,560,043)	1,300,914
Total net position	$ 42,835,918	$ (58,460,826)	$ 1,300,914

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

Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	$ 5,027,183	$ 369,160	$ 367,202	$ -
Judicial administration	1,682,837	7,692	1,032,795	-
Public safety	15,021,086	2,570,387	2,974,272	362,367
Public works	3,780,812	22	16,271	-
Health and welfare	11,555,463	-	8,469,427	-
Education	37,240,159	-	-	-
Parks, recreation, and cultural	1,830,140	137,960	161,054	-
Community development	4,030,088	130,155	86,401	799,197
Interest on long-term debt	829,479	-	-	-
Total governmental activities	$ 80,997,247	$ 3,215,376	$ 13,107,422	$ 1,161,564
Total primary government	$ 80,997,247	$ 3,215,376	$ 13,107,422	$ 1,161,564
COMPONENT UNITS:				
School Board	$ 81,255,786	$ 1,289,084	$ 56,673,955	$ -
Industrial Development Authority	721,961	97,766	-	345,023
Total component units	$ 81,977,747	$ 1,386,850	$ 56,673,955	$ 345,023

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
Total general revenues
Change in net position
Net position - beginning
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
$ (4,290,821)	$ -	$ -
(642,350)	-	-
(9,114,060)	-	-
(3,764,519)	-	-
(3,086,036)	-	-
(37,240,159)	-	-
(1,531,126)	-	-
(3,014,335)	-	-
(829,479)	-	-
$ (63,512,885)	$ -	$ -
$ (63,512,885)	$ -	$ -
$ -	$ (23,292,747)	$ -
-	-	(279,172)
$ -	$ (23,292,747)	$ (279,172)
$ 41,124,934	$ -	$ -
5,468,391	-	-
895,258	-	-
2,309,531	-	-
1,646,416	-	-
1,269,423	-	-
822,780	51,805	133,914
-	37,702,998	106,527
3,289,779	89,063	-
5,152,503	-	-
$ 61,979,015	$ 37,843,866	$ 240,441
$ (1,533,870)	$ 14,551,119	$ (38,731)
44,369,788	(73,011,945)	1,339,645
$ 42,835,918	$ (58,460,826)	$ 1,300,914

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2019

		General	Special Revenue (Solid Waste)	Capital Projects	Road Construction	Total
ASSETS						
Cash and cash equivalents	$	19,898,413 $	1,269,774 $	2,773,103 $	- $	23,941,290
Investments		3,589,091	-	859,360	-	4,448,451
Receivables (net of allowance for uncollectibles):						
Taxes receivable		40,753,204	-	-	-	40,753,204
Accounts receivable		570,173	-	-	-	570,173
Interest receivable		25,204	-	7,151	-	32,355
Due from component units		2,572,001	-	-	-	2,572,001
Due from other governmental units		3,130,446	-	-	259,065	3,389,511
Prepaid items		179,735	1,473	24,176	-	205,384
Restricted assets:						
Cash and cash equivalents		-	-	-	4,337,711	4,337,711
Total assets	$	70,718,267 $	1,271,247 $	3,663,790 $	4,596,776 $	80,250,080
LIABILITIES						
Accounts payable	$	858,767 $	138,580 $	85,504 $	548,616 $	1,631,467
Accrued liabilities		398,335	3,028	-	-	401,363
Unearned revenue		56,389	-	-	-	56,389
Total liabilities	$	1,313,491 $	141,608 $	85,504 $	548,616 $	2,089,219
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	$	40,453,494 $	- $	- $	- $	40,453,494
FUND BALANCES						
Nonspendable						
Prepaid items	$	179,735 $	1,473 $	24,176 $	- $	205,384
Restricted for:						
Capital improvements - road construction, pass-through		-	-	-	4,048,160	4,048,160
Committed to:						
Education		5,883,104	-	-	-	5,883,104
Operations		996,435	-	-	-	996,435
Assigned to:						
Education - school maintenance		247,469	-	-	-	247,469
Economic development		606,784	-	-	-	606,784
Debt service		2,639,568	-	-	-	2,639,568
Operations - reassessment		138,000	-	-	-	138,000
Future EMS needs		580,486	-	-	-	580,486
Public works		-	1,128,166	-	-	1,128,166
Capital improvements		-	-	3,554,110	-	3,554,110
Unassigned		17,679,701	-	-	-	17,679,701
Total fund balances	$	28,951,282 $	1,129,639 $	3,578,286 $	4,048,160 $	37,707,367
Total liabilities, deferred inflows and fund balances	$	70,718,267 $	1,271,247 $	3,663,790 $	4,596,776 $	80,250,080

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

Total fund balances - governmental funds - per above	37,707,367
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (Cost of $82,984,316 less accumulated depreciation of $36,282,375)	46,701,941
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	878,466
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	1,442,124
Deferred outflows - OPEB related	489,983
Deferred inflows - pension related	(1,510,680)
Deferred inflows - OPEB related	(818,212)
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	6,754,743
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	(401,728)
Long term commitments to IDA	(185,261)
General obligation bonds and literary fund loans	(28,628,934)
Bond premiums	(226,715)
Landfill closure/postclosure	(2,658,581)
Net OPEB liabilities	(9,806,179)
Compensated absences	(1,434,421)
Net pension liability	(5,467,995)
Net position of governmental activities	$ 42,835,918

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Special Revenue (Solid Waste)	County Capital Projects	Road Construction	Total
REVENUES					
General property taxes	$ 41,064,815	$ -	$ -	$ -	$ 41,064,815
Other local taxes	11,589,019	-	-	-	11,589,019
Permits, privilege fees, and regulatory licenses	325,824	-	-	-	325,824
Fines and forfeitures	104,526	-	-	-	104,526
Revenue from the use of money and property	647,836	8,177	97,760	-	753,773
Charges for services	2,785,004	22	-	-	2,785,026
Miscellaneous	379,025	-	26,217	2,908,747	3,313,989
Recovered costs	699,299	-	-	-	699,299
Intergovernmental:					
Commonwealth	14,223,509	16,271	362,367	799,197	15,401,344
Federal	4,020,145	-	-	-	4,020,145
Total revenues	$ 75,839,002	$ 24,470	$ 486,344	$ 3,707,944	$ 80,057,760
EXPENDITURES					
Current:					
General government administration	$ 4,679,513	$ -	$ -	$ -	$ 4,679,513
Judicial administration	1,731,596	-	-	-	1,731,596
Public safety	15,020,685	-	-	-	15,020,685
Public works	1,808,909	1,581,602	-	-	3,390,511
Health and welfare	11,856,442	-	-	-	11,856,442
Education	30,048,792	-	-	-	30,048,792
Parks, recreation, and cultural	1,756,064	-	-	-	1,756,064
Community development	1,601,829	-	-	-	1,601,829
Nondepartmental	83	-	-	-	83
Capital projects	-	-	2,656,952	2,370,201	5,027,153
Debt service:					
Principal retirement	3,508,566	-	-	-	3,508,566
Interest and other fiscal charges	911,630	-	-	-	911,630
Total expenditures	$ 72,924,109	$ 1,581,602	$ 2,656,952	$ 2,370,201	$ 79,532,864
Excess (deficiency) of revenues over (under) expenditures	$ 2,914,893	$ (1,557,132)	$ (2,170,608)	$ 1,337,743	$ 524,896
OTHER FINANCING SOURCES (USES)					
Transfers in	$ 5,958	$ 1,109,800	$ 2,904,034	$ -	$ 4,019,792
Transfers out	(4,033,834)	-	(5,958)	-	(4,039,792)
Total other financing sources (uses)	$ (4,027,876)	$ 1,109,800	$ 2,898,076	$ -	$ (20,000)
Net change in fund balances	$ (1,112,983)	$ (447,332)	$ 727,468	$ 1,337,743	$ 504,896
Fund balances - beginning	30,064,265	1,576,971	2,850,818	2,710,417	37,202,471
Fund balances - ending	$ 28,951,282	$ 1,129,639	$ 3,578,286	$ 4,048,160	$ 37,707,367

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:				
Net change in fund balances - total governmental funds			$	504,896
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 depreciation expense exceeded capitalized expenditures in the current period.				
Capital outlays	$	1,713,445		
Depreciation expense		(2,920,698)		
Transfer of joint tenancy assets from Primary Government to the Component Unit		(7,654,206)		(8,861,459)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/decrease net position.				(24,209)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property taxes				60,119
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.				1,743,968
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.				
Principal retired on long-term debt		3,508,566		
(Increase)/decrease in landfill closure, postclosure liability		(59,772)		3,448,794
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	$	20,508		
(Increase)/decrease in accrued interest payable		61,641		
(Increase)/decrease in compensated absences		81,783		
(Increase)/decrease in long term commitments to IDA		53,801		
(Increase)/decrease in net pension liability		814,075		
(Increase)/decrease in net OPEB liabilities		518,815		
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		675,661		
(Increase) decrease in deferred inflows related to the measurement of OPEB liabilities		(673,212)		
Increase/(decrease) in deferred outflows - pension		(162,357)		
Increase/(decrease) in deferred outflows - OPEB		203,306		1,594,021
Change in net position of governmental activities			$	(1,533,870)

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

Statement of Net Position
Health Insurance Fund
June 30, 2019

		Health Insurance Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$	8,863,970
Investments		606,607
Accounts receivable		166,036
Interest receivable		4,260
Total assets	$	9,640,873
LIABILITIES		
Current liabilities:		
Accounts payable	$	110,865
Claims incurred but not reported		1,067,714
Unearned revenue		1,707,551
Total liabilities	$	2,886,130
NET POSITION		
Unrestricted	$	6,754,743
Total net position	$	6,754,743

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, 2019

		Health Insurance Fund
OPERATING REVENUES		
Charges for services:		
Insurance premiums	$	15,075,323
Total operating revenues	$	15,075,323
OPERATING EXPENSES		
Insurance claims and employer provided insurance expenses	$	13,420,362
Total operating expenses	$	13,420,362
Operating income (loss)	$	1,654,961
NONOPERATING REVENUES (EXPENSES)		
Interest Income	$	69,007
Total nonoperating revenues (expenses)	$	69,007
Income before transfers	$	1,723,968
Transfers in		20,000
Change in net position	$	1,743,968
Total net position - beginning		5,010,775
Total net position - ending	$	6,754,743

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, 2019

		Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for insurance premiums and other operating revenues	$	15,389,598
Payments for premiums		(13,397,183)
Net cash provided by (used for) operating activities	$	1,992,415
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	$	20,000
Net cash provided by (used for) noncapital financing activities	$	20,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	$	67,477
Sale of investments		667,346
Net cash provided by (used for) investing activities	$	734,823
Net increase (decrease) in cash and cash equivalents	$	2,747,238
Cash and cash equivalents - beginning		6,116,732
Cash and cash equivalents - ending	$	8,863,970
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$	1,654,961
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable	$	(161,318)
Increase (decrease) in accounts payable		(56,479)
Increase (decrease) in claims incurred but not reported		79,658
Increase (decrease) in unearned revenue		475,593
Total adjustments	$	337,454
Net cash provided by (used for) operating activities	$	1,992,415

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

		Agency Funds
ASSETS		
Cash and cash equivalents	$	308,793
Receivables		
Accounts receivable		523
Total assets	$	309,316
LIABILITIES		
Accounts payable	$	1,829
Amounts held for social services clients		55,264
Amounts held for others		252,223
Total liabilities	$	309,316

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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)

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 $182,485 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 $2,800,000 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 $643,748 for solid waste transferred to the Authority, and received $0 in distributions from the Authority for 2019 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).

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

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

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

Separate financial statements are provided for governmental funds, 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.

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

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

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)

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

Capital Projects Funds – The County Capital Projects 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.

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 funds are agency funds which consist of the following: Special Welfare, Drug Enforcement, Commonwealth Attorney Drug, Flexible Benefits, and the County Agency 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.

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

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 $12,000,997 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 $79,380, the County Capital Projects fund of $3,418,865 and the Road Construction fund of $9,596,338.
- Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the two Capital Project 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 $305,711.

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.

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

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.

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

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.

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

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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. 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)

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. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. 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.

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

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

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.

Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Line of Duty Act Program

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

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

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

Other Postemployment Benefits (OPEB): (Continued)

Health Insurance Credit Program

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

Political Subdivision and Teacher Employee Health Insurance Credit Program

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

NOTE 2–DEPOSITS AND INVESTMENTS:

Deposits

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

NOTE 2–DEPOSITS AND INVESTMENTS: (CONTINUED)

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) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. The LGIP is an amortized cost basis portfolio. 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

Rated Debt Investments	Fair Quality Ratings		Amount at June 30
Commercial Paper	AA-	$	3,145,054
Commercial Paper	A+		248,766
Fixed Income - Municipal	AA+		989,456
Fixed Income - Municipal	A+		671,782
LGIP	AAAm		16,656,481

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%

In accordance with GASB 40, the County reports the following single investment held at June 30, 2019 greater than 5% of total investments.

Security	Investment Type	Amount	Percent of Total Investments
Chevron Corporation NTS	Commercial paper	$ 2,146,974	10%
Toyota Motor Credit Corp.	Commercial paper	998,080	5%
Virginia St Housing Dev Auth Bds	Fixed Income - Municipal	989,456	5%
LGIP	Money Market	16,656,481	77%

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	Fair Value	Investment Maturity* Less than 1	Investment Maturity* 1 - 5
Fixed Income - Municipal	$ 1,661,238	$ -	1,661,238
LGIP	16,656,481	16,656,481	-
Commercial Paper	3,393,820	3,393,820	-
Total investments	$ 21,711,539	$ 20,050,301	1,661,238

* Weighted average maturity in years.

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:

	Primary Government	Component Units School Board	Component Units IDA
Deposits and investments:			
Cash on hand	$ 3,150	$ -	$ -
Deposits	32,802,110	10,068,319	395,274
Investments	5,055,058	-	-
Total	$ 37,860,318	$ 10,068,319	$ 395,274
Statement of Net Position:			
Cash and cash equivalents	$ 28,467,549	$ 10,068,319	$ 395,274
Investments	5,055,058	-	-
Restricted cash and equivalents	4,337,711	-	-
Total	$ 37,860,318	$ 10,068,319	$ 395,274

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

Receivables consist of the following:

	General Fund	Solid Waste	Capital Projects	Health Insurance	Total
Receivables:					
Taxes	$ 41,058,915	$ -	$ -	$ -	$ 41,058,915
Accounts	570,173	-	-	166,036	736,209
Interest	25,204	-	7,151	4,260	36,615
Gross receivables	$ 41,654,292	$ -	$ 7,151	$ 170,296	$ 41,831,739
Less:					
Allowance for uncollectible amounts	$ 305,711	$ -	$ -	$ -	$ 305,711
Net receivables	$ 41,348,581	$ -	$ 7,151	$ 170,296	$ 41,526,028

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, 2019, assessment date are included in taxes receivable at June 30, 2019, even though taxpayers had not yet been billed. Additionally, personal property taxes are assessed on January 1, 2019 and the County does not prorate assessments, therefore the assessment is included in taxes receivable. However, since the January 1, 2019 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	$	56,389
Total unearned revenue – governmental funds (Exhibit 3)	$	56,389
Property taxes receivable – due after June 30	$	39,456,993
Property taxes receivable – due prior to June 30		1,296,211
Advance collection of 2019-2020 property taxes		118,035
Less amounts collected within 60 days		(417,745)
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	$	40,453,494

Exhibit 1 Reconciliation		
Unavailable property taxes - Deferred Inflows of Resources - Balance Sheet (Exhibit 3)	$	40,453,494
Less propery taxes due prior to June 30 (net of 60 day collections)		(878,466)
Deferred property taxes - Deferred Inflows of Resources - Statement of Net Position (Exhibit 1)	$	39,575,028
Advance payments of state and federal grants – unearned	$	56,389
Internal service fund deferrals related to discretely presented component units and outside entities		1,707,551
Unearned revenue – Statement of Net Position (Exhibit 1)	$	1,763,940

NOTE 4–DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments consist of the following:

	Primary Government	Component Unit-School Board
Commonwealth of Virginia:		
Local sales tax	$ 911,846	$ -
State sales tax	-	1,059,000
Comprehensive Services Act	881,149	-
Public assistance	196,056	-
Motor vehicle rental tax	49,888	-
Mobile home titling tax	27,405	-
Shared expenses and grants	319,076	-
Railroad rolling stock	139,938	-
Communications tax	188,506	-
Recordation tax	25,954	-
VDOT Revenue sharing	259,065	-
Other state funds	72,616	398,489
Federal Government		
Public assistance	295,527	-
Title I	-	1,036,061
Title II, Part A	-	162,675
Title VI-B special education cluster	-	274,857
Career and technical education	-	63,899
Other federal grants	22,485	11,986
Total	$ 3,389,511	$ 3,006,967

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	$ 2,904,034
General Fund	Solid Waste Fund	1,109,800
General Fund	Health Insurance Fund	20,000
Capital Projects Fund	General Fund	5,958

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 Solid Waste Fund to the Capital Projects Fund were to fund landfill project costs. Transfers from the General Fund to the Health Insurance Fund are to provide funding for health benefits.

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

The Component Unit-School Board owed $2,572,001 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 $185,261 for economic incentive grants awarded by the IDA for which the County is ultimately responsible. This is discussed further in Note 16.

NOTE 6–CAPITAL ASSETS:

Primary Government

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Capital assets, nondepreciable:					
Land	$ 2,594,180	$ -	$ -	$ -	$ 2,594,180
Construction in progress	11,950	-	-	-	11,950
Total capital assets, nondepreciable	$ 2,606,130	$ -	$ -	$ -	$ 2,606,130
Capital assets, depreciable:					
Buildings and improvements	$ 22,737,655	$ 22,000	$ -	$ -	$ 22,759,655
Other improvements	11,065,446	98,698	16,560	-	11,147,584
Equipment	14,095,703	1,592,746	307,840	-	15,380,609
School buildings	45,780,089	-	-	(14,689,751)	31,090,338
Total capital assets, depreciable	$ 93,678,893	$ 1,713,444	$ 324,400	$ (14,689,751)	$ 80,378,186
Accumulated depreciation:					
Buildings and improvements	$ 7,424,309	$ 603,962	$ -	$ -	$ 8,028,271
Other improvements	6,798,510	480,757	16,560	-	7,262,707
Equipment	11,117,907	1,058,721	283,631	-	11,892,997
School buildings	15,356,687	777,258	-	(7,035,545)	9,098,400
Total accumulated depreciation	$ 40,697,413	$ 2,920,698	$ 300,191	$ (7,035,545)	$ 36,282,375
Capital assets, depreciable, net	$ 52,981,480	$ (1,207,254)	$ 24,209	$ (7,654,206)	$ 44,095,811
Governmental activities capital assets, net	$ 55,587,610	$ (1,207,254)	$ 24,209	$ (7,654,206)	$ 46,701,941

NOTE 6—CAPITAL ASSETS: (CONTINUED)

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, 2019, is that school financed assets in the amount of $31,090,338 are reported in the Primary Government for financial reporting purposes.

2) In fiscal year 2019 a transfer of joint-tenancy assets upon final payments on various debt obligations was recorded to move buildings in amount of $14,689,751 and related accumulated depreciation of $7,035,545 to the School Board.

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government administration	$	553,966
Judicial administration		90,685
Public safety		1,062,264
Public works		275,136
Health and welfare		66,831
Education		777,258
Parks, recreation, and cultural		54,697
Community development		39,861
Total depreciation	$	2,920,698

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Capital assets, nondepreciable:					
Land	$ 309,661	$ -	$ -	$ -	$ 309,661
Construction in progress	-	2,221,585	-	-	2,221,585
Total capital assets, nondepreciable	$ 309,661	$ 2,221,585	$ -	$ -	$ 2,531,246
Capital assets, depreciable:					
Buildings and improvements	$ 44,781,846	$ 13,996	$ -	$ 14,689,751	$ 59,485,593
Other improvements	3,772,847	773,282	-	-	4,546,129
Equipment	18,587,406	2,046,151	648,808	-	19,984,749
Total capital assets, depreciable	$ 67,142,099	$ 2,833,429	$ 648,808	$ 14,689,751	$ 84,016,471
Accumulated depreciation:					
Buildings and improvements	$ 30,923,118	$ 1,245,604	$ -	$ 7,035,545	$ 39,204,267
Other improvements	1,814,696	204,991	-	-	2,019,687
Equipment	11,518,650	1,349,772	643,876	-	12,224,546
Total accumulated depreciation	$ 44,256,464	$ 2,800,367	$ 643,876	$ 7,035,545	$ 53,448,500
Capital assets, depreciable, net	$ 22,885,635	$ 33,062	$ 4,932	$ 7,654,206	$ 30,567,971
Governmental activities capital assets, net	$ 23,195,296	$ 2,254,647	$ 4,932	$ 7,654,206	$ 33,099,217

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

NOTE 7–LONG-TERM LIABILITIES:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Direct Borrowings and Placements:					
General obligation bonds	$ 29,051,333	$ -	$ 2,636,333	$ 26,415,000	$ 2,495,000
Literary fund loans	3,086,169	-	872,233	2,213,936	622,234
Bond premiums	247,223	-	20,508	226,715	20,508
Total bonds payable	$ 32,384,725	$ -	$ 3,529,074	$ 28,855,651	$ 3,137,742
Landfill closure/postclosure (Note 8)	2,598,809	59,772	-	2,658,581	-
Compensated absences	1,516,204	1,386,710	1,468,493	1,434,421	215,162
Net pension liability (Note 12)	6,282,070	6,201,159	7,015,234	5,467,995	-
Net OPEB liabilities (Note 13)	10,324,993	1,126,888	1,645,704	9,806,177	-
Total Primary Government	$ 53,106,801	$ 8,774,529	$ 13,658,505	$ 48,222,825	$ 3,352,904
Component Unit-School Board:					
Net pension liability (Note 12)	$ 59,438,801	$ 14,839,382	$ 17,893,011	$ 56,385,172	$ -
Net OPEB liabilities (Note 13)	34,444,146	7,092,205	8,303,058	33,233,293	-
Total Component Unit-School Board	$ 93,882,947	$ 21,931,587	$ 26,196,069	$ 89,618,465	$ -
Component Unit-IDA:					
Direct Borrowings and Placements:					
Note payable	$ 1,669,670	$ 898,897	$ 2,232,067	$ 336,500	$ 10,642
Economic incentive grants payable (Note 9)	239,062	-	53,801	185,261	185,261
Total Component Unit - IDA	$ 1,908,732	$ 898,897	$ 2,285,868	$ 521,761	$ 195,903

Debt service requirements of general obligation bonds and literary fund loans are paid by the General 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 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. Requirements of the notes payable incurred by the IDA are payable by the IDA supported by a lease agreement with an industry.

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

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

	Direct Borrowings and Placements					
	Governmental Activities				Component Unit - IDA	
Year	General Obligation Bonds		Literary Fund Loans		Note Payable	
Ended June 30	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 2,495,000	$ 759,232	$ 622,234	$ 52,529	$ 10,642	$ 15,144
2021	2,565,000	683,163	622,234	22,139	11,170	14,646
2022	2,640,000	602,099	622,234	22,139	11,691	14,125
2023	2,725,000	518,257	347,234	6,945	12,236	13,580
2024	2,800,000	431,575	-	-	12,806	13,010
2025-2029	13,190,000	918,026	-	-	277,955	173,436
Total	$ 26,415,000	$ 3,912,352	$ 2,213,936	$ 103,752	$ 336,500	$ 243,941

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
General Obligation Bonds:					
School Construction	4.35-5.10%	April 2005	July 2030	8,685,000	$ 4,045,000
Refunding Bonds - School	2.62%	Sept 2015	July 2028	13,581,546	10,442,316
Refunding Bonds - County	2.62%	Sept 2015	July 2028	15,513,454	11,927,684
Total General Obligation Bonds					$ 26,415,000
Literary Fund Loans					
School Construction	3.00%	Nov 2001	Nov 2021	5,500,000	1,388,936
School Construction	2.00%	July 2002	July 2022	6,944,667	825,000
Total Literary Fund Loans					$ 2,213,936

NOTE 7–LONG-TERM LIABILITIES: (CONTINUED)

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

Direct Borrowings and Placements	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Component Unit - IDA
Notes Payable:					
Note Payable - Balloon	4.5663%	April 2019	April 2029	337,596	336,500
Total Note Payable					$ 336,500

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:

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 $862,713 and $1,795,868, 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 $2,658,581 as of June 30, 2019, all of which is for Phase II. The liability reported is based on what it would cost to perform all postclosure care in 2019. 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:

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, 2019 that have been substantially earned by the business and expected to be paid.

