

COUNTY OF ROCKBRIDGE VIRGINIA



PHOTO COURTESY OF LEXINGTON-ROCKBRIDGE TOURISM PROGRAM

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Prepared by

Steven Bolster, Director of Fiscal Services

County of Rockbridge, Virginia

COUNTY OF ROCKBRIDGE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i
GFOA Certificate of Achievement	ii
Organizational Chart	iii
List of Elected and Appointed Officials	iv

FINANCIAL SECTION

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report		1-3
Management's Discussion and Analysis		4-15
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	16-17
Statement of Activities	2	18-19
Fund Financial Statements:		
Balance Sheet-Governmental Funds	3	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds	5	22
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	23
Statement of Net Position—Proprietary Funds	7	24
Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Funds	8	25
Statement of Cash Flows—Proprietary Funds	9	26
Statement of Fiduciary Net Position—Fiduciary Funds	10	27
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	11	28
Notes to Financial Statements		29-101

COUNTY OF ROCKBRIDGE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)		
	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual – General Fund	12	102
Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government Pension Plans	13	103-104
Schedule of Changes in Net Pension Liability and Related Ratios – Component Unit Rockbridge Regional Jail Commission Pension Plans	14	105-106
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Component Unit School Board (nonprofessional) Pension Plans	15	107-108
Schedule of Employer’s Share of Net Pension Liability VRS Teacher Retirement Plan ..	16	109-110
Schedule of Employer Contributions – Pension Plans	17	111
Notes to Required Supplementary Information – Pension Plans	18	112
Schedule of County’s Share of Net OPEB Liability – Group Life Insurance (GLI) Plan	19	113
Schedule of Employer Contributions— Group Life Insurance (GLI) Plan	20	114
Notes to Required Supplementary Information – Group Life Insurance (GLI) Plan	21	115
Schedule of School Board’s Share of Net OPEB Liability – Teacher Employee Health Insurance (HIC) Credit	22	116
Schedule of Employer Contributions – Teacher Employee Health Insurance (HIC) Credit	23	117
Notes to Required Supplementary Information – Teacher Employee Health Insurance (HIC) Credit	24	118
Schedule of Changes in Total OPEB Liability and Related Ratios – Primary Government	25	119
Schedule of Changes in Total OPEB Liability and Related Ratios – Component Unit Rockbridge Regional Jail Commission	26	120
Schedule of Changes in Total OPEB Liability and Related Ratios – Component Unit School Board	27	121
Notes to Required Supplementary Information –OPEB	28	122

COUNTY OF ROCKBRIDGE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual:		
County Capital Projects Fund	29	123
Combining Statement of Fiduciary Net Position – Custodial Funds.....	30	124
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	31	125
Combining Balance Sheet Nonmajor Special Revenue Funds.....	32	126
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds	33	127
Discretely Presented Component Unit—School Board:		
Combining Balance Sheet	34	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	35	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual	36	130-131
Statement of Fiduciary Net Position – Fiduciary Fund	37	132
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	38	133
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues—Budget and Actual—Governmental Funds	1	134-138
Schedule of Expenditures—Budget and Actual—Governmental Funds	2	139-142

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	143-144
Changes in Net Position	2	145-148
Governmental Activities Tax Revenues by Source	3	149
Fund Balances of Governmental Funds	4	150-151

COUNTY OF ROCKBRIDGE, VIRGINIA

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (CONTINUED)

	<u>Table</u>	<u>Page</u>
Changes in Fund Balances of Governmental Funds	5	152-153
General Governmental Tax Revenues by Source	6	154
Assessed Value and Estimated Actual Value of Taxable Property.....	7	155-156
Property Tax Rates	8	157
Property Tax Levies and Collections	9	158
Principal Property Taxpayers	10	159
Ratios of Outstanding Debt by Type	11	160-161
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	12	162
Pledged-Revenue Coverage.....	13	163
Demographic and Economic Statistics	14	164
Principal Employers	15	165
Full-time Equivalent County Government Employees by Function	16	166-167
Operating Indicators by Function	17	168-169
Capital Asset Statistics by Function	18	170-171
Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures	19	172-173

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	174-175
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	176-177
Schedule of Expenditures of Federal Awards	178-179
Schedule of Findings and Questioned Costs	180

INTRODUCTORY SECTION



www.co.rockbridge.va.us

SPENCER SUTER
County Administrator
Office: (540) 463-4361
Fax: (540) 463-4346
ssuter@rockbridgecountyva.gov

County of Rockbridge

150 South Main Street

Lexington, Virginia 24450

County Board of Supervisors

LESLIE E. AYERS
Buffalo
Magisterial District

DANIEL E. LYONS
Kerrs Creek
Magisterial District

DAVID B. McDANIEL
Natural Bridge
Magisterial District

R.W. DAY
South River
Magisterial District

A.J. "Jay" LEWIS, II
Walkers Creek
Magisterial District

December 15, 2021

To the Honorable Board of Supervisors and the Citizens of the County of Rockbridge, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2021. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is located at the front of the financial section of this document.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2021 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion and analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Rockbridge MD&A immediately follows the independent auditor's report.

Profile of Rockbridge County

The County of Rockbridge was formed in 1778 and named after the Natural Bridge of Virginia, a historic geological wonder located in the southern part of the County. Two-thirds of the County's 607 square miles came from Botetourt County to the south and the remainder from Augusta County to the north. Rockbridge County is located in the southern portion of the Shenandoah Valley between the Alleghany and Blue Ridge Mountain ranges. Two major interstates, I-81 and I-64, intersect near the geographical center of the County, creating a superb transportation corridor. Thousands of tourists annually traverse the 17 miles of the Blue Ridge Parkway which lies along the County's eastern border. Many enjoy visits to the region's 95,371 acres of National Forest and Wildlife Management areas and the James and Maury Rivers, as well as the 1,400-acre Natural Bridge State Park. Additionally, the 361-acre Virginia Horse Center is located in the center of Rockbridge County, just north of the City of Lexington. The Center provides year-round activities including equine competition events, major horse sales, instructional classes, and recreation opportunities.

The County of Rockbridge is a political subdivision of the Commonwealth of Virginia that is administered by a five-member Board of Supervisors. Policy-making and legislative authority are vested in the governing body (Board). Board members are elected by magisterial district and serve four-year, staggered terms. The Board appoints the County Administrator who oversees the County's operations.

The Board of Supervisors adopted mission, vision, and values statements on March 11, 2013. The Board envisions a community defined by first-class educational programs for youth and adults, enhanced through widespread and quality access to broadband connectivity; where our citizens enjoy a healthy, safe environment, and where rural character, scenic beauty and agricultural roots are respected, protected and balanced with sensible and managed growth to include high-technology development and promotion of local agriculture and outdoor recreation as part of the economic base; and where the levels of services provided meet or exceed the expectations of our residents at every level; and where our youth and succeeding generations can grow, play, and economically thrive. The Board has a mission to provide leadership, responsibly allocate resources, and establish policies which will promote safety, protection of our rural environment, education, and managed growth in a manner which is at all times open, honest, and respectful. In every interaction the Board will adhere to the tenets of integrity, openness, mutual respect, innovation and adaptability, humility, accountability, and loyalty.

The County of Rockbridge provides a full range of services, including law enforcement protection; building inspections; licenses and permits; refuse and recycling collection centers; and recreational facilities. Local volunteer fire departments provide fire protection and volunteer rescue squads, supplemented by Fire-Rescue staffing, delivers emergency medical response and transport services as well as fire protection when needed. The County furnishes support to the volunteer agencies through cash contributions for operational and capital expenditures, and funds individual, annual financial audits for each agency and the following annual inspection

and/or certification of equipment: self-contained breathing apparatus, fire engine hoses, ladders, fire engine pumps, and cardiac monitors/automated external defibrillators. Rockbridge County is financially accountable for a legally separate school division (education), a public service authority (water & sewer), and a solid waste authority (refuse & disposal). Each organization is a component unit or blended component unit within the County's financial statements.

The Board of Supervisors adopts an initial budget for the fiscal year no later than May 1 preceding the beginning of the fiscal year on July 1, unless events beyond the Board's control preclude such action. This annual budget serves as the foundation for the Rockbridge County's financial planning and control. The budget is prepared by fund, function, department, and object class. Department heads may request to transfer resources within a department to meet changing program needs during a fiscal cycle. Transfers between departments, however, are coordinated between the County Administrator, Fiscal Services Director and Board representatives of the Board Finance Committee.

Local Economy

The County of Rockbridge is a rural locality in the Shenandoah Valley, at the heart of a major transportation network with direct access to air, rail, and highway transportation. The County's geographic position in the west-central portion of Virginia is within a one-day drive of half the population of the United States. Rockbridge County is approximately 45 miles north of Roanoke, VA; 140 miles west of Richmond, VA; and 190 miles southwest of Washington, D.C. Distances to multi-state markets for area industries are Baltimore, MD – 210 miles; Greensboro, NC – 145 miles; New York, NY – 460 miles; Cincinnati, OH – 460 miles; and Atlanta, GA – 440 miles.