NOTE 10–SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT – SCHOOL BOARD:

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 30)	$	88,131,223
School-related principal and other debt service expenditures included in primary government (Exhibit 4)		2,670,800
Total expenditures for school activities	$	90,802,023

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

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 $185,261 and an equal amount was reported as receivable from the County.

NOTE 11—SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT – IDA: (CONTINUED)

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	$ 185,261
Total payable to IDA	$ 185,261

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

NOTE 12—PENSION PLAN:

Plan Description

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

Benefit Structures

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

a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

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

NOTE 12—PENSION PLAN: (CONTINUED)

Benefit Structures

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	232	179
Inactive members:		
Vested inactive members	46	10
Non-vested inactive members	73	60
Inactive members active elsewhere in VRS	143	17
Total inactive members	262	87
Active members	317	174
Total covered employees	811	440

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 10.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $1,442,124 and $1,434,362 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 7.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were $225,305 and $254,944 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 12—PENSION PLAN: (CONTINUED)

Net Pension Liability

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

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

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

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

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

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

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

Largest 10 – Non-Hazardous Duty:

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

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

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%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

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

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

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

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

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

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

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

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

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

Discount Rate

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

NOTE 12—PENSION PLAN: (CONTINUED)

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, 2017	$ 67,594,366	$ 61,312,296	$ 6,282,070
Changes for the year:			
Service cost	$ 1,545,609	$ -	$ 1,545,609
Interest	4,612,240	-	4,612,240
Differences between expected and actual experience	(396,573)	-	(396,573)
Contributions - employer	-	1,434,362	(1,434,362)
Contributions - employee	-	669,563	(669,563)
Net investment income	-	4,514,736	(4,514,736)
Benefit payments, including refunds	(3,410,433)	(3,410,433)	-
Administrative expenses	-	(39,308)	39,308
Other changes	-	(4,002)	4,002
Net changes	$ 2,350,843	$ 3,164,918	$ (814,075)
Balances at June 30, 2018	$ 69,945,209	$ 64,477,214	$ 5,467,995

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, 2017	$ 14,000,663	$ 13,124,862	$ 875,801
Changes for the year:			
Service cost	$ 308,804	$ -	$ 308,804
Interest	946,190	-	946,190
Benefit changes	-	-	-
Differences between expected and actual experience	(392,164)	-	(392,164)
Contributions - employer	-	254,944	(254,944)
Contributions - employee	-	148,622	(148,622)
Net investment income	-	955,281	(955,281)
Benefit payments, including refunds	(967,321)	(967,321)	-
Administrative expenses	-	(8,550)	8,550
Other changes	-	(838)	838
Net changes	$ (104,491)	$ 382,138	$ (486,629)
Balances at June 30, 2018	$ 13,896,172	$ 13,507,000	$ 389,172

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

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

		Rate	
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County Net Pension Liability (Asset)	$ 14,659,617	$ 5,467,995	$ (2,152,225)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	1,763,951	389,172	(785,838)

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, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of $114,745 and $(304,037), respectively. At June 30, 2019, the Countyand 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	$ -	$ 845,602	$ -	$ 267,507
Change in assumptions	-	132,411	-	18,505
Net difference between projected and actual earnings on pension plan investments	-	532,667	-	96,788
Employer contributions subsequent to the measurement date	1,442,124	-	225,305	-
Total	$ 1,442,124	$ 1,510,680	$ 225,305	$ 382,800

$1,442,124 and $225,305 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	$ (490,284)	$ (174,062)
2021	(306,133)	(61,792)
2022	(660,240)	(135,625)
2023	(24,023)	(11,321)
Thereafter	-	-

NOTE 12—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $6,096,601 and $6,155,222 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $55,996,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .47616% as compared to .47620% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of $2,689,222. 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 4,789,000
Change in assumptions	668,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,187,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	130,000	2,781,000
Employer contributions subsequent to the measurement date	6,096,601	-
Total	$ 6,894,601	$ 8,757,000

$6,096,601 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	
2020	$ (1,572,000)
2021	(2,196,000)
2022	(3,052,000)
2023	(934,000)
2024	(205,000)

NOTE 12–PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

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

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

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$ 85,536,000	$ 55,996,000	$ 31,546,000

Pension Plan Fiduciary Net Position

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

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	$ 1,442,124	$ 1,510,680	$ 5,467,995	$ 114,745
Totals	$ 1,442,124	$ 1,510,680	$ 5,467,995	$ 114,745

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	$ 225,305	$ 382,800	$ 389,172	$ (304,037)
School Board Professional	6,894,601	8,757,000	55,996,000	2,689,222
Totals	$ 7,119,906	$ 9,139,800	$ 56,385,172	$ 2,385,185

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.

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

	County	School Board
Total active employees with coverage	259	774
Total retirees with coverage	33	120
Total	292	894

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, 2019 was $617,249 and $1,663,591, and $437,968 and $2,384,173 for fiscal year ended June 30, 2018.

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of June 30, 2019. The total OPEB liabilities were determined by an actuarial valuation as of that date.

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

County	
Inflation	3.25% per year as of June 30, 2019
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.
Discount Rate	3.51% as of June 30, 2019 3.87% as of June 30, 2018

School Board	
Inflation	3.25% per year as of June 30, 2018
Salary Increases	School Board - The salary increase rate starts at 5.95% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service.
Discount Rate	3.51% as of June 30, 2019 3.87% as of June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on a RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

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 3.51% 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, 2018	$ 9,248,994	$ 24,890,817
Changes for the year:		
Service cost	339,383	1,086,510
Interest	359,240	973,438
Difference between expected and actual experience	(835,454)	(2,207,655)
Changes in assumptions	220,265	607,107
Contributions - employer	-	-
Net investment income	-	-
Benefit payments	(617,249)	(1,663,591)
Net changes	(533,815)	(1,204,191)
Balances at June 30, 2019	$ 8,715,179	$ 23,686,626

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 (2.51%) or one percentage point higher (4.51%) than the current discount rate:

County Rate			School Board Rate		
1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
$ 9,356,180	$ 8,715,179	$ 8,117,449	$ 25,439,840	$ 23,686,626	$ 22,033,739

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 (8.00% decreasing annually to an ultimate rate of 4%) or one percentage point higher (10.00% decreasing annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

County Rates			School Board Rates		
1% Decrease (7.50% decreasing to 4.00%)	Healthcare Cost Trend (8.50% decreasing to 5.00%)	1% Increase (9.50% decreasing to 6.00%)	1% Decrease (8.00% decreasing to 4.00%)	Healthcare Cost Trend (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
$ 7,819,104	$ 8,715,179	$ 9,751,737	$ 20,987,360	$ 23,686,626	$ 26,859,079

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, 2019, the County and School Board recognized OPEB expense in the amount of $639,219 and $1,210,376, respectively. At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
County:		
Differences between expected and actual experience	$ 137,389	$ 696,212
Changes in assumptions	218,668	-
Total	$ 356,057	$ 696,212
School Board:		
Differences between expected and actual experience	$ -	$ 5,124,263
Changes in assumptions	647,750	-
Total	$ 647,750	$ 5,124,263

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

Year Ended June 30	County	School Board
2020	$ (59,404)	$ (849,572)
2021	(59,404)	(849,572)
2022	(59,404)	(849,572)
2023	(59,404)	(849,572)
2024	(102,534)	(849,571)
Thereafter	-	(228,654)

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)

Group Life Insurance:

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were $75,926 and $71,047 for the years ended June 30, 2019 and June 30, 2018, respectively, and $17,298 and $16,631 from the School Board (Nonprofessional) and $207,021 and $201,014 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, 2019, the entity reported a liability of $1,091,000 and the School Board in the amounts of $256,000 and $3,064,000 for Nonprofessional and Professional employee groups for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion for the County was .07185% as compared to .07150% at June 30, 2017 and .01697% and .01682% for School Board (Nonprofessional) and .20174% and .20326% for the School Board (Professional).

For the year ended June 30, 2019, the County recognized GLI OPEB expense of $5,000, the School Board (Professional) recognized $2,000 and School Board (Nonprofessional) recognized expense of $4,000. 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
County		
Differences between expected and actual experience	$ 53,000	$ 21,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	35,000
Change in assumptions	-	45,000
Changes in proportion	5,000	21,000
Employer contributions subsequent to the measurement date	75,926	-
Total	$ 133,926	$ 122,000
School Board - Nonprofessional		
Differences between expected and actual experience	$ 12,000	$ 5,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,000
Change in assumptions	-	11,000
Employer contributions subsequent to the measurement date	17,298	-
Total	$ 29,298	$ 24,000
School Board - Professional		
Differences between expected and actual experience	150,000	$ 54,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	100,000
Change in assumptions	-	128,000
Changes in proportion	-	86,000
Employer contributions subsequent to the measurement date	207,021	-
Total	$ 357,021	$ 368,000

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)

$75,926, $17,298 and $207,021 (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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

		School Board	
Year Ended June 30	County	Professional	Nonprofessional
2020	$ (19,000)	$ (64,000)	$ (4,000)
2021	(19,000)	(64,000)	(4,000)
2022	(19,000)	(64,000)	(4,000)
2023	(9,000)	(36,000)	(1,000)
2024	(1,000)	1,000	1,000
Thereafter	3,000	9,000	-

Actuarial Assumptions

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

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

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

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

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

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

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

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

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

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

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

NET GLI OPEB Liability

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

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

Discount Rate

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,426,000	$ 1,091,000	$ 819,000
School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 4,004,000	$ 3,064,000	$ 2,301,000
School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 334,000	$ 256,000	$ 192,000

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

GLI Program Fiduciary Net Position

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

Health Insurance Credit (HIC) Program – School Board (Nonprofessional):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

HIC Program Notes

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	70
Inactive members:	
Vested inactive members	1
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	1
Active members	174
Total covered employees	245

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, 2019 was .65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Program were $21,622 and $20,469 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

Discount Rate

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 401,817	$ 185,488	$ 216,329
Changes for the year:			
Service cost	$ 6,041	$ -	$ 6,041
Interest	26,924	-	26,924
Benefit changes	-	-	-
Differences between expected			-
and actual experience	(11,748)	-	(11,748)
Assumption changes	-	-	-
Contributions - employer	-	20,469	(20,469)
Net investment income	-	12,722	(12,722)
Benefit payments	(34,373)	(34,373)	-
Administrative expenses	-	(285)	285
Other changes	-	(1,027)	1,027
Net changes	$ (13,156)	$ (2,494)	$ (10,662)
Balances at June 30, 2018	$ 388,661	$ 182,994	$ 205,667

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School Board's Net HIC OPEB Liability	$ 239,267	$ 205,667	$ 176,431

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of $16,711. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 8,931
Net difference between projected and actual earnings on HIC OPEB plan investments	-	4,761
Change in assumptions	-	1,495
Employer contributions subsequent to the measurement date	21,622	-
Total	$ 21,622	$ 15,187

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Program – School Board (Nonprofessional): (Continued)

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

$21,622 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2020	$	(5,115)
2021		(5,115)
2022		(4,422)
2023		(535)
2024		-
Thereafter		-

HIC Program Plan Data

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $477,502 and $471,701 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $6,021,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .4742% as compared .4750% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of $462,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 29,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,000
Change in assumptions	-	52,000
Change in proportion	-	163,000
Employer contributions subsequent to the measurement date	477,502	-
Total	$ 477,502	$ 249,000

$477,502 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	$ (45,000)
2021	(45,000)
2022	(45,000)
2023	(42,000)
2024	(43,000)
Thereafter	(29,000)

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

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

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

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

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	$	1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 6,725,000	$ 6,021,000	$ 5,422,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

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.

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Line of Duty Act (LODA) (OPEB Benefits): (Continued)

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, 2019 was $76,254.

Aggregate OPEB Information

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program:				
County	$ 133,926	$ 122,000	$ 1,091,000	$ 5,000
County Stand-Alone Plan	356,057	696,212	8,715,179	639,219
Totals	$ 489,983	$ 818,212	$ 9,806,179	$ 644,219
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program:				
School Board Nonprofessional	$ 29,298	$ 24,000	$ 256,000	$ 4,000
School Board Professional	357,021	368,000	3,064,000	2,000
School Board Health Insurance Credit Program	21,622	15,187	205,667	16,711
Teacher Health Insurance Credit Program	477,502	249,000	6,021,000	460,701
School Stand-Alone Plan	647,750	5,124,263	23,686,626	1,210,376
Totals	$ 1,533,193	$ 5,780,450	$ 33,233,293	$ 1,693,788

NOTE 14–PROPERTY TAXES:

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, 2019 includes amounts not yet received from the January 1, 2019 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 2019 and 2018, respectively.