Rockbridge County has a diverse economy which includes manufacturing, trucking, agriculture, forestry, tourism, and retail shops. This varied composition allowed Rockbridge County to successfully weather the trials and tribulations resulting from the global pandemic. Although some smaller business operations could not survive mandated shutdowns, others thrived and have even expanded operations. Over the past ten plus years, the County's economy has remained relatively stable. None of its top employers have closed or experienced significant layoffs.

The top five industries by employment in Rockbridge County are retail trade (1,261), manufacturing (896), local government (884) health care and social services (542), and, accommodations and food services (460). Employment in the manufacturing and local government continues to increase. The construction industry experienced an increase and then a slight decline before bouncing back due to supply chain costs. However, the COVID-19 pandemic did impact employment levels among all industries with accommodation and food services affected at the highest level. The top five average weekly wages were in the following sectors: real estate, rental and leasing (\$1,090), finance and insurance (\$963), the federal government (\$904), construction (\$894), and transportation and warehousing (\$875).

Rockbridge is composed of over 384,000 acres; 35% is land in farms and 55% of which is in forest, to include the George Washington and Thomas Jefferson National Forests. According to a 2017 study from the Weldon Cooper Center for Public Service, an economic analysis shows agriculture in Rockbridge County has over \$40 million and \$50 million in direct and indirect economic impact respectively, while forestry in Rockbridge has over \$80 million and \$100 million in direct and indirect economic impact respectively. In 2017, there were 752 farms in Rockbridge that reported

income from agriculture and 85 of these farms realized \$10,000 or more in net income from the sale of agricultural products. The three sawmills and timber harvesting operations in Rockbridge employed over 200 people and shipped raw and finished timber products both domestically and internationally.

The Commonwealth of Virginia's population was 8,001,024 in 2010 and 8,631,393 in 2020. Rockbridge County's population was 22,307 in 2010, and 22,650 in 2020. Median household incomes within Rockbridge County are typically lower than the state as a whole. In 2019 dollars, the median household income in Rockbridge County was \$54,600. In the Commonwealth of Virginia, the median household income equaled \$74,222 in 2019.

Housing prices in the vicinity of Rockbridge County steadily increased beginning in 2005 until the Great Recession hit in 2008. Since the COVID-19 pandemic, home prices have soared higher. The median sale price of a home in the County increased by \$49,000 from 2020 to 2021. This trend is partially accredited to an influx of buyers from urban areas due to the pandemic. The median home sale price was approximately \$219,000 in Rockbridge County, while the median listing price equaled \$274,500.

Unemployment in the County of Rockbridge continues to feel the effects of the global coronavirus pandemic. Prior to the COVID-19 virus impacting the Commonwealth of Virginia and its localities, the County's February 2020 unemployment rate was 2.7% while the state was at 2.8%. By April 2020, the County's rate spiked at 9.6% with the Commonwealth reaching 10.8%. In July 2020, the unemployment rate was 6.4% in the County and 8.0% in Virginia. During August 2020, the County's unemployment rate dropped to 5.4%, remaining below the state's 6.3% rate. A short downward trend continued until November 2020, when the unemployment for the County rose to 4.8% compared to the Commonwealth's level of 5.5%. In December 2020 and January 2021, the County and Commonwealth held the same unemployment rate of 5.7%. The remaining months of the fiscal year saw the County continue slightly below the state level, ending June 2021 at 4.2% versus the state's 4.5%. Current economic trends forecast unemployment rates to be at pre-pandemic levels by 2023.

In the fiscal year ending June 30, 2021, there were 646 building permits issued in Rockbridge County with a combined total value of \$44,137,799. Building permits increased by 55, or +9.31%, over last fiscal year. The total value figure is up \$6,484,709, or +17.22%, from FYE 2020. Notable developments in FYE 2021 included: 1) Rockbridge County residents initiated the construction of 66 new, single-family dwellings at \$16,347,460 (avg. = \$247K+); 2) Rockbridge County Public Schools invested \$1,995,400 to replace the HVAC system at an elementary school; 3) Two gas stations in the Fancy Hill area began renovation projects totaling \$679,460; 4) Pilot Travel Center committed \$600,000 to replace an on-site diesel storage tank; 5) L&B Shenandoah, LLC began a facility remodel assessed at \$600,000 for a special events center; and 6) the Virginia DMV obligated \$430,410 to relocate from their former Lexington City location to the Stonewall Square Shopping Center. Stable development, access to major interstates and highways, a vast array of outdoor recreation, and historical tourist sites, as well as the proximity to four higher education institutes, makes Rockbridge County a prime location for business and travel.

White's Travel Center, the busiest travel center on the east coast, is moving forward with an expansion of their facilities. The 27,250 square foot expansion includes a 6,000 square foot remodel which involves the replacement of the heating and cooling system, electrical upgrades, and generator installation. In addition, the expanded footprint incorporates a new convenience and

beverage center, including prepackaged food and produce, the relocation of the current deli, additional quick-service-restaurant concepts, and the reconfiguration of the parking lot. The total investment is \$8 million dollars and will add 30 new jobs. The Board of Supervisors approved White's Travel Center for \$53,663 in business incentives in support of their planned expansion.

In April 2021, Modine Manufacturing Co. announced its expansion in Rockbridge County. The company will convert their existing warehouse facility into a production plant that will manufacture data center cooling solutions. The expansion will add 60 new jobs and the firm will invest \$7 million into the upgraded facility. The County worked with the Virginia Economic Development Partnership and other regional economic development organizations to secure a \$194,000 grant from the Commonwealth's Opportunity Fund while Rockbridge County will provide a \$194,000 grant match.

Over the past fiscal year, the Office of Community Development has coordinated on numerous business licenses. FY 2021 data reflects the purchase of 1,661 licenses (167 are new purchases), up from 1,609 in the prior fiscal year. The vast majority of business license holders in the County are sole proprietors and small businesses owners, along with farming and agricultural operations. New projects involving the Community Development Office included three campgrounds, three gas stations, two large-scale solar facilities, two hotel plans, two special event venues, one brewery, one private schools, and one storage unit facility. All of which positively impacted the economy in Rockbridge County.

Public School System

The Rockbridge County Public School (RCPS) system currently serves approximately 2,700 students in kindergarten through 12th grade. RCPS operates four elementary schools for kindergarten through fifth grade, one middle school for grades six through eight, and one high school (shared with the City of Lexington) for grades nine through twelve. All of the County schools have received major renovations within the past 20 years. The high school and Floyd S. Kay Technical Education Center facilities are expected to continue receiving the highest priority for capital improvements in future years. All schools are accredited by the State Department of Education.

RCPS serves a diverse student population and takes pride in meeting the educational needs of all students. Our teachers strive to include pedagogical strategies that transform teacher-centered traditional classrooms into more student-centered, highly engaging, deeper learning settings for all students. Because many of our students will someday be employed in careers that have yet to be invented, we connect students to real-world problems with an overarching emphasis on communication, collaboration, creative thinking, critical thinking, and civic-mindedness. When these skills are taught in tandem with maintaining high expectations and delivering content-rich curricula in a rigorous academic and Career & Technical Education (CTE) program, students will be better prepared for life in the 21st-century world beyond high school graduation.

To this end, RCPS continues a transformation of CTE offerings at both the middle school (four programs) and high school level (eighteen programs) to 21st-century programs. RCPS's goal is for interested students to begin their CTE educational experience at the middle school so they may earn industry certifications earlier during their high school career. These early certifications will, in turn, lead to internship and work-based learning opportunities prior to high school

graduation, creating a more prepared workforce for business and industry. Rigorous academic expectations are a standard of RCPS.

Higher Education

Within the Rockbridge County boundaries lie a unique set of higher education campuses offering various degrees. Washington and Lee, a private liberal arts university, ranks as the ninth oldest institution of higher learning in the nation and second oldest in the Commonwealth of Virginia (1749). The Virginia Military Institute is the first state-supported military college in the United States (1839) and is consistently ranked high as one of the best public colleges in the nation. Southern Virginia University is a private, 4-year liberal arts college tracing its founding to 1867. The Dabney S. Lancaster Community College - Rockbridge Regional Center accommodates a diversity of day and night courses to support the pursuit of associate degrees, certification programs, and workforce training. More than a dozen additional two- and four-year institutions of higher education are within 140 miles of Rockbridge County's borders.

Long-term financial planning and major initiatives

The County of Rockbridge has a responsibility to its citizens to account for public funds, to manage its finances wisely, and to allocate its resources efficiently and effectively in order to provide the governmental services desired by the public. The primary objective of establishing financial management policies is to provide a framework wherein sound financial decisions may be made for the long-term development and stability of the County. The Board of Supervisors adopted a comprehensive set of financial policies on July 14, 2014 to include: Operating Budget, Capital Budget, Asset Maintenance and Replacement, Financial Reporting, Debt, and Fund Balance/Reserves.