Personal property tax assessments on all motor vehicles is $4.45 per $100 assessed value. Personal property tax on business machinery and tools is $3.25 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 1st of each year.

NOTE 15–RISK MANAGEMENT:

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 $1 million primary and $4 million excess coverage.

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

NOTE 15–RISK MANAGEMENT: (CONTINUED)

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, 2019, and a maximum aggregate liability of 115% of Anthem's estimate of the expected liability.

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:

Fiscal Year Ending	Beginning of Year	Insured Claims (Including IBNR)	Claim Payments	End of Year
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
June 30, 2016	1,033,642	13,596,119	13,636,655	993,106

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:

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 $98,115 for debt service in fiscal year 2019. In turn, the County receives water and sewer access fees related to these projects. In 2019, the County received approximately $59,964 in such fees.

NOTE 16–COMMITMENTS AND CONTINGENCIES: (CONTINUED)

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.

Construction Contract Commitments

The County has outstanding construction contract commitments as follows:

Project		Amount Outstanding
Brookville Middle School HVAC Upgrad	$	1,151,490
Liberty Mtn. Rd. 460 Ramp		1,249,842
Total commitments	$	2,401,332

Encumbrances

The County reports encumbrances by fund as follows:

General Fund:		
Education	$	5,883,104
Other general government operations		996,435
Total encumbrances	$	6,879,539

NOTE 17–RESTRICTED ASSETS:

The County and School Board reports the following restricted assets:

County - Cash: Contributions - Road construction project	$	4,337,711

NOTE 18–FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 — Quoted (unadjusted)
- prices in active markets for identical assets or liabilities.

- Level 2 — Significant observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The County reports the following information related to its investments:

		Fair Value Measurements at Reporting Date Using		
	Total June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income - Municipal	$ 1,661,238	$ 1,661,238	$ -	$ -
Commercial Paper	3,393,820	3,393,820	-	-
Total	$ 5,055,058	$ 5,055,058	$ -	$ -

NOTE 19–UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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 December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No, 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

NOTE 20–ADOPTION OF ACCOUNTING PRINCIPLES:

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

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 39,845,372	39,904,888	$ 41,064,815	$ 1,159,927
Other local taxes	11,289,589	11,289,589	11,589,019	299,430
Permits, privilege fees, and regulatory licenses	353,502	359,102	325,824	(33,278)
Fines and forfeitures	136,359	139,641	104,526	(35,115)
Revenue from the use of money and property	267,103	267,103	647,836	380,733
Charges for services	2,785,951	2,788,092	2,785,004	(3,088)
Miscellaneous	149,986	274,620	379,025	104,405
Recovered costs	362,806	692,494	699,299	6,805
Intergovernmental:				
Commonwealth	14,127,508	14,581,982	14,223,509	(358,473)
Federal	3,964,202	4,242,523	4,020,145	(222,378)
Total revenues	$ 73,282,378	$ 74,540,034	$ 75,839,002	$ 1,298,968
EXPENDITURES				
Current:				
General government administration				
Board of supervisors	$ 94,400	$ 82,400	$ 72,255	$ 10,145
County administrator	332,211	343,092	337,527	5,565
Independent auditor	62,800	68,600	62,800	5,800
Business auditor	121,338	123,637	122,166	1,471
Commissioner of the revenue	381,501	367,719	355,948	11,771
Reassessment	326,888	407,573	377,461	30,112
Central purchasing	157,261	150,751	147,538	3,213
Legal services	280,697	326,391	323,549	2,842
Treasurer	609,178	613,983	594,755	19,228
Information systems	778,056	851,074	768,767	82,307
Finance & Management services	399,861	408,156	407,429	727
Vehicle licensing	26,255	26,749	26,747	2
Public & employee relations	336,443	333,140	306,844	26,296
Other	1,135,118	547,668	506,143	41,525
Registrar	253,252	282,461	269,584	12,877
Total general government administration	$ 5,295,259	$ 4,933,394	$ 4,679,513	$ 253,881
Judicial administration				
Circuit court	$ 86,001	$ 111,943	$ 91,528	$ 20,415
General district court	13,405	13,405	11,513	1,892
Magistrates	1,766	1,766	1,711	55
Juvenile and domestic relations court	17,196	19,225	13,067	6,158
Clerk of the circuit court	582,949	606,668	561,674	44,994
Victim witness program	217,111	223,625	223,080	545
Commissioner of accounts	1,320	1,320	1,198	122
Commonwealth attorney	887,085	899,790	827,825	71,965
Total judicial administration	$ 1,806,833	$ 1,877,742	$ 1,731,596	$ 146,146

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Public safety				
Sheriff	$ 5,659,808	$ 6,302,108	$ 6,083,850	$ 218,258
E - 911 system	1,100,103	1,133,424	1,089,408	44,016
Fire departments	629,639	640,777	589,485	51,292
Ambulance and rescue services	313,812	327,261	300,433	26,828
Paid EMT services	2,648,105	3,064,746	3,063,401	1,345
Forest fire extinction service	20,780	20,780	20,329	451
Jail	2,800,000	2,800,000	2,800,000	-
Probation office	4,800	4,800	4,396	404
Local corrections	364,513	364,513	213,109	151,404
Building inspections	323,953	304,545	283,637	20,908
Animal control	259,302	274,942	269,653	5,289
Medical examiner	860	860	640	220
Emergency services	292,998	367,708	302,344	65,364
Total public safety	$ 14,418,673	$ 15,606,464	$ 15,020,685	$ 585,779
Public works				
Highway services	$ 23,000	$ 24,800	$ 24,197	$ 603
Street lights	9,200	12,000	11,738	262
Maintenance of buildings and grounds	1,539,497	1,544,361	1,473,141	71,220
Public works administration	293,005	300,199	299,833	366
Total public works	$ 1,864,702	$ 1,881,360	$ 1,808,909	$ 72,451
Health and welfare				
Health department	$ 409,181	$ 409,181	$ 409,181	$ -
Horizon Behavior Health	182,485	182,485	182,485	-
Welfare assistance and administration	7,975,955	8,161,551	6,869,688	1,291,863
Children Services Act Program	2,594,594	3,049,135	3,795,319	(746,184)
Property tax relief for elderly/handicapped	-	370,748	370,748	-
Housing assistance	144,398	144,398	114,264	30,134
Youth, adult and community services	112,855	129,272	97,796	31,476
Other health and welfare	16,961	16,961	16,961	-
Total health and welfare	$ 11,436,429	$ 12,463,731	$ 11,856,442	$ 607,289
Education				
Contribution to School Board Component unit	$ 27,536,460	$ 36,554,423	$ 30,048,792	$ 6,505,631
Total education	$ 27,536,460	$ 36,554,423	$ 30,048,792	$ 6,505,631

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES (CONTINUED)				
Parks, recreation, and cultural				
Parks and recreation	$ 484,725	$ 516,283	$ 492,931	$ 23,352
Community recreation	202,141	202,141	87,517	114,624
Library	1,175,805	1,161,199	1,136,160	25,039
Literacy	43,616	43,526	39,456	4,070
Total parks, recreation, and cultural	$ 1,906,287	$ 1,923,149	$ 1,756,064	$ 167,085
Community Development				
Zoning	$ 510,873	$ 533,949	$ 522,723	$ 11,226
Economic development	521,466	1,538,859	665,242	873,617
Planning	76,000	76,000	76,000	-
Campbell County Utility Service Authority	98,715	98,715	98,115	600
Environmental management program	143,910	142,191	130,502	11,689
Soil and water conservation district	11,886	11,886	11,886	-
Cooperation extension program	111,420	98,047	97,361	686
Total community development	$ 1,474,270	$ 2,499,647	$ 1,601,829	$ 897,818
Debt Service				
Principal	$ 3,508,567	$ 3,508,567	$ 3,508,566	$ 1
Interest and fiscal charges	917,499	917,499	911,630	5,869
Total debt service	$ 4,426,066	$ 4,426,066	$ 4,420,196	$ 5,870
Nondepartmental	$ (360,000)	$ (360,000)	$ 83	$ (360,083)
Total expenditures	$ 69,804,979	$ 81,805,976	$ 72,924,109	$ 8,881,867
Excess (deficiency) of revenues over (under) expenditures	$ 3,477,399	$ (7,265,942)	$ 2,914,893	$ 10,180,835
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 5,958	$ 5,958	$ -
Transfers out	(2,795,000)	(4,033,834)	(4,033,834)	-
Total other financing sources (uses)	$ (2,795,000)	$ (4,027,876)	$ (4,027,876)	$ -
Net change in fund balances	$ 682,399	$ (11,293,818)	$ (1,112,983)	$ 10,180,835
Fund balance - beginning	(682,399)	11,293,818	30,064,265	18,770,447
Fund balance - ending	$ -	$ -	$ 28,951,282	$ 28,951,282

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, 2019

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 8,177	$ 8,177
Charges for services	662,027	662,027	22	(662,005)
Intergovernmental:				
Commonwealth	16,033	16,033	16,271	238
Total revenues	$ 678,060	$ 678,060	$ 24,470	$ (653,590)
EXPENDITURES				
Current:				
Public Works - Solid Waste	$ 1,777,715	$ 1,857,095	$ 1,581,602	$ 275,493
Total expenditures	$ 1,777,715	$ 1,857,095	$ 1,581,602	$ 275,493
Excess (deficiency) of revenues over (under) expenditures	$ (1,099,655)	$ (1,179,035)	$ (1,557,132)	$ (378,097)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,100,000	$ 1,109,800	$ 1,109,800	$ -
Total other financing sources (uses)	$ 1,100,000	$ 1,109,800	$ 1,109,800	$ -
Net change in fund balances	$ 345	$ (69,235)	$ (447,332)	$ (378,097)
Fund balance - beginning	(345)	69,235	1,576,971	1,507,736
Fund balance - ending	$ -	$ -	$ 1,129,639	$ 1,129,639

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
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 1,545,609	$ 1,549,866	$ 1,594,596	$ 1,568,032	$ 1,506,011
Interest	4,612,240	4,516,824	4,347,229	4,089,845	3,900,665
Differences between expected and actual experience	(396,573)	(1,162,819)	(575,564)	824,419	-
Changes of assumptions	-	(337,699)	-	-	-
Benefit payments, including refunds of employee contributions	(3,410,433)	(2,995,720)	(2,891,247)	(2,719,500)	(2,688,703)
Net change in total pension liability	$ 2,350,843	$ 1,570,452	$ 2,475,014	$ 3,762,796	$ 2,717,973
Total pension liability - beginning	67,594,366	66,023,914	63,548,900	59,786,104	57,068,131
Total pension liability - ending (a)	$ 69,945,209	$ 67,594,366	$ 66,023,914	$ 63,548,900	$ 59,786,104
Plan fiduciary net position					
Contributions - employer	$ 1,434,362	$ 1,393,354	$ 1,644,686	$ 1,654,904	$ 1,640,441
Contributions - employee	669,563	683,119	658,971	675,034	637,244
Net investment income	4,514,736	6,732,850	953,652	2,435,302	7,297,446
Benefit payments, including refunds of employee contributions	(3,410,433)	(2,995,720)	(2,891,247)	(2,719,500)	(2,688,703)
Administrative expense	(39,308)	(38,991)	(34,332)	(33,239)	(39,389)
Other	(4,002)	(5,992)	(407)	(514)	384
Net change in plan fiduciary net position	$ 3,164,918	$ 5,768,620	$ 331,323	$ 2,011,987	$ 6,847,423
Plan fiduciary net position - beginning	61,312,296	55,543,676	55,212,353	53,200,366	46,352,943
Plan fiduciary net position - ending (b)	$ 64,477,214	$ 61,312,296	$ 55,543,676	$ 55,212,353	$ 53,200,366
County's net pension liability - ending (a) - (b)	$ 5,467,995	$ 6,282,070	$ 10,480,238	$ 8,336,547	$ 6,585,738
Plan fiduciary net position as a percentage of the total pension liability	92.18%	90.71%	84.13%	86.88%	88.98%
Covered payroll	$ 13,662,885	$ 13,165,736	$ 13,136,288	$ 13,173,333	$ 12,703,891
County's net pension liability as a percentage of covered payroll	40.02%	47.72%	79.78%	63.28%	51.84%