On January 26, 2015, the Board of Supervisors updated their strategic priorities. The targeted changes will drive planning efforts and future funding decisions. The approved strategic priorities remain unchanged in 2017 and are listed below:

1. Continued dedication to a local solution to regional waste challenges.
2. Continued dedication to provision of Fire and EMS services which meet or exceed the expectations of the public served.
3. Proactively position the County to create and subsequently take full advantage of economic development opportunities in a nimble to responsive fashion.
4. Continued exploration of all opportunities for regional cooperation which are operationally and economically sensible and in the best interest of our citizens, with a focus on consideration of the potential to revisit major agreements such as the Annexation and Immunity Agreement with the City of Lexington.
5. Remain dedicated to ensuring the long-term viability of the County through proactive financial planning, with a focus on an ever-improving budget process.

In accordance with Section 15.2-2239 of the *Code of Virginia*, Rockbridge County prepares and annually updates a Capital Improvement Program (CIP). The CIP is intended to guide the acquisition and construction of the County's capital improvement plans by identifying needed capital projects/purchases, estimating their costs, listing the fiscal year each should begin, and determining the optimum method of funding them within our fiscal capabilities. The County of Rockbridge CIP for FYE 2022 reflects \$727,338 in capital procurements. Approved capital improvements include: 1) continued effort to relocate a staffed collection center - \$293,140; 2)

replacing seven law enforcement vehicles - \$329,182; 3) initial consulting services to evaluate the current financial management software system - \$51,500; 4) install an imaging x-ray machine at the Rockbridge County Courthouse - \$29,116; 5) replace water lines at the Lake Robertson campground - \$18,000; and 6) the purchase vehicle A/C recharge and recovery machine - \$6,400.

The budget process for FY 2022 was the second for the currently seated Board of Supervisors as a group. The Board continued to focus on long-term planning for future needs in the midst of fine-tuning the draft General Fund budget. Central to this process is the annual review and modification of the County's five-year Capital Improvement Plan (CIP), matching planned projects with capital funding accounts. Continuing an effort started in FY 2018, the Board also worked with the School Board to continue planning for future, school-related projects and capital expenditures in a collaborative fashion. The School Board's FY 2022 – 2029 CIP was incorporated into the County CIP for the second consecutive year.

For the General Fund, the economic environment was anticipated to improve as the Commonwealth of Virginia planned to lift restrictions linked to the coronavirus pandemic and the expectation that COVID-19 vaccination rates would grow, thus leading to greater consumer activity. As a result, the forecast for local revenues was projected higher by \$2,558,282 in the FY 2022 budget. Key areas of increases include: sales and use taxes (up \$2,101,788), public service corporation taxes (up \$280,570), personal property taxes (up \$209,700), real property taxes (up \$200,898), and business, professional occupation license taxes (up \$100,000). The expected revenue increases were vital to sourcing budget changes approved by the Board. Coupled with this use of \$1,145,110 in assigned and unassigned reserves (up \$303,674), the Board determined to maintain tax levies at FY 2021 levels in garnering a balanced budget of \$49,543,354 (up \$3,002,240): real estate (to include mobile homes) at \$0.74 per \$100 assessed value, personal property tax at \$4.50 per \$100 of assessed value with a 37% personal property tax relief, and machinery and tools at \$2.55 per \$100 assessed value.

Areas realizing increases in FY 2022 funding include public safety, public education, and compensation and benefits. The Board of Supervisors continued its emphasis on meeting the public-safety sector's funding requests. The County's operational share for the Regional Jail is up \$181,431 compared to FY 2021 while unassigned reserve will source \$255,000 in County cost-share for approved Jail capital outlays. The Fire-Rescue Department budget includes additional funding for the fire-rescue contract with Lexington (up \$68,575), which is based on a contracted formula. In addition, the Board continued funding the pay-per-call program for volunteers which increased from \$7 to \$10 in FY 2021 (up \$35,000). Furthermore, the Board approved two additional Fire-Rescue staff in FY 2021 resulting in the 12-month funding in FY 2022. The FY 2021 budget for Consolidated Dispatch reflects an increase of \$11,092 in County cost-share. The Board's commitment to funding public education involved increasing the operational support to the School Division by \$915,075. This additional funding assists with meeting estimate of needs for planned increases in compensation (4% COLA), various fringe benefits, and insurance. In addition, the Board of Supervisors collaborated with School Board to approve the nearly \$4,000,000 general obligation financing to replace the HVAC systems at Central and Fairfield Elementary Schools in the last quarter of FY 2021. The new debt service payments begin in FY 2022 with the final payment in FY 2042, averaging \$228,767 annually. Regarding the area of compensation and benefits, the FY 2022 budget includes a 3% cost-of-living increase (COLA) for all Board of Supervisor employees effective July 1, 2021. The state budget also provided for a 5% COLA for all personnel in constitutional offices beginning July 1, 2021. In cases where the Board has approved County-supported positions in addition to those approved by the Compensation

Board, the Board granted the 5% COLA increase so that all Constitutional Officer staff remain aligned in pay scale. Additionally,, the County transitioned away from the state-sponsored health insurance program to a self-funded platform in order to gain improved control on costs. The move to a self-funded health insurance program resulted in a budgeted increase of 5.26% in FY 2022. Conversely, the state-sponsored health insurance program was scheduled to increase by 8%, but was programed with a one-time, downward adjustment of 4% due to the coronavirus pandemic.

Construction continues on the Chessie Trail South River Bridge. Flooding from Hurricane Isabel destroyed the former railroad trestle bridge that connected the Chessie Trial over the South River in 2003. The \$2.08M project is primarily sourced by the Eastern Federal Lands Access Program and the Virginia Military Institute. Additional funding is provided by the regional Industrial Development Authority whose members include Rockbridge County and the Cities of Lexington and Buena Vista. The project is slated for completion during calendar year 2021.

The application to designate the remaining length of the Maury River as a scenic river was submitted. Evaluation of the application will take place this fall. Since the Mary River is uniquely contained within the boundaries of Rockbridge County, if approved, the entire Maury River will be the first Virginia Scenic River fully contained in one County and entirely designated as a Scenic River.

Rockbridge County partnered with the Cities of Buena Vista and Lexington, and our regional Chamber of Commerce, to complete the USDA Rural Economic Development Innovation (REDI) grant. The grant was awarded in 2019. It provides free technical assistance to assist rural towns and regions in creating and implementing regional economic development plans. Due to the COVID-19 pandemic work on the final document continued through FY 2021. The plan is now scheduled for release in the fall of 2021.

A Rockbridge County Public Service Authority sewer project to expand capacity along Route 60 East, a major corridor off Interstate 81 was completed in FY 2021. The increased sewer capacity is expected to pave the way for future economic development projects in this commercial area.

Improvements to regional infrastructure continued in FY 2021 with BARC Connects ongoing efforts to expand access to broadband in rural communities. BARC is a member-owned utility that provides electric service to about 13,000 connections across five counties in the Shenandoah Valley of Virginia, to include Rockbridge County. Additionally, the County, in partnership with BARConnects and the Rockbridge Area Network Authority applied for a \$8,450,000 Virginia Department of Housing and Community Development (DHCD) grant, supplemented by a County match of \$1,964,250 and a BARConnects match of \$8,918,575 to connect approximately 2,400 businesses and homes to fiber broadband. The first round of grant awards are expected to be announced in December 2021.

Relevant financial policies

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). If the County does not meet its target,

it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County's unassigned fund balance in the General Fund is 37.51% for fiscal ended June 30, 2021.

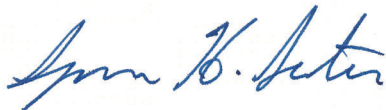
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockbridge for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the seventh year that the County of Rockbridge has achieved this prestigious award. In order to be awarded a Certificate of Achievement, 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated service and strong commitment of the entire staffs of the Fiscal Services Department and the Office of the Treasurer. We also wish to thank all government departments for their assistance in providing the data necessary to prepare this report. In addition, credit is due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Rockbridge County's finances.

Respectfully submitted,



Spencer H. Suter, County Administrator



Steven J. Bolster, Fiscal Services Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

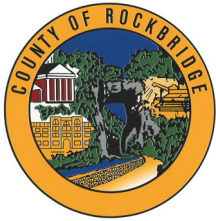
**County of Rockbridge
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

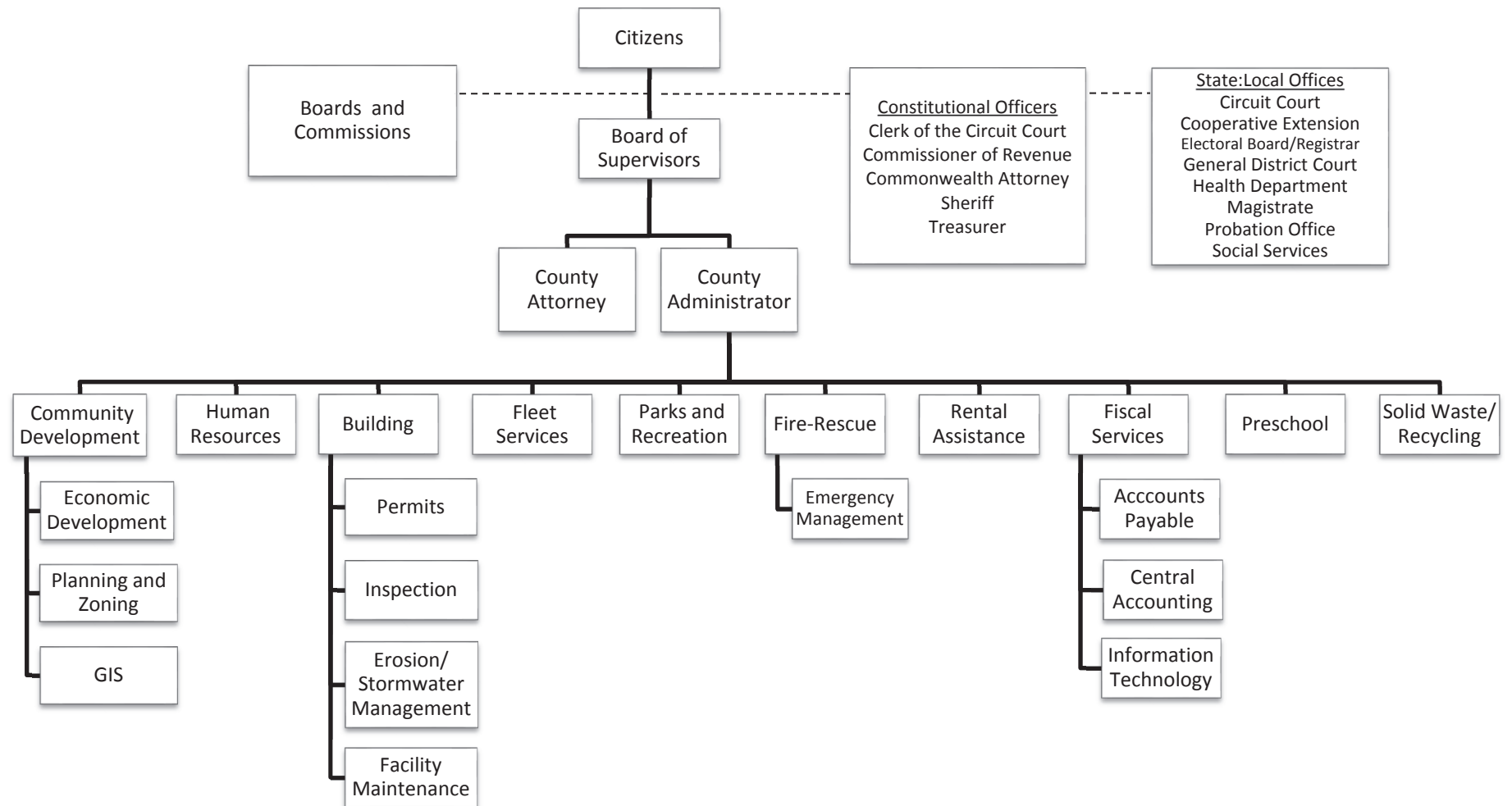
June 30, 2020

Christopher P. Morrell

Executive Director/CEO



County of Rockbridge



COUNTY OF ROCKBRIDGE, VA

BOARD OF SUPERVISORS

Daniel E. Lyons, Chairman
David B. McDaniel, Vice-Chairman
Leslie E. Ayers
Albert “Jay” Lewis, II
R. W. Day

ROCKBRIDGE COUNTY APPOINTED OFFICIALS

County Administrator.....Spencer H. Suter
County Attorney.....Vickie L. Huffman

COUNTY SCHOOL BOARD

Wendy W. Lovell, Chairman
Heather C. Hostetter, Vice-Chairman
Corey Berkstresser
Kathy Burant
Neil D. Whitmore

SCHOOL DIVISION APPOINTED OFFICIALS

Superintendent of Schools.....Dr. Phillip Thompson
Clerk of the School Board.....Rhonda Humphries

LEGISLATIVE ELECTION

Judge of the Circuit Court.....Honorable William C. Goodwin
Judge of the General District Court.....Honorable William H. Cleaveland
Judge of the Juvenile & Domestic District Court.....Honorable Linda S. Jones

CONSTITUTIONAL OFFICERS

Clerk of the Circuit Court.....Michelle M. Trout
Commissioner of the Revenue.....David C. Whitesell
Commonwealth’s Attorney.....Jared L. Moon
Sheriff.....G.S. Funkhouser
Treasurer.....Betty S. Trovato

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-15, 102, 103-122, respectively, 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 Rockbridge, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the County of Rockbridge, 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 Rockbridge, 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 Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2021

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2021.

Financial Highlights

Government-wide Financial Statements

The combined total assets and deferred outflows of the County of Rockbridge, Virginia exceeded its liabilities and deferred inflows by \$44,166,806 (net position) at the close of the most recent fiscal year. Of the total net position, \$42,578,147 is associated with governmental activities and \$1,588,659 is associated with business-type activities. Of the governmental activities net position, \$30,415,352 may be used to meet the government's ongoing obligations to creditors and citizens. There is \$2,545,583 presented under governmental activities which are restricted to ensure the availability of funds for specific functions, programs and anticipated liabilities (ex., future capital projects, the annual pass-through funding to USDA for Virginia Horse Center debt, \$4 for Life expenditures, fire service program expenses, the Rental Assistance Program, and special revenue funds). These restricted accounts are also displayed on the Balance Sheet of Government Funds. For the year ending June 30, 2021, the governmental activities assets include \$11,167,863 in taxes receivable while \$9,913,715 is reflected as deferred inflows of resources for property taxes. This is shown to meet GASB requirements. The \$11,167,863 in taxes receivable are booked in the first half of calendar year 2021, but because of twice-a-year tax billing, second half real estate taxes of \$9,913,715 are not due until December 2021, and are shown as a deferred revenue. When compared to the restated net position at year's end June 30, 2020, the total combined net position increased by \$5,347,390 (up 13.78%). The business-type activities net position is up \$1,565,072 compared to FY 2020. The primary reason for the change in net position involves non-operating revenue of \$704,192 attributable to the landfill closure/post-closure liability. In FY 2020, this liability represented a \$2,462,942 expense. This year-over-year change reflect the completion of the Phase 1 cell capping project. As a result, the unrestricted net position deficit decreased from \$4,196,565 to \$2,839,422 in FY 2021.

Fund Financial Statements

At the close of the fiscal year June 30, 2021, the County's governmental funds reported a combined ending fund balance of \$36,603,309. This is an increase of \$6,598,832 (up 21.99%) compared to the restated fund balance from the previous fiscal year. The increase in total fund balance is associated with collections in general property, other local taxes, and one-time federal funding. General property tax collections are up \$2,301,952 over FY 2020 as real estate, public service corporation, and personal property revenues surpassed anticipated levels. Other local taxes, which includes sales, meals, lodging, recordation, and business license receipts, exceeded prior year levels by \$2,082,396. The Board approved increases to meals (from 4% to 6%) and occupancy (7% to 10%) taxes in FY 2021. Federal funding is up \$2,368,441 as result of receiving CARES Act funding to combat the coronavirus pandemic and accelerate economic development. The total unassigned fund balance is reported as \$25,597,988, or 74.87% of total fund balance, and is available to meet the County's fund balance policy, unanticipated budget requests, costs to manage local emergencies and/or disasters, capital improvement projects, and the government's discretionary spending.

The \$25,597,988 of unassigned fund balance also represents 37.51% of total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). This is a 6.80-point increase in fund balance to expenditure ratio compared to year ending June 30, 2020, above the County's fund balance policy, which requires a 20% unassigned fund balance to expenditures ratio.

The County Capital Project Funds were established in FY 2016 to proactively establish dedicated fund sources for capital improvement plan (CIP) projects. This category includes: A) new construction and major upgrades to County facilities; and B) procurement of new vehicles and major equipment. FY 2021 budgeted facility projects involved the following: 1) construct one and improve a second recycling and refuse collection center (combined at \$361,700); and 2) replace the regional Health Department building's boiler (\$50,000). Vehicle and equipment replacement efforts involved: 1) Sheriff Office vehicles (\$282,387); 2) replace Courthouse imaging/x-ray machine (\$29,116); 3) Parks and Recreation Department all-terrain vehicle (\$12,000); and 4) Parks and Recreation Department hauling trailer (\$7,000). The FY 2021 fund balance reflects \$863,305 to source ongoing and future CIP projects.

The School Capital Projects Fund ended fiscal year 2021 with a fund balance of \$1,539,064, an increase of \$1,537,361 over the prior fiscal year. This funding is reserved to complete HVAC improvement projects at the Central and Fairfield Elementary Schools.