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
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 308,804	$ 302,578	$ 304,674	$ 322,594	$ 347,629
Interest	946,190	956,515	945,293	926,451	903,387
Differences between expected and actual experience	(392,164)	(311,278)	(132,039)	(10,314)	-
Changes of assumptions	-	(134,155)	-	-	-
Benefit payments, including refunds of employee contributions	(967,321)	(954,989)	(960,237)	(978,898)	(864,159)
Net change in total pension liability	$ (104,491)	$ (141,329)	$ 157,691	$ 259,833	$ 386,857
Total pension liability - beginning	14,000,663	14,141,992	13,984,301	13,724,468	13,337,611
Total pension liability - ending (a)	$ 13,896,172	$ 14,000,663	$ 14,141,992	$ 13,984,301	$ 13,724,468
Plan fiduciary net position					
Contributions - employer	$ 254,944	$ 248,253	$ 318,293	$ 310,596	$ 318,487
Contributions - employee	148,622	144,771	144,031	142,393	147,336
Net investment income	955,281	1,458,220	205,910	558,443	1,732,436
Benefit payments, including refunds of employee contributions	(967,321)	(954,989)	(960,237)	(978,898)	(864,159)
Administrative expense	(8,550)	(8,793)	(7,927)	(8,065)	(9,589)
Other	(838)	(1,283)	(90)	(117)	91
Net change in plan fiduciary net position	$ 382,138	$ 886,179	$ (300,020)	$ 24,352	$ 1,324,602
Plan fiduciary net position - beginning	13,124,862	12,238,683	12,538,748	12,514,396	11,189,794
Plan fiduciary net position - ending (b)	$ 13,507,000	$ 13,124,862	$ 12,238,728	$ 12,538,748	$ 12,514,396
School Board's net pension liability - ending (a) - (b)	$ 389,172	$ 875,801	$ 1,903,264	$ 1,445,553	$ 1,210,072
Plan fiduciary net position as a percentage of the total pension liability	97.20%	93.74%	86.54%	89.66%	91.18%
Covered payroll	$ 3,198,309	$ 3,083,237	$ 3,014,909	$ 2,910,102	$ 2,950,955
School Board's net pension liability as a percentage of covered payroll	12.17%	28.41%	63.13%	49.67%	41.01%

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

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

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.48%	0.48%	0.49%	0.51%	0.52%
Employer's Proportionate Share of the Net Pension Liability (Asset)	$ 55,996,000	$ 58,563,000	$ 68,881,000	$ 64,322,000	$ 62,577,000
Employer's Covered Payroll	38,345,750	37,477,663	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	146.03%	156.26%	183.80%	169.25%	165.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
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%
2011	1,039,173	1,039,173	-	11,457,253	9%
2010	812,293	812,293	-	11,376,646	7%
School Board - Non-Professionals:					
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%
2011	211,844	211,844	-	2,794,780	8%
2010	236,846	236,846	-	3,100,074	8%
School Board - Professionals*:					
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
For the Year Ended June 30, 2019

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

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

Largest 10 – Non-Hazardous Duty:

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

Largest 10 – Hazardous Duty:

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
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
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

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

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

		2019		2018
County:				
Total OPEB liability				
Service cost	$	339,383	$	394,699
Interest		359,240		318,362
Changes in assumptions		220,265		52,672
Differences between expected and actual experience		(835,454)		206,085
Benefit payments		(617,249)		(437,968)
Net change in total OPEB liability	$	(533,815)	$	533,850
Total OPEB liability - beginning		9,248,994		8,715,144
Total OPEB liability - ending	$	8,715,179	$	9,248,994
Covered employee payroll	$	11,416,648	$	11,057,286
County's total OPEB liability (asset) as a percentage of covered employee payroll		76.3%		83.6%
School Board:				
Total OPEB liability				
Service cost	$	1,086,510	$	1,216,156
Interest		973,510		1,052,082
Changes in assumptions		607,107		178,321
Differences between expected and actual experience		(2,207,655)		(4,524,781)
Benefit payments		(1,663,591)		(2,384,173)
Net change in total OPEB liability	$	(1,204,119)	$	(4,462,395)
Total OPEB liability - beginning		24,890,817		29,353,212
Total OPEB liability - ending	$	23,686,698	$	24,890,817
Covered employee payroll	$	41,170,822	$	39,874,888
School Board's total OPEB liability (asset) as a percentage of covered employee payroll		57.5%		62.4%

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, 2019

Valuation Date: June 30, 2019
Measurement Date: June 30, 2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.51% as of June 30, 2019; 3.87% as of June 30, 2018
Inflation	3.25% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.5% and gradually declines to 5.0%
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. School Board - The salary increase rate starts at 5.95% 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 active and healthy retirees was calculated using the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees and calculated using the PRH-2015 Disabled Mortality Table fully generational using scale MP-2015.

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

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

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
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%
School Board - Professional Employees:					
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%
School Board - Nonprofessional Employees:					
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
For the Year Ended June 30, 2019

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

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

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

School Board -Non-professional:

	2018	2017
Total HIC OPEB Liability		
Service cost	$ 6,041	$ 5,955
Interest	26,924	27,017
Differences between expected and actual experience	(11,748)	-
Changes in assumptions	-	(2,953)
Benefit payments	(34,373)	(28,342)
Net change in total HIC OPEB liability	$ (13,156)	$ 1,677
Total HIC OPEB Liability - beginning	401,817	400,140
Total HIC OPEB Liability - ending (a)	$ 388,661	$ 401,817
Plan fiduciary net position		
Contributions - employer	$ 20,469	$ 19,733
Net investment income	12,722	19,471
Benefit payments	(34,373)	(28,342)
Administrative expense	(285)	(302)
Other	(1,027)	1,027
Net change in plan fiduciary net position	$ (2,494)	$ 11,587
Plan fiduciary net position - beginning	185,488	173,901
Plan fiduciary net position - ending (b)	$ 182,994	$ 185,488
School Board's net HIC OPEB liability - ending (a) - (b)	$ 205,667	$ 216,329
Plan fiduciary net position as a percentage of the total HIC OPEB liability	47.08%	46.16%
Covered payroll	$ 3,198,309	$ 3,083,237
School Board's net HIC OPEB liability as a percentage of covered payroll	6.43%	7.02%

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 Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
School Board - Professional:					
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) Program - School Board
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
School Board - Non-professional:					
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%
School Board - Professional:					
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.

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

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

Nonprofessional:

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

OTHER SUPPLEMENTARY INFORMATION

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, 2019

	County Capital Projects Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 40,000	$ 40,000	$ 97,760	$ 57,760
Miscellaneous	-	26,217	26,217	-
Intergovernmental:				
Commonwealth	238,440	380,262	362,367	(17,895)
Total revenues	$ 278,440	$ 446,479	$ 486,344	$ 39,865
EXPENDITURES				
Current:				
Capital projects	$ 2,776,508	$ 6,195,373	$ 2,656,952	$ 3,538,421
Total expenditures	$ 2,776,508	$ 6,195,373	$ 2,656,952	$ 3,538,421
Excess (deficiency) of revenues over (under) expenditures	$ (2,498,068)	$ (5,748,894)	$ (2,170,608)	$ 3,578,286
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 1,675,000	$ 2,904,034	$ 2,904,034	$ -
Transfers out	-	(5,958)	(5,958)	-
Total other financing sources (uses)	$ 1,675,000	$ 2,898,076	$ 2,898,076	$ -
Net change in fund balances	$ (823,068)	$ (2,850,818)	$ 727,468	$ 3,578,286
Fund balance - beginning	823,068	2,850,818	2,850,818	-
Fund balance - ending	$ -	$ -	$ 3,578,286	$ 3,578,286

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

Exhibit 26

Road Construction Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -
-	2,854,527	2,908,747	54,220
-	4,420,474	799,197	(3,621,277)
$ -	$ 7,275,001	$ 3,707,944	$ (3,567,057)
$ -	$ 9,596,338	$ 2,370,201	$ 7,226,137
$ -	$ 9,596,338	$ 2,370,201	$ 7,226,137
$ -	$ (2,321,337)	$ 1,337,743	$ 3,659,080
$ -	$ -	$ -	$ -
-	-	-	-
$ -	$ -	$ -	$ -
$ -	$ (2,321,337)	$ 1,337,743	$ 3,659,080
-	2,321,337	2,710,417	389,080
$ -	$ -	$ 4,048,160	$ 4,048,160

Agency Funds
Combining Statement of Fiduciary Net Position
June 30, 2019

	Special Welfare	Drug Enforcement	Commonwealth Attorney Drug Fund	Flexible Benefits	County Agency	Total
ASSETS						
Cash and cash equivalents	$ 55,264	$ 112,762	$ 41,344	$ 17,156	$ 82,267	$ 308,793
Receivables						
Accounts receivable	-	-	-	523	-	523
Total assets	$ 55,264	$ 112,762	$ 41,344	$ 17,679	$ 82,267	$ 309,316
LIABILITIES						
Accounts payable	$ -	$ 1,829	$ -	$ -	$ -	$ 1,829
Amounts held for social service clients	55,264	-	-	-	-	55,264
Amounts held for others	-	110,933	41,344	17,679	82,267	252,223
Total liabilities	$ 55,264	$ 112,762	$ 41,344	$ 17,679	$ 82,267	$ 309,316

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 46,843	$ 96,605	$ 88,184	$ 55,264
Accounts receivable	3,467	-	3,467	-
Total assets	$ 50,310	$ 96,605	$ 91,651	$ 55,264
Liabilities:				
Amounts held for social service clients	$ 50,310	$ 96,605	$ 91,651	$ 55,264
Drug Enforcement:				
Assets:				
Cash and cash equivalents	$ 170,895	$ 4,579	$ 62,712	$ 112,762
Liabilities:				
Accounts payable	$ -	$ 1,829	$ -	$ 1,829
Amounts held for others	170,895	4,579	64,541	110,933
Total liabilities	$ 170,895	$ 6,408	$ 64,541	$ 112,762
Commonwealth Attorney Drug Fund:				
Assets:				
Cash and cash equivalents	$ 39,199	$ 2,995	$ 850	$ 41,344
Total assets	$ 39,199	$ 2,995	$ 850	$ 41,344
Liabilities:				
Amounts held for others	$ 39,199	$ 2,995	$ 850	$ 41,344
Flexible Benefits:				
Assets:				
Cash and cash equivalents	$ 18,557	$ 3,588,090	$ 3,589,491	$ 17,156
Accounts receivable	123	523	123	523
Total assets	$ 18,680	$ 3,588,613	$ 3,589,614	$ 17,679
Liabilities:				
Amounts held for others	$ 18,680	$ 3,588,613	$ 3,589,614	$ 17,679
County Agency:				
Assets:				
Cash and cash equivalents	$ 77,640	$ 4,627	$ -	$ 82,267
Liabilities:				
Amounts held for others	$ 77,640	$ 4,627	$ -	$ 82,267
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	$ 353,134	$ 3,696,896	$ 3,741,237	$ 308,793
Accounts receivable	3,590	523	3,590	523
Total assets	$ 356,724	$ 3,697,419	$ 3,744,827	$ 309,316
Liabilities:				
Accounts payable	$ -	$ 1,829	$ -	$ 1,829
Amounts held for social service clients	50,310	96,605	91,651	55,264
Amounts held for others	306,414	3,600,814	3,655,005	252,223
Total liabilities	$ 356,724	$ 3,699,248	$ 3,746,656	$ 309,316

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Discretely Presented Component Unit-School Board

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,882,231	$ 1,916,046	$ 3,270,042	$ 10,068,319
Receivables (net of allowance for uncollectibles):	-	-	14,450	14,450
Due from other governmental units	3,006,967	-	-	3,006,967
Prepaid items	1,120,401	19,008	-	1,139,409
Total assets	$ 9,009,599	$ 1,935,054	$ 3,284,492	$ 14,229,145
LIABILITIES				
Accounts payable	$ 478,786	$ 16,882	$ 1,880,715	$ 2,376,383
Accrued liabilities	4,829,275	125,313	-	4,954,588
Due to primary government	2,572,001	-	-	2,572,001
Total liabilities	$ 7,880,062	$ 142,195	$ 1,880,715	$ 9,902,972
FUND BALANCE				
Nonspendable:				
Prepaid items	$ 1,120,401	$ 19,008	$ -	$ 1,139,409
Committed:				
Education - capital projects	-	-	430,426	430,426
Assigned:				
Education	9,136	1,773,851	-	1,782,987
Education - capital projects	-	-	973,351	973,351
Unassigned	-	-	-	-
Total fund balances	$ 1,129,537	$ 1,792,859	$ 1,403,777	$ 4,326,173
Total liabilities and fund balances	$ 9,009,599	$ 1,935,054	$ 3,284,492	$ 14,229,145