The Non-major Governmental Funds are new reporting in FY 2021 to meet GASB 84 guidance on fiduciary activities. The two former agency funds include restricted fund balances for the Veterans Memorial and Employee Benefit accounts. This fund ended June 30, 2021 at \$10,252.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Local government accounting and financial reporting originally focused on funds that were designed to enhance and demonstrate fiscal accountability. Now, and in accordance with GASB 34, fund statements are accompanied by government-wide financial statements, to ensure objectives of operational accountability will also be met. These objectives will provide financial statement users with confirmation from the government that public monies have been used to comply with public decisions, and to confirm that operating objectives were met efficiently and effectively and can be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The *statement of net position* presents all of the County's permanent account assets, liabilities and net position. The difference between assets and liabilities is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors such as changes in restricted accounts will also need to be considered to determine the overall financial position of the County.

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds.

Business-type activities recover all or a significant portion of their costs through user fees and charges. The County shows the Blue Ridge Resource Authority (BRRA) as a business-type activity.

The *government-wide financial statements* include, in addition to the primary government, four component units: 1) the Rockbridge County School Board, 2) the Rockbridge Area Social Services Board, 3) the Rockbridge Regional Jail Commission, and 4) the Rockbridge County Public Service Authority. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit.

Fund Financial Statements

The *fund financial statements* present only major or significant funds. A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary funds

There are two types of proprietary funds: *enterprise funds*, which are established to account for the delivery of goods and services to the public and *internal service funds* that account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The Blue Ridge Resource Authority is a blended component unit/business-type activity of the County of Rockbridge. The Authority's financial statements are shown as a proprietary/enterprise fund in the County's fund financial statements. The Authority owns the only permitted landfill site within the County of Rockbridge. The Authority has a separate annual financial report that provides more financial details.

Fiduciary funds

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

Notes to the financial statements

These notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net Position

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, combined total assets exceeded liabilities by \$44,166,806 at the end of the fiscal year.

The County's net position is divided into three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. A comparative analysis has been provided below.

COUNTY OF ROCKBRIDGE'S NET POSITION						
June 30, 2021						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 53,286,093	\$ 43,801,338	\$ 7,730,585	\$ 5,267,091	\$ 61,016,678	\$ 49,068,429
Capital Assets	63,392,250	64,658,446	7,770,102	7,989,320	71,162,352	72,647,766
Total Assets	<u>\$ 116,678,343</u>	<u>\$ 108,459,784</u>	<u>\$ 15,500,687</u>	<u>\$ 13,256,411</u>	<u>\$ 132,179,030</u>	<u>\$ 121,716,195</u>
Deferred Outflow s of Resources	\$ 3,452,842	\$ 2,908,822	\$ 150,027	\$ 112,355	\$ 3,602,869	\$ 3,021,177
Long-term liabilities	\$ 61,299,032	\$ 59,339,893	\$ 13,549,885	\$ 11,904,542	\$ 74,848,917	\$ 71,244,435
Other liabilities	6,171,569	3,101,844	502,530	1,421,067	6,674,099	4,522,911
Total liabilities	<u>\$ 67,470,601</u>	<u>\$ 62,441,737</u>	<u>\$ 14,052,415</u>	<u>\$ 13,325,609</u>	<u>\$ 81,523,016</u>	<u>\$ 75,767,346</u>
Deferred Inflow s of Resources	\$ 10,082,437	\$ 10,131,040	\$ 9,640	\$ 19,570	\$ 10,092,077	\$ 10,150,610
Net Position:						
Net investment in capital assets	\$ 9,617,212	\$ 11,596,017	\$ 3,588,403	\$ 3,382,024	\$ 13,205,615	\$ 14,978,041
Unrestricted (deficit)	30,415,352	25,386,026	(2,839,422)	(4,196,565)	27,575,930	21,189,461
Restricted	2,545,583	1,813,786	839,678	838,128	3,385,261	2,651,914
Total net position	<u>\$ 42,578,147</u>	<u>\$ 38,795,829</u>	<u>\$ 1,588,659</u>	<u>\$ 23,587</u>	<u>\$ 44,166,806</u>	<u>\$ 38,819,416</u>

Governmental Activities

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$9,617,212 which represents 22.59% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is also of note that a portion of the capital assets is used to encourage economic development and in turn may produce future revenue for operations in either fees or sale of property.

During the year ending June 30, 2021, total governmental liabilities increased by \$5,028,864. The County executed two new financings in FY 2021. Together, the Board of Supervisors and School Board jointly moved ahead with a general obligation bond of \$3,465,000 to complete the HVAC replacement projects at Central and Fairfield Elementary Schools. In addition, the Board of Supervisors approved the advance refunding of \$9,755,000 on the 2013 Courthouse loan. Our net pension liability rose \$1,140,923 as a result of the difference between the expected experience and actuals. Short-term liabilities, specifically accounts payable, increased by \$1,712,260 mainly as a result of one payment of \$1,566,730 due to the contractor serving on the HVAC replacement projects for the School Division.

The restricted net position represents resources that are subject to external or internal restrictions based on how the specific funds may be used. The restricted net position for fiscal year 2021 included assets restricted by both constraints. A total of \$1,537,361 is linked the financing of School Division projects to replace HVAC systems at two elementary schools. The Board of Supervisors approved restricting \$395,321 for future capital improvement projects for either the County or School Division. State code limits local occupancy tax to support Virginia Horse Center debt-service payments (\$440,303 restricted in FY 2021). Staff continued to use restricted accounts to identify and manage state funds for the local fire service

programs (\$53,912), the \$4 for Life (rescue) program (\$61,091), the rental assistance office (\$47,343), and local special revenue funds (\$10,252). This reflects a \$2,545,583 balance in restricted net position, up \$731,797 or 40.35%.

The unrestricted net position is \$30,415,352, representing 71.43% of total net position, can be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County's governmental activities realized increases in two of the three categories of combined total net position. These changes in net position include a decrease in net investment in capital assets of \$1,978,805; restricted assets were higher by \$731,797; and unrestricted assets were up by \$5,029,326. For the year ending June 30, 2021, the governmental activity total net position increased by \$3,782,318 from last fiscal year.

Business-type Activities

As identified earlier in the highlights of the government-wide financial statements, the business-type activities/enterprise fund (landfill) net position increased by \$1,565,072. Last fiscal year, the BRRRA realized a decrease in net position before transfers of (-\$2,102,802). In FY 2021, revenues exceeded expenses by stated net position above. This results from revenues increasing by \$144,395 while expenditures dropped by \$3,523,479 compared to FY 2020. The lower expenditures are linked to the \$2,003,401 reduction in the closure/post-closure liability.

Changes in Net Position

The following table presents the revenues and expenses of the governmental and business-type activities. Following the table is a brief highlight and discussion on key elements of Rockbridge County's change in net position.

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION						
June 30, 2021						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,302,428	\$ 1,740,300	\$ 2,769,967	2,586,640	\$ 4,072,395	\$ 4,326,940
Operating grants	6,481,010	3,980,032	-	-	6,481,010	3,980,032
Capital grants	-	75,796	-	-	-	75,796
General Revenues:						
Property taxes	29,880,026	28,273,179	-	-	29,880,026	28,273,179
Other taxes	11,124,085	9,041,689	-	-	11,124,085	9,041,689
Use of money and property	109,347	358,087	5,419	59,201	114,766	417,288
Other	894,931	911,861	55,109	40,259	950,040	952,120
Grants and contributions not restricted to specific programs	2,832,106	2,844,367	-	-	2,832,106	2,844,367
Total Revenues	\$ 52,623,933	\$ 47,225,311	\$ 2,830,495	\$ 2,686,100	\$ 55,454,428	\$ 49,911,411
Expenses:						
General						
General Govt. Admin	\$ 4,104,091	\$ 2,955,095	\$ -	\$ -	\$ 4,104,091	\$ 2,955,095
Judicial administration	1,816,448	1,803,592	-	-	1,816,448	1,803,592
Public safety	11,650,127	10,807,553	-	-	11,650,127	10,807,553
Public works	4,231,365	3,485,100	1,265,423	4,788,902	5,496,788	8,274,002
Health and welfare	1,964,137	1,968,412	-	-	1,964,137	1,968,412
Education	16,870,475	16,656,304	-	-	16,870,475	16,656,304
Parks, recreation, and culture	1,386,232	1,555,092	-	-	1,386,232	1,555,092
Community development	3,269,240	2,755,834	-	-	3,269,240	2,755,834
Non-departmental	1,931,552	1,930,638	-	-	1,931,552	1,930,638
Interest on long-term debt	1,617,948	1,648,736	-	-	1,617,948	1,648,736
Total expenses	\$ 48,841,615	\$ 45,566,356	\$ 1,265,423	\$ 4,788,902	\$ 50,107,038	\$ 50,355,258
Increase (decrease) net position	\$ 3,782,318	\$ 1,658,955	\$ 1,565,072	\$ (2,102,802)	\$ 5,347,390	\$ (443,847)
Net position - beginning, as restated	38,795,829	37,203,018	23,587	2,126,389	38,819,416	39,329,407
Effect of change in accounting principle	-	(66,144)	-	-	-	(66,144)
Net position - ending	\$ 42,578,147	\$ 38,795,829	\$ 1,588,659	\$ 23,587	\$ 44,166,806	\$ 38,819,416

Governmental Activities

Governmental activities increased the County's net position by \$3,782,318. Key elements relating to FY 2021 activities compared to the prior fiscal year will be discussed below.

Total revenues increased by \$5,398,622 (up 11.43%). The following table provides a breakdown on the various revenues sources as of June 30, 2021.

Type	Overall total %
1. Property taxes (\$29,880,026)	56.78%
2. Other local taxes (\$11,124,085)	21.14%
3. Operating grants (\$6,481,010)	12.32%
4. Non-restricted grants and contributions (\$2,832,106)	5.38%
5. Charges for services (\$1,302,428)	2.47%
6. Other general revenues (\$894,931)	1.70%
7. Use of money and property (\$109,347)	0.21%
8. Capital grants (\$0)	0.00%

Component changes from FY 2020 to FY 2021 include:

- The largest source of revenues is property taxes. Property tax collections rose by \$1,606,847 (up 5.68%). Real property, public service corporation, personal property, and machinery and tools tax receipts increased as a result of growth in the assessed values and/or collection levels. Both the real estate tax rate in 2021 (\$0.74 per \$100 of assessed value) and the personal property tax relief level (37%) were kept at prior-year levels.
- Other local taxes increased by \$2,082,396 (up 23.03%). The Board of Supervisors approved an increase to the meals tax effective July 1, 2020 (from 4% to 6%). In addition, the Board authorized raising the occupancy tax from 7% to 10% beginning August 1, 2020. These two changes along with sales tax receipts significantly outpacing estimates, tempered by the unknown impacts of the COVID-19 pandemic, contributed to an increase in this category.
- Operating grants rose by \$2,500,978 (up 62.84%). This typically reflects federal and state funding for the rental assistance, fire services, emergency management, soil and water conservation, and victim-witness programs. In FY 2021, Coronavirus Relief Funds supported County public safety operations as authorized under the presumptive clause that public safety personnel costs were linked to the response to the COVID-19 pandemic. This funding supported payroll and benefits for law enforcement, fire/rescue/emergency management, and the regional jail.
- Non-restricted grants or contributions decreased by \$12,261 (down 0.43%). These receipts are linked to state-shared revenues for rolling stock, mobile home sales, timber sales, motor vehicle rentals, and state recordation fees.
- Charges for services decreased by \$437,872 (down 25.16%) due to lower activities associated with coronavirus pandemic impacts: the School Division operated academic year 2020-2021 via a remote instruction platform (significant reduction in Fleet Services charges for buses and vehicle maintenance), the Parks and Recreation Department's two County pools were not opened in the Summer of 2020 (user fees), and the court system functioned on a limited/controlled environment for the majority of FY 2021 (court/law enforcement fines).
- Other general revenues were lower by \$16,930 (down 1.86%) resulting from miscellaneous collections (public transportation/recycling cost-share, patron refunds/rebates) coming in less than projected.
- Use of money and property decreased by \$248,740 (down 69.446%). The low interest rate environment continues to negatively impact our investment returns.
- Capital grants dropped \$75,796 (down 100.00%). The County did not apply for/receive capital-related grants in FY 2021.

The following table reflects the distribution of FY 2021 governmental expenditures. Overall expenses increased by \$3,275,259 (up 7.19%) over the same period in FY 2020. For FY 2021, the Board's expenditure priorities included public education, public safety, public works, safety net programs, and economic development. In light of the impact of the coronavirus our local, state, federal economies, the Board chose to forego compensation changes in FY 2021. As shown in the table below, education expenses account for 34.54% of total expenditures. When combined with public safety, public works, general government administration, and community development expenditures, these five categories are approximately 82% of the \$48,841,615 in total expenses.

Type	Overall total %
1. Education (\$16,870,475)	34.54%
2. Public Safety (\$11,650,127)	23.85%
3. Public Works (\$4,231,365)	8.66%
4. General Government Administration (\$4,104,091)	8.40%
5. Community Development (\$3,269,240)	6.69%
6. Health and Welfare (\$1,964,137)	4.02%
7. Non-departmental (\$1,931,552)	3.95%
8. Judicial Administration (\$1,816,448)	3.72%
9. Long-term debt interest (\$1,617,948)	3.31%
10. Parks, Recreation, and Cultural (\$1,386,232)	2.84%

Component changes from FY 2020 to FY 2021 include:

- Education expenses increased by \$214,171 (up 1.29%). County funding of School Division operations was greater than last fiscal year (up \$342,930). During FY 2021, the County fiscally supported School Division increases resulting from higher rates for retirement, group life insurance, health care credit, health insurance premiums, and property, casualty, and workers' compensation insurance.
- Public Safety reflects an increase of \$842,574 (up 7.80%). Expenditure growth in this category comes largely from the cost-share for the Rockbridge Regional Jail (increased operational costs), Rockbridge County Sheriff Office (targeted compensation, fringes, & police equipment increases), Fire-Rescue Department (Lexington City contracted services), and Consolidated Dispatch cost-share (targeted compensation increases & fringes).
- Public Works increased by \$746,265 (up 21.41%). A Virginia fast-track broadband grant award of \$770,000 is accounted for in this category (one-time capital project completed in December 2020). In addition, the County's cost-share for the landfill operation is accounted for in this area. The Blue Ridge Resource Authority (Landfill Fund) increased tipping fee rates across all categories of customers, to include members (Rockbridge County and Lexington City).
- General government administration increased by \$1,148,996 (up 38.88%). This increase is attributable to the accounting for the CARES Act funding expended in FY 2021.
- Community Development increased by \$513,406 (up 18.63%). The Board of Supervisors continued their commitment to source from reserves the unfinanced portion of the Route 60 East sewer expansion project. This was the main driver for higher expended levels when compared to last fiscal year.
- Health and Welfare reflects a decrease of \$4,275 (down 0.22%). The County's cost-share funding for the Comprehensive Services Act, the Department of Social Services, the regional State Health Department, and Rockbridge Area Community Services Board is included in this category.
- Non-departmental was up \$914 (up 0.05%). The Modified Voluntary Settlement of Annexation and Immunity payment from Rockbridge County to Lexington City; debt-service payments; and transfers to other funds and reserves is accounted in this function.
- Judicial Administration increased by \$12,856 (up 0.71%), reflecting minimal change from last fiscal year. This category includes fiscal support for the Clerk of the Circuit Court; Circuit, General, Juvenile & Domestic Courts; Commonwealth's Attorney Office; and the Victim-Witness Program.
- Long-term debt interest payments are down \$30,788 (down 1.87%) based on debt payment schedules.
- Parks, Recreation and Cultural decreased by \$168,860 (down 10.86%) due in part to a 10% reduction in annual contributions to non-profit agencies and library systems. The Parks & Recreation Department was adjusted downward to account for the plan to delay opening our two public pools (neither was opened in the summer of 2020 due to the COVID-19 pandemic).

Business-type Activities

The business-type activities/enterprise fund (Landfill Fund) total net position ended at \$1,588,659 as of June 30, 2021. The lateral expansion (Cell 1) began operations on July 1, 2017. During FY 2021, the Phase 1 cell capping project was finalized, and engineering services began on the Cell 2 construction project which kicked off in FY 2022. Details on the impact associated with FY 2021 revenues, expenses, capital, and long-term liabilities are listed below.

In May 2020, the Authority adopted the FY 2021 master fee table. The tipping fees include: members (Rockbridge County and Lexington City) at \$59.50 (up from \$54.50); member jurisdiction commercial at \$61.50 (up from \$56.50); municipal customer at \$74.38 (up from \$68.18); and non-jurisdictional commercial at \$76.88 (up from \$70.63). Tipping fee operating revenues for FY 2021 increased by \$183,327 (up 7.09%) resulting from higher tipping fee rates.

Operational expenses, without depreciation of \$503,472, reflects a decrease of \$412,922 compared to FY 2020. The primary driver is contractual services which is down \$466,372 versus last fiscal year (ex., ground waste monitoring). The BRRF ended FY 2021 with an operating income of \$1,046,963 (up \$611,099).

Non-operating revenues of \$518,109 include the landfill closure/post-closure liability of \$704,192 (a change of \$3,167,134 versus FY 2020); and interest expense of \$138,443 (up \$3,518 compared to last fiscal year). The combination of operational and non-operational transactions reflects a net increase of \$1,565,072 in total net position.

Financial Analysis of the Government's Funds

As previously noted, 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 near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$36,603,309, an increase of \$6,598,832 over the prior fiscal year (up 21.99%). The combined change is primarily linked to activities in the General Fund which is discussed below.