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

Total fund balances per above		$ 4,326,173
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds (Cost of $86,547,717 and accumulated depreciation of $53,448,500)		33,099,217
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	$ 7,119,306	
Deferred outflows - OPEB related	1,533,193	
Deferred inflows - pension related	(9,139,800)	
Deferred inflows - OPEB related	(5,780,450)	(6,267,751)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Net OPEB liabilities	$ (33,233,293)	
Net pension liability	(56,385,172)	(89,618,465)
Net position of governmental activities		$ (58,460,826)

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	$ 49,994	$ 811	$ 1,000	$ 51,805
Charges for services	122,159	1,166,925	-	1,289,084
Miscellaneous	48,556	40,507	-	89,063
Recovered costs	-	-	-	-
Intergovernmental:				
Local government	27,930,476	-	2,118,316	30,048,792
Commonwealth	50,240,358	58,810	-	50,299,168
Federal	3,771,289	2,603,498	-	6,374,787
Total revenues	$ 82,162,832	$ 3,870,551	$ 2,119,316	$ 88,152,699
EXPENDITURES				
Current:				
Education	$ 82,113,294	$ 3,624,712	$ 2,393,217	$ 88,131,223
Total expenditures	$ 82,113,294	$ 3,624,712	$ 2,393,217	$ 88,131,223
Excess (deficiency) of revenues over (under) expenditures	$ 49,538	$ 245,839	$ (273,901)	$ 21,476
Net change in fund balances	$ 49,538	$ 245,839	$ (273,901)	$ 21,476
Fund balances - beginning	1,079,999	1,547,020	1,677,678	4,304,697
Fund balances - ending	$ 1,129,537	$ 1,792,859	$ 1,403,777	$ 4,326,173

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		$ 21,476
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	$ 5,050,082	
Net transfer of assets between primary government and component unit	7,654,206	
Depreciation expense	(2,800,367)	9,903,921
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	$ 3,053,629	
(Increase)/decrease in net OPEB liabilities	1,210,853	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	1,401,352	
(Increase) decrease in deferred inflows related to the measurement of the OPEB liabilities	(1,191,783)	
Increase/(decrease) in deferred outflows pension related items	(518,860)	
Increase/(decrease) in deferred outflows OPEB related items	670,531	4,625,722
Change in net position of governmental activities		$ 14,551,119

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 3,500	$ 49,592	$ 49,994	$ 402
Charges for services	121,500	121,500	122,159	659
Miscellaneous	21,750	58,509	48,556	(9,953)
Recovered costs	190,500	190,500	-	(190,500)
Intergovernmental:				
Local government	27,536,460	34,436,107	27,930,476	(6,505,631)
Commonwealth	49,272,318	49,538,210	50,240,358	702,148
Federal	4,694,303	5,362,650	3,771,289	(1,591,361)
Total revenues	$ 81,840,331	$ 89,757,068	$ 82,162,832	$ (7,594,236)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 61,051,951	$ 65,143,395	$ 59,797,560	$ 5,345,835
Administration, attendance and health	4,335,357	4,455,886	4,204,372	251,514
Pupil transportation	4,966,331	5,257,988	5,183,953	74,035
Operation and maintenance services	7,875,651	9,596,748	8,103,580	1,493,168
Technology	3,611,041	5,306,302	4,823,829	482,473
Total expenditures	$ 81,840,331	$ 89,760,319	$ 82,113,294	$ 7,647,025
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (3,251)	$ 49,538	$ 52,789
Net change in fund balances	$ -	$ (3,251)	$ 49,538	$ 52,789
Fund balance - beginning	-	3,251	1,079,999	1,076,748
Fund balance - ending	$ -	$ -	$ 1,129,537	$ 1,129,537

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

Discretely Presented Component Unit-Industrial Development Authority

Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2019

		Enterprise Fund
ASSETS		
Cash and cash equivalents	$	395,724
Due from primary government		185,261
Industrial assets held for industry - real property		1,241,690
Total assets	$	1,822,675
LIABILITIES		
Long-term liabilities:		
Due within one year	$	195,903
Due in more than one year		325,858
Total liabilities	$	521,761
NET POSITION		
Unrestricted	$	1,300,914

Schedule of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

		Enterprise Fund
OPERATING REVENUES		
Charges for services	$	8,731
Revenue from the use of property		130,778
Miscellaneous		89,035
Total operating revenues	$	228,544
OPERATING EXPENSES		
Economic incentive grants	$	106,527
Loss on disposal of industrial buildings and land to industry		542,215
Other operating costs		8,072
Total operating expenses	$	656,814
Operating income (loss)	$	(428,270)
NONOPERATING REVENUES (EXPENSES)		
Contributions from Campbell County	$	106,527
Interest income		3,136
Interest expense and issuance costs		(65,147)
Nonoperating revenues (expenses)	$	44,516
Capital contributions		345,023
Change in net position	$	(38,731)
Net position - beginning		1,339,645
Net position - ending	$	1,300,914

Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

		Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from grantors and customers	$	228,544
Payments to grantees and suppliers		(169,414)
Net cash provided by (used for) operating activities	$	59,130
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions from Campbell County	$	160,328
Interest Income		3,136
Net cash provided by (used for) noncapital financing activities	$	163,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on long term debt	$	(2,232,067)
Proceeds from indebtedness		898,897
Capital contributions		672,644
Additions to industrial assets held for resale		(852,616)
Proceeds from sale of industrial assets held for resale		1,310,411
Interest paid on long term debt		(65,147)
Net cash provided by (used for) capital and related financing activities	$	(267,878)
Net increase (decrease) cash and cash equivalents	$	(45,284)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents - beginning		441,008
Cash and cash equivalents - ending	$	395,724
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$	(428,270)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Loss on disposal of industrial buildings and land to industry		542,215
Change in assets and liabilities:		
Increase (decrease) in accounts payable		(1,014)
Increase (decrease) in liabilities payable to industries		(53,801)
Net cash provided by (used for) operating activities	$	59,130

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)

	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018	2019
Primary government										
Governmental activities										
Net investment in capital assets	$ 28,284,570	$ 27,643,364	$ 25,710,879	$ 26,658,220	$ 28,719,429	$ 22,853,751	$ 24,885,321	$ 24,156,518	$ 23,202,885	$ 17,846,292
Restricted	-	-	-	-	-	2,702,314	1,923,436	4,434,798	2,710,417	4,048,160
Unrestricted	23,778,379	24,548,926	31,368,847	31,359,486	30,189,019	20,276,672	19,932,586	20,919,378	18,456,486	20,941,466
Total governmental activities net position	$ 52,062,949	$ 52,192,290	$ 57,079,726	$ 58,017,706	$ 58,908,448	$ 45,832,737	$ 46,741,343	$ 49,510,694	$ 44,369,788	$ 42,835,918

(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

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

	2010	2011	2012	2013***	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government administration	$ 12,928,427	$ 12,555,596	$ 14,367,571	$ 4,832,503	$ 4,836,557	$ 4,886,285	$ 5,024,792	$ 4,945,114	$ 5,026,267	$ 5,027,183
Judicial administration	1,708,920	1,686,219	1,634,401	1,678,561	1,742,957	1,672,627	1,664,229	1,844,547	1,729,746	1,682,837
Public safety	13,092,272	13,228,773	12,712,040	14,282,692	14,361,780	13,887,466	14,452,365	15,096,746	15,949,008	15,021,086
Public works	5,397,503	4,568,411	3,431,997	3,299,182	3,983,923	3,441,597	3,666,489	3,874,059	3,511,124	3,780,812
Health and welfare	9,613,637	9,556,302	9,329,764	9,816,547	9,882,472	10,090,691	10,467,241	10,908,973	11,069,783	11,555,463
Education	19,502,314	21,571,119	21,786,877	26,144,199	27,033,049	28,493,461	28,073,483	31,018,186	29,425,403	37,240,159
Parks, recreation and cultural	2,083,747	1,822,030	1,762,788	1,723,223	1,776,225	1,935,595	1,833,900	1,877,096	1,673,236	1,830,140
Community development	1,572,293	2,967,441	2,316,684	2,745,880	2,142,982	1,942,194	2,997,625	4,340,246	5,307,490	4,030,088
Interest on long-term debt	2,515,923	2,384,806	2,244,465	2,108,383	1,555,690	1,825,883	3,896,145	1,051,261	947,069	829,479
Total governmental activities expenses	$ 68,415,036	$ 70,340,697	$ 69,586,587	$ 66,631,170	$ 67,315,635	$ 68,175,799	$ 72,076,269	$ 74,956,228	$ 74,639,126	$ 80,997,247
Total primary government expenses	$ 68,415,036	$ 70,340,697	$ 69,586,587	$ 66,631,170	$ 67,315,635	$ 68,175,799	$ 72,076,269	$ 74,956,228	$ 74,639,126	$ 80,997,247
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 8,895,934	$ 8,763,016	$ 8,852,653	$ 390,947	$ 414,893	$ 394,421	$ 524,302	$ 413,371	$ 391,810	$ 369,160
Judicial administration	122,019	121,039	31,272	28,690	10,163	7,358	24,531	6,784	6,614	7,692
Public safety	1,958,620	1,683,597	1,841,768	2,031,695	1,954,759	2,044,946	2,116,815	2,227,336	2,816,049	2,570,387
Public works	1,005,159	945,976	636,348	823,993	803,031	923,792	804,902	669,989	838,033	22
Health and welfare	34,680	-	-	-	-	-	1,700	-	-	-
Parks, recreation and cultural	249,297	274,777	209,061	209,368	200,099	190,557	204,666	199,587	173,124	137,960
Community development	48,943	32,052	46,174	43,957	51,107	196,360	92,397	111,284	133,000	130,155
Operating grants and contributions	11,558,109	11,512,825	10,765,466	11,243,741	11,050,952	11,310,942	11,881,220	12,227,418	12,775,294	13,107,422
Capital grants and contributions	585,146	704,737	480,513	450,560	775,951	508,650	1,179,300	1,451,825	1,765,564	1,161,564
Total governmental activities program revenues	$ 24,457,907	$ 24,038,019	$ 22,863,255	$ 15,222,951	$ 15,260,955	$ 15,577,026	$ 16,829,833	$ 17,307,594	$ 18,899,488	$ 17,484,362
Total primary government program revenues	$ 24,457,907	$ 24,038,019	$ 22,863,255	$ 15,222,951	$ 15,260,955	$ 15,577,026	$ 16,829,833	$ 17,307,594	$ 18,899,488	$ 17,484,362
Net (expense) / revenue										
Governmental activities	$ (43,957,129)	$ (46,302,678)	$ (46,723,332)	$ (51,408,219)	$ (52,054,680)	$ (52,598,773)	$ (55,246,436)	$ (57,648,634)	$ (55,739,638)	$ (63,512,885)
Total primary government net expense	$ (43,957,129)	$ (46,302,678)	$ (46,723,332)	$ (51,408,219)	$ (52,054,680)	$ (52,598,773)	$ (55,246,436)	$ (57,648,634)	$ (55,739,638)	$ (63,512,885)

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

	2010	2011	2012	2013**	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 29,816,678	$ 30,846,372	$ 31,620,082	$ 36,936,888	$ 37,049,057	$ 37,430,288	$ 38,165,723	$ 39,533,657	$ 39,960,346	$ 41,124,934
Other local taxes **	8,520,653	8,455,611	8,871,212	9,571,055	9,722,828	10,160,937	10,819,564	11,048,948	11,272,113	11,589,019
Unrestricted revenues from use of money and property	397,787	351,069	241,235	153,943	466,368	347,551	442,270	284,381	397,601	822,780
Unrestricted grants and contributions	4,914,103	5,460,420	5,373,618	5,275,066	5,316,657	5,426,764	5,292,660	5,277,881	5,310,860	5,152,503
Other	283,326	1,318,547	183,127	406,963	390,512	3,397,589	1,434,825	4,273,118	213,205	3,289,779
Gain (loss) on sale of capital assets *	-	-	5,321,494	62,284	-	-	-	-	-	-
Total governmental activities	$ 43,932,547	$ 46,432,019	$ 51,610,768	$ 52,406,199	$ 52,945,422	$ 56,763,129	$ 56,155,042	$ 60,417,985	$ 57,154,125	$ 61,979,015
Total primary government	$ 43,932,547	$ 46,432,019	$ 51,610,768	$ 52,406,199	$ 52,945,422	$ 56,763,129	$ 56,155,042	$ 60,417,985	$ 57,154,125	$ 61,979,015
Change in Net Position										
Governmental activities	$ (24,582)	$ 129,341	$ 4,887,436	$ 997,980	$ 890,742	$ 4,164,356	$ 908,606	$ 2,769,351	$ 1,414,487	$ (1,533,870)
Total primary government	$ (24,582)	$ 129,341	$ 4,887,436	$ 997,980	$ 890,742	$ 4,164,356	$ 908,606	$ 2,769,351	$ 1,414,487	$ (1,533,870)