The General Fund is the primary operating fund of the County. As of June 30, 2021, unassigned fund balance of the General Fund was \$25,597,988. This is an increase in unassigned fund balance of \$5,711,942 (up 28.75%) compared with the previous fiscal year. The total fund balance of the General Fund is \$34,190,688. This is an increase over the previous year of \$5,277,189 (up 18.25%). General Fund revenues exceeded expenditures by \$5,423,518 in FY 2021. One component of the increase is the unbudgeted revenue from the federal government. This is up \$2,368,441 compared to FY 2020. The County appropriated CARES Act funding to support fire-rescue and law enforcement functions based on the presumptive clause that their duties were conducted in response to the COVID-19 pandemic. Other factors contributing to the additional revenues includes the following: 1) the real estate levy garnered \$870,780 in additional collections over planned revenues; 2) public service corporation billing exceeded the approved budget by nearly \$282,650; 3) personal property realized approximately \$414,920 in excess receipts compared to budget; 4) local sales tax nearly reached \$3,400,000 in collections for the first time in County history, resulting in \$1,508,247 in additional revenue over budget; 5) the Board approved an increase in the meals tax rate, from 4% to 6%, effective July 1, 2020. Collections were \$647,241 above expected revenues; 6) the Board also authorized increasing the occupancy tax from 7% to 10% effective August 1, 2020. The lodging tax realized \$1,001,420 in excess collections over estimated budget; 7) revenue from the Commonwealth of Virginia exceeded anticipated levels by \$32,588 in support of Compensation Board positions within Constitutional Officer departments.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures (General Fund and School Operating Fund = "General Fund"). Unassigned fund balance represents 37.57% of total "General Fund" expenditures which deducts the local transfer to the School Board component unit of \$14,026,712 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. The General Fund's total fund balance (\$34,190,688) represents 50.18% of total General Fund expenditures.

The County Capital Projects Fund reflects the accounting for the Construction Projects and Capital Purchases Funds, both of which align with our 5-year CIP. The net change in fund balance, down \$214,459 to \$863,305, results from the use of reserves to source projects identified earlier in the fund financial statement highlights. In addition, the School Capital Projects Fund is up \$1,537,361 to \$1,539,064, reflecting available financing to complete the HVAC replacement projects at Central and Fairfield Elementary Schools. Lastly, Non-major Governmental Funds, new in FY 2021, represents fund balances formerly identifies as agency funds for the Veteran's Memorial (\$8,088) and Employee Benefits (\$2,164) accounts.

Proprietary funds

The County's proprietary fund statements (Landfill Fund) provide the same type of information found in the government-wide financial statements, but in more detail.

The BRRA owns, maintains, and operates a permitted landfill. The previously active, unlined landfill cell was limited to construction and debris fill on December 31, 2017 in accordance with the VA DEQ approval of the landfill's second extension request. Based on previously-agreed-to terms and conditions, the Authority submitted the required engineering documents to the VA DEQ that permitted the unlined facility to remain open until June 30, 2019. The Phase 1 project to cap this section of the formerly active cell was completed in FY 2021 with actual expenditures at approximately \$4,156,300. Restricted fund balance previously set aside in prior fiscal years was used to meet landfill closure requirements. In addition, the closure/post-closure liability on the active cell (Cell 1) is up \$1,016,865 based on the June 30, 2021 capacity used percentage (88.33%). The Landfill Fund net position increased \$1,565,072 compared to FY 2020 as a result of these two activities and revenues exceeding expenses. Additional information is provided in a separate BRRA financial report.

General Fund Budgetary Highlights

The difference between the originally budgeted appropriations and the final, amended-budget appropriations was a \$4,485,444 increase. This is 9.70% of the total original budget. The actual expenditures were \$2,668,344 below the final appropriation total. This total is 5.26% below the final budget. The major components of these appropriation changes are:

- The Board of Supervisors appropriated \$1,969,407 in CARES Act funding, second tranche, to source public safety, public education, information technology, small business, and equipment/supply expenditures in response to combating the COVID-19 pandemic.
- The Board authorized the appropriation of \$1,283,916 in assigned reserves to source the County's commitment to complete the Route 60 East sewer expansion project and bring economic development to this key transportation corridor in Rockbridge County.
- The Board appropriated \$770,000 in state-awarded Virginia Telecommunication Initiative (VATI) grant funding for fiber construction by BARC Electric Cooperative (BARC) to areas in Effinger, Glasgow, Big Hill, South Buffalo, Cornwall East, and Vesuvius. The VATI grant and BARC's matching funding provided connectivity to nearly 500 premises in Rockbridge County.
- The Board approved the use of \$494,838 from assigned reserves to fund jointly-approved School Division capital improvement projects from the school carryover account.
- The Board appropriated \$262,210 to support the payment of one additional quarterly allotment for volunteer fire and rescue organizations. In addition, the Board increased the pay-per-call from \$7.50 to \$10 per call for fire-rescue volunteers. Both actions were completed to provide financial support during the COVID-19 pandemic.

- The Board of Supervisors authorized \$62,192 in unassigned reserves to reimburse the Town of Goshen expenditures for the planning of a community center, water system improvements, and the removal of blighted buildings.
- The Board authorized the appropriation of \$54,155 in Virginia Board of Election CARES Act funding. The Elections Department used these funds to prevent, prepare for, and respond to coronavirus, domestically or internationally, during the 2020 election cycle.
- The Board approved \$16,012 in unassigned reserves to fund COVID-19 vaccination clinics in FY 2021. The County is submitting these expenditures to the Federal Emergency Management Agency as part of a reimbursement grant process.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2021 was \$63,392,250 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, machinery and equipment, and construction in progress. This is a decrease of \$1,266,196 from the previous fiscal year, or -1.96%. The building and systems category is down \$3,896,674. This results from County depreciation expense (\$1,972,207), additions (\$749,118, and the allocation of debt-financed school assets based on current year repayments (\$2,673,585). Machinery and equipment totals are up \$284,462 compared to 2020, the difference between \$600,851 in improvements and \$316,389 in depreciation. Construction in progress is up \$2,346,016 and reflects ongoing HVAC improvement projects at two elementary schools in the County.

The County's investment in capital assets for its business-type activities is \$7,770,102, a decrease of \$219,218 (down 2.73%) from the previous year. In FY 2021, the primary change in total capital assets is the result of depreciation.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS						
Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,790,211	\$ 1,790,211	\$ 531,037	\$ 531,037	\$ 2,321,248	\$ 2,321,248
Buildings and systems	58,018,629	61,915,303	6,243,255	6,518,129	64,261,884	68,433,432
Machinery & equipment	1,178,610	894,148	705,369	940,154	1,883,979	1,834,302
Construction in progress	2,404,800	58,784	290,441	-	2,695,241	58,784
Total	\$ 63,392,250	\$ 64,658,446	\$ 7,770,102	\$ 7,989,320	\$ 71,162,352	\$ 72,647,766

Additional information on the County's capital assets can be found in the Note 15 to the financial statements.

Long-term debt

At the end of fiscal year 2021, the County had the following outstanding debt:

COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 34,281,893	\$ 33,706,337	\$ -	\$ -	\$ 34,281,893	\$ 33,706,337
Revenue bonds	15,960,000	15,420,000	8,908,489	5,246,275	24,868,489	20,666,275
Literary loans	180,000	360,000	-	-	180,000	360,000
Capital leases	4,430,000	4,724,000	86,359	199,149	4,516,359	4,923,149
Compensated absences	447,276	431,990	55,631	49,368	502,907	481,358
Net pension liability	5,152,064	4,011,141	335,258	243,321	5,487,322	4,254,462
Net OPEB liability	847,799	686,425	35,438	34,318	883,237	720,743
Landfill closure liability	-	-	4,128,710	6,132,111	4,128,710	6,132,111
Total long-term obligations	\$ 61,299,032	\$ 59,339,893	\$ 13,549,885	\$ 11,904,542	\$ 74,848,917	\$ 71,244,435

The County's total long-term debt includes the Rockbridge County School Board debt and the business-type activities debt (BRRA). For the year, the total, combined long-term debt increased by \$3,604,482 to a total of \$74,849,917. The increase reflects changes in long-term obligations for governmental and business-type activities, both payment on. In FY 2021, the Board of Supervisors and School Board jointly moved forward with a general obligation bond of \$3,465,000 to source the HVAC replacement projects at Central and Fairfield Elementary Schools. In addition, the Board of Supervisors authorized the advance refunding of \$9,755,000 on the 2013 Courthouse loan. The BRRA Board approved issuing a revenue bond at \$3,475,000 to source the construction of cell 2 at the landfill. The governmental and business-type activities' compensated absences, net pension liability, and net OPEB liability and are included in the long-term debt to meet GASB requirements. These categories changed as follows: 1) compensated absences (rose \$21,549); 2) net pension liability (increased \$1,232,860); and 3) net OPEB liability (up \$162,494). For the net pension liability, the increase is linked to the difference between the expected experience and actuals. Lastly, the landfill's closure/post-closure liability decreased by \$2,003,401 from FY 2020 levels as result of completing the Phase 1 cell capping project. Additional liability will continue as part of the thirty years of its post-closure monitoring. The balance of the landfill closure liability includes the future capping of the currently active Cell 1. Cell 1's life-cycle estimate is approximately six years. The latest capacity estimate for this cell is 88.33%, up from 51.00%. This is the first of five planned, lateral-expansion cells. The BRRA is setting aside \$633,499 to meet the projected liability of a combined system that approaches a 42-year life cycle.