* As of fiscal year 2010 (loss) on sale of capital assets is reported within the expense function.
** As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.
*** The County implemented GASB Statement 63 and 65, effective July 1, 2012 -
Certain revenue and expense items were reclassified and netted to to reflect changes in the allocation of the internal service fund

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

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved	$ 1,251,774									
Unreserved:										
Designated	8,540,762									
Undesignated	13,760,966									
Total general fund	$ 23,553,502									
All other governmental funds										
Reserved	$ 916,524									
Unreserved, reported in:										
Special revenue funds	2,301,181									
Capital projects funds	3,070,446									
Total all other governmental funds	$ 6,288,151									
Total fund balance, governmental funds	$ 29,841,653									
General fund										
Nonspendable		$ 141,964	$ 1,461,885	$ 137,125	$ 141,363	$ 192,102	$ 182,523	$ 212,949	$ 236,518	$ 179,735
Restricted		-	-	-	-	-	826	26,437	-	-
Committed		6,494,918	7,226,668	7,082,941	7,283,292	7,575,891	9,099,024	7,010,639	6,948,860	6,879,539
Assigned		2,029,391	-	-	-	-	1,971,562	1,599,275	3,987,150	4,212,307
Unassigned		13,857,696	14,140,923	15,601,083	17,337,694	16,346,608	15,104,713	20,106,540	18,891,737	17,679,701
Total general fund		$ 22,523,969	$ 22,829,476	$ 22,821,149	$ 24,762,349	$ 24,114,601	$ 26,358,648	$ 28,955,840	$ 30,064,265	$ 28,951,282
All other governmental funds										
Nonspendable		$ 873	$ 873	$ 542	$ 1,012	$ 1,100	$ 1,220	$ 1,616	$ 1,473	$ 25,649
Restricted		-	-	-	-	2,702,314	1,922,610	4,408,361	2,710,417	4,048,160
Committed		1,073,022	2,507,129	2,694,012	3,028,201	3,762,857	2,273,289	2,066,082	-	-
Assigned		6,569,201	5,996,277	4,846,534	3,040,532	2,203,451	2,214,234	1,575,575	4,426,316	4,682,276
Unassigned		(13,778)	-	-	-	-	-	-	-	-
Total all other governmental funds		$ 7,629,318	$ 8,504,279	$ 7,541,088	$ 6,069,745	$ 8,669,722	$ 6,411,353	$ 8,051,634	$ 7,138,206	$ 8,756,085
Total fund balance, governmental funds		$ 30,153,287	$ 31,333,755	$ 30,362,237	$ 30,832,094	$ 32,784,323	$ 32,770,001	$ 37,007,474	$ 37,202,471	$ 37,707,367

(1) - The County implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in fiscal year 2011. The classification of fund balance commencing with fiscal year 2011 will report the fund balance in accordance with this reporting standard.

COUNTY OF CAMPBELL, VIRGINIA **Table 4**

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	$ 29,878,623	$ 30,862,061	$ 31,394,666	$ 36,483,531	$ 37,019,002	$ 37,439,459	$ 38,312,800	$ 39,590,867	$ 40,201,666	$ 41,064,815
Other local taxes	8,520,653	8,455,611	8,871,212	9,571,055	9,722,828	10,160,937	10,819,564	11,048,948	11,272,113	11,589,019
Permits, privilege fees and regulatory licenses	260,941	267,595	309,389	309,438	254,802	459,415	267,432	305,707	369,494	325,824
Fines and forfeitures	215,515	260,671	178,962	161,464	136,015	141,950	139,765	136,360	130,934	104,526
Revenue from use of money and property	386,752	326,240	230,873	150,512	428,749	323,486	402,506	268,913	370,710	753,773
Charges for services	3,130,057	2,937,777	2,793,238	3,057,748	3,043,235	3,156,089	3,362,116	3,186,284	3,858,202	2,785,026
Miscellaneous	283,326	1,318,547	308,612	347,112	380,190	3,397,589	664,067	4,221,108	380,147	3,313,989
Recovered costs	311,572	345,738	295,141	314,854	302,814	318,685	331,594	346,180	371,420	699,299
Intergovernmental	17,057,358	18,026,749	16,424,139	16,969,367	17,143,560	17,246,356	18,353,180	18,957,124	19,851,718	19,421,489
Total revenues	$ 60,044,797	$ 62,800,989	$ 60,806,232	$ 67,365,081	$ 68,431,195	$ 72,643,966	$ 72,653,024	$ 78,061,491	$ 76,806,404	$ 80,057,760
Expenditures										
General government administration	$ 3,915,300	$ 4,089,668	$ 4,073,250	$ 4,283,849	$ 4,306,051	$ 4,471,685	$ 4,299,115	$ 4,299,196	$ 4,650,890	$ 4,679,513
Judicial administration	1,600,405	1,575,260	1,507,600	1,559,058	1,611,258	1,632,723	1,659,763	1,784,349	1,715,366	1,731,596
Public safety	11,985,338	12,605,698	11,905,232	12,422,719	12,968,541	12,940,855	13,689,044	13,423,134	14,374,483	15,020,685
Public works	4,226,429	3,308,866	3,113,380	3,229,978	3,675,089	3,220,854	3,316,317	3,407,386	3,350,777	3,390,511
Health and welfare	9,390,648	9,422,479	8,980,678	9,586,967	9,650,094	10,049,547	10,404,776	10,657,726	11,233,276	11,856,442
Education	17,718,603	20,034,312	20,022,771	23,902,801	24,102,429	25,787,723	25,841,800	27,149,039	27,070,626	30,048,792
Parks, recreation and cultural	1,972,890	1,723,843	1,654,803	1,617,241	1,653,349	1,731,715	1,759,831	1,708,977	1,660,728	1,756,064
Community development	1,512,187	2,430,107	1,931,433	2,096,644	1,579,983	1,567,334	1,747,378	1,693,451	1,986,208	1,601,829
Non-departmental	-	-	357	96	-	219	430	769	41	83
Capital projects	6,826,686	1,472,522	1,057,458	2,741,894	3,665,156	3,126,173	4,913,720	4,665,234	5,498,535	5,027,153
Debt service										
Principal	3,007,153	3,457,196	3,259,527	3,252,633	3,124,117	3,159,124	4,260,390	3,737,540	3,600,876	3,508,566
Interest and other fiscal charges	2,573,403	2,438,998	2,301,424	2,170,990	1,615,593	1,883,785	3,616,966	1,137,218	1,021,044	911,630
Total expenditures	$ 64,729,042	$ 62,558,949	$ 59,807,913	$ 66,864,870	$ 67,951,660	$ 69,571,737	$ 75,509,530	$ 73,664,019	$ 76,162,850	$ 79,532,864
Excess (deficiency) of revenues over (under) expenditures	$ (4,684,245)	$ 242,040	$ 998,319	$ 500,211	$ 479,535	$ 3,072,229	$ (2,856,506)	$ 4,397,472	$ 643,554	$ 524,896
Other financing sources (uses)										
Transfers in	$ 2,846,052	$ 4,091,288	$ 2,383,573	$ 4,173,957	$ 2,791,054	$ 3,344,897	$ 2,443,015	$ 2,468,808	$ 3,716,092	$ 4,020,642
Transfers out	(2,846,052)	(4,091,288)	(2,382,573)	(5,773,957)	(2,811,054)	(4,464,897)	(2,525,831)	(2,628,807)	(4,164,649)	(4,039,792)
Sale of capital assets	-	69,594	181,149	128,271	10,322	-	-	-	-	-
Payments to refund bonds	-	-	-	-	-	-	(26,170,000)	-	-	-
Bond proceeds	-	-	-	-	-	-	29,095,000	-	-	-
Total other financing sources (uses)	$ -	$ 69,594	$ 182,149	$ (1,471,729)	$ (9,678)	$ (1,120,000)	$ 2,842,184	$ (159,999)	$ (448,557)	$ (19,150)
Net change in fund balances	$ (4,684,245)	$ 311,634	$ 1,180,468	$ (971,518)	$ 469,857	$ 1,952,229	$ (14,322)	$ 4,237,473	$ 194,997	$ 505,746
Debt service as a percentage of noncapital expenditures	9.47%	9.53%	9.35%	8.23%	7.21%	7.49%	10.92%	6.74%	6.18%	5.68%

* As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as noncategorical aid from the Commonwealth of Virginia.

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 Town of Brookneal	Overlapping Tax Rates Town of Altavista	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value
2010	$ 3,446,391,746	$ 275,659,287	$ 38,104,148	$ 181,371,640	$ 225,843,782	$ 4,167,370,603	$ 0.80	$ N/A	$ N/A	$ 4,443,029,890	93.80%
2011	3,481,544,084	290,493,898	38,124,281	178,812,591	229,811,578	4,218,786,432	0.80	N/A	N/A	4,509,280,330	93.56%
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%

(1) Assessed value is as of January 1 of the previous fiscal year; does not include tax exempt property
(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 vaue 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

Principal Property Taxpayers
Current Year and the Nine Years Prior

Taxpayer		FY 2019 Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer		FY 2010 Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
BWXT Nuclear Oper. Group	$	126,166,357	1	2.60%	BWXT Nuclear Oper. Group	$	72,406,734	1	1.76%
Abbott Laboratories (Ross)		74,063,285	2	1.52%	Abbott Laboratories (Ross)		63,884,424	2	1.55%
BGF Industries Inc		34,454,556	4	0.71%	AREVA NP Inc. (Framatome)		31,176,182	3	0.76%
AREVA NP Inc (Framatome)		31,700,671	3	0.65%	BGF Industries Inc		24,456,141	4	0.59%
Georgia Pacific Wood Prod LLC		28,337,315	5	0.58%	Georgia Pacific Wood Prod LLC		23,928,065	5	0.58%
Progress Printing Company		15,557,275	6	0.32%	The Timken Company		22,563,275	6	0.55%
Schrader-Bridgeport International		15,530,819	7	0.32%	Intermet Archer Creek Plant		19,339,111	7	0.47%
Graham Packaging Plastic Products		15,208,106	8	0.31%	Progress Printing Company		15,962,724	8	0.39%
Boxley Materials Company Inc		11,311,611	9	0.23%	Schrader-Bridgeport International		13,642,431	9	0.33%
Long Island Lumber Inc.		2,551,117	10	0.05%	Boxley Materials Company		8,019,110	10	0.19%
	$	354,881,112		7.31%		$	295,378,197		7.17%

TOTAL 2018 REAL ESTATE ASSESSED VALUE	3,886,936,494
TOTAL 2018 PUBLIC SERVICE (TAXABLE)	399,205,478
TOTAL 2018 PERSONAL PROP ASSESSED VALUE	570,685,799
TOTAL 2018 TAXABLE ASSESSED VALUE	4,856,827,771

Source: Commissioner of the Revenue

COUNTY OF CAMPBELL, VIRGINIA **Table 7**

Property Tax Levies and Collections
Last Ten Fiscal Years

		Collections in Year of Levy			Total Collections to Date	
Year Ended June 30	Current Tax Levy (1)	Current Tax Amount	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Levy Collected
2010	$ 33,210,365	$ 32,310,883	$ 97.29%	$ 566,906	$ 32,877,789	99.00%
2011	33,876,914	33,329,195	98.38%	475,759	33,804,954	99.79%
2012	34,291,683	33,598,099	97.98%	680,784	34,278,883	99.96%
2013	36,438,020	35,105,656	96.34%	824,157	35,929,813	98.61%
2014	36,680,581	35,493,051	96.76%	1,029,772	36,522,823	99.57%
2015	40,359,558	39,551,215	98.00%	795,364	40,346,579	99.97%
2016	41,440,549	40,302,698	97.25%	747,243	41,049,941	99.06%
2017	42,286,750	41,717,667	98.65%	549,604	42,267,271	99.95%
2018	42,907,217	42,363,903	98.73%	465,463	42,829,366	99.82%
2019	43,936,922	43,007,056	97.88%	-	43,007,056	97.88%

(1) Exclusive of penalties and interest.

Ratios of Total Outstanding Debt
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Literary Fund Loans	Capital Leases	Bond Premiums	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2010	$ 47,411,159	$ 10,064,034	$ -	$ 411,287	$ 57,886,480	2.9%	$ 1,048
2011	44,805,688	9,191,801	-	390,779	54,388,268	3.2%	981
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

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 - 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

	Net General Bonded Debt				Percentage of Actual Value of Taxable Property (2)	Total Net General Bonded Debt Per Capita (1)
Fiscal Year	General Obligation Bonds	Literary Fund Loans	Bond Premiums	Total		
2010	$ 47,411,159	$ 10,064,034	$ 411,287	$ 57,886,480	1.30%	$ 1,048
2011	44,805,688	9,191,801	390,779	54,388,268	1.21%	981
2012	42,397,886	8,319,568	370,271	51,087,725	1.11%	922
2013	39,996,978	7,447,335	349,763	47,794,076	1.02%	859
2014	37,395,331	6,575,101	329,255	44,299,687	0.88%	782
2015	35,108,439	5,702,869	308,747	41,120,055	0.80%	727
2016	34,645,283	4,830,635	288,239	39,764,157	0.77%	703
2017	31,779,976	3,958,402	267,731	36,006,109	0.68%	648
2018	29,051,333	3,086,168	247,223	32,384,724	0.60%	583
2019	26,415,000	2,213,936	226,715	28,855,651	0.53%	521

(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.

Principal Employers

Employer	Industry	2019 Employees	Rank	% of Total Employment
BWX Technologies	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%
BGF Industries Inc.	Fiberglass fabric	500 -999	4	2% - 4%
Campbell County	Government	250 - 499	5	1% - 2%
Moore's Electrical and Mechanical	Electric/Mechanical Services	250 - 499	6	1% - 2%
Wal Mart- Supercenter	General Merchandise Stores	250 - 499	7	1% - 2%
Food Lion	Grocery	250 - 499	8	1% - 2%
Schrader TPMS Solutions	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%
Sonny Merryman, Inc.	Truck/Bus Sales	100 - 249	12	0.3% - 1%
YMCA	Fitness/Health	100 - 249	13	0.3% - 1%
Banker Steel Co. LLC	Steel Manufacturing	100 - 249	14	
Georgia Pacific Wood Prod	Wood Manufacturing	100 - 249	15	0.3% - 1%
M. H. Masonry & Associates, Inc.	Masonry Services	100 - 249	16	0.3% - 1%
Thompson Trucking	Truck Transportation	100 - 249	17	0.3% - 1%
Standard Insurance Company	Call Center	100 - 249	18	0.3% - 1%
RSG Landscaping and Lawn Care	Landscaping	100 - 249	19	0.3% - 1%
Capps Shoe Company	Shoe Manufacturing	100 - 249	20	0.3% - 1%
	Totals:	5,200 - 16,731		19% - 68%+

Total Employed: 25,165

Source: Virginia Employment Commission, LMI, Largest Employer Data

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)
2010	54,842	n/a*	$ 31,115.00	8,528	7.70%
2011	55,032	n/a*	$ 32,161.00	8,371	7.20%
2012	55,030	n/a*	$ 33,053.00	8,391	6.50%
2013	55,235	n/a*	$ 33,538.00	8,338	5.90%
2014	56,232	n/a*	$ 34,450.00	8,138	5.30%
2015	56,167	n/a*	$ 35,559.00	7,939	4.80%
2016	55,562	n/a*	n/a*	8,020	4.40%
2017	55,503	n/a*	n/a*	7,895	4.20%
2018	55,425	n/a*	n/a*	7,891	3.30%
2019	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.
(3) Source - U.S. Department of Commerce, Bureau of Economic Analysis, for Campbell + Lynchburg *MSA*
(4) Source - Virginia Department of Education - Fall Membership
(5) Source - Virginia Employment Commission, VLMI

* Updated information not available

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government										
Function:										
General government	42	42	44	44	44	52	52	46	42	37
Judicial administration	20	20	20	20	21	21	22	22	22	22
Public safety **	116	122	122	122	123	122	123	128	142	144
Public works	33	33	33	33	34	26	26	25	25	24
Health and welfare	82	82	82	82	82	78	79	69	78	79
Culture and recreation	22	22	20	20	20	22	22	19	18	20
Community development	9	9	9	9	10	12	12	12	11	12
Totals	324	330	330	330	334	333	336	321	338	338
Component Unit - School Board										
Function:										
Education - full and part-time	1,362	1,303	1,319	1,311	1,312	1,232	1,234	1,238	1,320	1,331

Operating Indicators By Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriffs department:										
Physical arrests	4,398	5,192	4,533	3,390	3,351	3,673	2,652	3,188	3,936	3,532
Parking violations	21	148	50	8	18	20	18	13	12	25
Traffic violations	1,561	2,631	1,620	807	858	1,058	1,097	933	1,063	874
Court security manhours worked *	7,532	7,618	7,618	7,748	6,858	6,482	6,562	9,455	10,489	11,787
Prisoner transports	435	298	371	235	286	348	363	444	297	246
Code enforcement violations	87	25	27	26	41	48	51	60	80	59
DUIs	94	103	80	59	70	105	54	57	44	36
Culture and recreation										
Parks and recreation attendees/participants:										
Youth sports participants	2,792	2,317	2,393	2,245	2,241	2,535	2,506	2,570	2,180	2,370
Dance and crafts - youth and adult	348	362	310	350	300	398	194	75	178	50
Trips	269	303	310	30	6	-	-	-	-	-
Senior centers	618	695	616	1,619	1,028	989	380	289	218	264
Playground programs	-	-	-	-	-	-	-	-	-	-
Registered special events	500	236	386	368	678	504	575	762	842	642
Open special events	3,840	1,198	1,500	2,914	1,035	2,519	1,700	1,600	1,387	1,279
Cooperative events	1,484	2,086	2,564	2,835	4,281	4,370	4,327	12,548	11,672	13,687
Ticket sales	3,801	2,954	2,692	3,040	2,538	2,340	2,765	2,692	1,839	1,045
Library:										
Volumes and eCollections *	168,219	169,710	167,616	160,391	174,666	160,990	153,837	219,068	282,957	260,036
Total volumes borrowed	257,650	259,321	231,449	211,068	236,142	267,089	178,605	218,217	222,184	217,134
Number of borrowers	22,079	21,799	13,905	19,949	19,123	17,178	19,065	21,534	22,430	19,359
Number of new borrowers added	2,512	2,976	2,191	2,378	2,551	7,236	3,086	2,478	2,397	2,060
Family and children's programs attendance	8,359	4,997	5,725	6,204	8,582	6,914	9,065	11,829	8,451	17,722
Public computer usage	44,792	47,031	45,630	39,760	38,809	40,439	33,620	27,477	29,783	29,645
Library visits	233,606	231,091	223,477	213,556	209,107	205,251	198,195	231,189	222,634	220,331
Number of family and childrens programs	72	147	762	588	365	748	2,869	449	288	251
Adult and teen program attendance	1,192	1,709	4,665	1,547	2,199	3,768	3,768	1,614	2,200	1,685
Component Unit - School Board										
Education:										
Actual school enrollment	8,353	8,140	8,029	7,995	7,876	7,786	7,656	7,671	7,632	7,602

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

Captial Asset Statistics By Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety - insured vehicles										
Law enforcement vehicles	89	84	76	84	84	86	81	82	82	98
Other public safety	22	22	19	17	18	18	19	19	19	21
Public works										
Vehicles	19	19	18	16	14	14	13	13	13	13
Health and welfare										
Vehicles	28	28	28	26	28	28	28	28	28	28
Parks, recreation and cultural										
Vehicles	7	7	7	7	7	7	7	7	7	7
Other										
Vehicles	7	7	7	7	8	8	11	11	11	11
Total Vehicles	**172**	**167**	**155**	**157**	**159**	**161**	**159**	**160**	**160**	**178**

NOTE: The Sheriff's Office purchased 13 new vehicles in FY19. All of those vehicles have not yet been outifitted to be road ready.
Once they are road ready, several older vehicles will be taken out of service.

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

To the Honorable Members of
the Board of Supervisors
County of 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 aggregate 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, 2019, 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 November 22, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 22, 2019

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

To the Honorable Members of
the Board of Supervisors
County of 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, 2019. 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, 2019.

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
November 22, 2019

COUNTY OF CAMPBELL, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950117/0950118	$ 33,378
Temporary Assistance for Needy Families (TANF)	93.558	0400119/0400118	507,081
Refugee and Entrant Assistance - State Administered Programs	93.566	0500119/0500118	333
Low-Income Home Energy Assistance Program	93.568	0600419/0600418	78,740
Child Care and Development Fund Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760118	87,460
Adoption and Legal Guardianship Incentive Payments	93.603	1130116	270
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	581
Foster Care - Title IV-E	93.658	1100119/1100118	363,607
Adoption Assistance	93.659	1120119/1120118	711,349
Social Services Block Grant	93.667	1000119/1000118	448,423
Chafee Foster Care Independence Program	93.674	9150119/9150118	5,117
Children's Health Insurance Program	93.767	0540119/0540118	15,578
Medical Assistance Program (Medicaid, Title XIX)	93.778	1200119/1200118	752,883
Total Department of Social Services			$ 3,004,800
Total Department of Health and Human Services			$ 3,004,800
Corporation for National and Community Service:			
Direct Payments:			
Retired and Senior Volunteer Program	94.002		$ 18,028
Total Corporation for National and Community Service			$ 18,028
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	unknown	$ 27,610
Emergency Food and Shelter National Board Program	97.024	unknown	2,898
Total Department of Homeland Security			$ 30,508
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program - Food distribution	10.555	2019IN109941/201816N109941	$ 237,965
National School Lunch Program	10.555	2019IN109941/201816N109941	1,680,640
Subtotal CFDA 10.555			1,918,605
School Breakfast Program	10.553	2018N109941/2019N109941	589,226
Summer Food Service Program for Children	10.559	201818N109941	95,667
Subtotal Child Nutrition Cluster			2,603,498
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040119/0040118/0010118/0010119	674,462
Total Department of Agriculture			$ 3,277,960

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607		$ 6,476
Pass Through Payments:			
Department of Criminal Justice Service:			
Violence Against Women Formula Grants	16.588	17WFAX0013	23,044
Crime Victim Assistance	16.575	17VAGXZ0018/16VAGX0039	160,962
Total Department of Justice			$ 190,482
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2019-59171-9171	$ 14,018
National Priority Safety Programs	20.616	FM2HVE-2018-58047-8047	1,038
Subtotal Highway Safety Cluster			15,056
Alcohol Open Container Requirements	20.607	154AL-2019-59167-9167	39,904
Total Department of Transportation			$ 54,960
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers	14.871	unknown	$ 46,905
Total Department of Housing and Urban Development			$ 46,905
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A180046/S010A170046 /S010A1600046	$ 1,599,212
Adult Education Basic Grants to States	84.002	unknown	77,201
Career and Technical Education - Basic Grants to States	84.048	V048A170046	102,384
Special Education Cluster:			
Title VI-B: Special Education - Grants to States	84.027	H027A180107/H027A170107	1,694,925
Title VI-B: Special Education Preschool Grants	84.173	H173A180112/H173A170112	43,300
Subtotal Special Education Cluster			1,738,225
Student Support and Academic Enrichment	84.424	S424A170048/S424A180048	18,349
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	S367A180044/S367A170044	220,016
English Language Acquisition Grants	84.365	S365A160046/S365A170046/S365A180046	15,902
Total Department of Education			$ 3,771,289
Total Expenditures of Federal Awards			$ 10,394,932

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal grant activity of the County of Campbell, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 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

No awards were passed through to subrecipients.

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	$	4,020,145
Total primary government	$	4,020,145
Component Unit School Board:		
School Operating Fund	$	3,771,289
School Cafeteria Fund		2,603,498
Total Component Unit School Board	$	6,374,787
Total federal expenditures per basic financial statements	$	10,394,932
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	10,394,932

Note 7 - Loan Balances

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

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	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
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.778	Medical Assistance Program
	Special Education Cluster:
84.027	Title VI-B: Special Education - Grants to States
84.173	Title VI-B: Special Education Preschool Grants

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.