Additional information on the County's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- As the Board of Supervisors looked into the future during FY2022 budget development, much remained unknown at the time: how long would the COVID-19 pandemic go on, will a vaccine be available in the coming months, and to what degree would our lives return to a pre COVID-19 environment? A summary of information and action is provided below to frame the FY 2022 budget.
- The Rockbridge County population was 22,307 as of the April 1, 2010 U.S. Census. The 2020 U.S. Census reflects a population of 22,650, an increase of 343 (up 1.54%). Minimal change in population has occurred over the past two decades and no substantial shift is anticipated in the next fiscal year.
- For the fiscal year ending June 30, 2021, the unemployment rate for the Commonwealth and Rockbridge County were 4.3% and 4.9% respectively, both down from highs of 7.9% and 6.9% in July 2020. During the progress of this management discussion and analysis report, the October 2021 unemployment rate continued to drop, reaching 3.6% for the state and 2.7% in the County. Present trends indicate a leveling off of unemployment rates in the future as our national, state, and local economies adapt and recover in the midst of the coronavirus pandemic.
- The Board of Supervisors fiscal year 2022 budget priorities include meeting legal and moral obligations to fund debt-service payments, mandated services, and other legal commitments. Additionally, the Board's goals involve limiting overall expenditures on all areas except "safety net" programs, public education, public safety, solid waste management, and economic development. These activities may require increased funding in future cycles compared to previous fiscal years.
- Prior to the start of FY 2021, the Board approved increasing the meals tax from 4% to 6% effective July 1, 2020. In addition, they authorized raising the occupancy tax from 7% to 10% beginning August 1, 2020. The Board held the real property tax rate at \$0.74 per \$100.00 of assessed valuation for tax year 2021. With the latest assessed values, the County's penny rate is estimated at \$257,345. Lastly, the Board kept the personal property rate \$4.50 per \$100 of assessed value with a tax relief rate of 37%.
- In FY 2022 the Board of Supervisors continued its annual support of the School Division. The Board committed to increase the local School Fund transfer for operations by \$915,075 to source increases to the School Division's personnel compensation, retirement, group life insurance, health care credit, health insurance, and property, casualty, and workers' compensation insurance rates/premiums. The local School Fund transfer for debt dropped by \$20,616. The School Division oversees four elementary schools, one middle school, and one high school which includes students from Lexington City.

- When compared to FY 2021, other notable increases adopted in the FY 2022 budget cycle include: funding for the regional jail operational cost-share (+\$436,431); 6-year general reassessment expenditures (+\$311,332); fire-rescue operations, to include the County's cost-share for Lexington City Fire Department's calls into the County (+\$281,077); the economic development department (+\$275,356); and the welfare programs (+\$249,786).
- The Board approved transferring \$387,082 (up \$104,695) to the Capital Purchases Fund. This funding will support the procurement of Sheriff Office vehicles, County consulting services for the evaluation of our municipal software system, and the purchase of an AC recharge and recovery machine for the Fleet Services Department.
- The Board of Supervisors elected to use \$609,378 in restricted accounts to fund the following efforts: the County's targeted transition to cross-trained fire and EMS career staff will continue to be funded at \$100,000 from the EMS revenue recovery account. This funding mechanism mirrors the action begun in FY 2015 for the previously contracted ambulance service. In addition, EMS revenue recovery will source the County's payment to a third-party vendor (\$19,845), which bills and collects this revenue stream. Furthermore, this account will fund the annual stipend for the Operational Medical Director (\$10,000). Lastly, the EMS revenue recovery will source the funding methodology for fire and EMS agencies (\$100,000) to continue the second year of a pay-per-call program for volunteers. Other activities from restricted accounts involve: managing the \$4 for Life reserves to fund the procurement of training, equipment, and supplies for approved volunteer EMS squads (\$25,125). A final use of a restricted accounts involves funding the PSA's Route 60 East infrastructure debt-service payments (\$210,774) from sale of property accounts.
- Lastly, the Board approved the use of \$535,732 in unassigned reserves to balance the FY 2022 budget due to the ongoing negative impacts from the coronavirus pandemic. This action served as a limited solution to meet expenditure increases across public education, public safety, administration and finance, and economic development categories.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Rockbridge finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rockbridge County Administrator, 150 S. Main Street, Lexington, Virginia 24450.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Rockbridge, Virginia
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 29,317,013	\$ 2,094,146	\$ 31,411,159
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	11,167,863	-	11,167,863
Accounts receivable	1,040,504	92,927	1,133,431
Internal balances	(5,801)	5,801	-
Due from component units	2,947,580	-	2,947,580
Due from other governmental units	1,032,618	-	1,032,618
Inventories	129,726	-	129,726
Advances to other entities	4,443,777	-	4,443,777
Prepaid items	108,722	-	108,722
Restricted assets:			
Cash and cash equivalents	3,104,091	5,537,711	8,641,802
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	1,790,211	531,037	2,321,248
Buildings and improvements	58,018,629	6,243,255	64,261,884
Machinery and equipment	1,178,610	705,369	1,883,979
Utility plant and equipment	-	-	-
Construction in progress	2,404,800	290,441	2,695,241
Total assets	<u>\$ 116,678,343</u>	<u>\$ 15,500,687</u>	<u>\$ 132,179,030</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,076,855	\$ -	\$ 1,076,855
Pension related items	2,149,292	140,903	2,290,195
OPEB related items	226,695	9,124	235,819
Total deferred outflows of resources	<u>\$ 3,452,842</u>	<u>\$ 150,027</u>	<u>\$ 3,602,869</u>
LIABILITIES			
Accounts payable	\$ 2,568,534	\$ 61,782	\$ 2,630,316
Accrued liabilities	143,284	-	143,284
Capital advances from Rockbridge County	-	350,000	350,000
Accrued interest payable	689,648	90,748	780,396
Due to primary government	-	-	-
Performance deposits	17,580	-	17,580
Due to other governments	557,626	-	557,626
Unearned revenue	2,194,897	-	2,194,897
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	3,705,961	785,492	4,491,453
Due in more than one year	57,593,071	12,764,393	70,357,464
Total liabilities	<u>\$ 67,470,601</u>	<u>\$ 14,052,415</u>	<u>\$ 81,523,016</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 9,913,715	\$ -	\$ 9,913,715
Pension related items	127,485	8,288	135,773
OPEB related items	41,237	1,352	42,589
Total deferred inflows of resources	<u>\$ 10,082,437</u>	<u>\$ 9,640</u>	<u>\$ 10,092,077</u>
NET POSITION			
Net investment in capital assets	\$ 9,617,212	\$ 3,588,403	\$ 13,205,615
Restricted			
Fire funds	53,912	-	53,912
Rental assistance	47,343	-	47,343
Capital projects	1,932,682	-	1,932,682
Four for life	61,091	-	61,091
Virginia Horse Center debt service	440,303	-	440,303
Special revenue funds	8,993	-	8,993
Employee pensions	-	-	-
Debt service	-	839,678	839,678
Unrestricted	30,416,611	(2,839,422)	27,577,189
Total net position	<u>\$ 42,578,147</u>	<u>\$ 1,588,659</u>	<u>\$ 44,166,806</u>

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

Exhibit 1

Component Unit				
School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority	
\$ 511,742	\$ 565,937	\$ 40,139	\$ 6,429,175	
11,403	-	-	-	
-	-	-	-	
346,956	466	16,360	709,018	
-	-	-	-	
-	-	-	-	
1,131,190	1,535,096	504,902	-	
64,558	-	-	69,983	
-	-	-	-	
667,895	-	-	-	
-	-	-	77,595	
-	149,825	-	-	
117,555	-	-	410,596	
23,379,463	-	2,428,978	45,013	
3,115,625	-	236,001	177,204	
-	-	-	25,325,273	
278,752	-	-	-	
<u>\$ 29,625,139</u>	<u>\$ 2,251,324</u>	<u>\$ 3,226,380</u>	<u>\$ 33,243,857</u>	
\$ -	\$ -	\$ -	\$ -	
7,756,596	233,727	602,852	135,984	
1,390,697	27,283	52,132	7,518	
<u>\$ 9,147,293</u>	<u>\$ 261,010</u>	<u>\$ 654,984</u>	<u>\$ 143,502</u>	
\$ 182,594	\$ 1,121,033	\$ 103,833	\$ 491,667	
-	-	-	-	
-	-	-	-	
-	-	-	18,110	
1,923,957	932,424	91,199	-	
-	-	-	-	
-	47,920	-	-	
-	-	-	-	
-	-	-	77,595	
87,056	21,369	56,039	997,964	
40,709,825	161,714	1,802,176	11,259,075	
<u>\$ 42,903,432</u>	<u>\$ 2,284,460</u>	<u>\$ 2,053,247</u>	<u>\$ 12,844,411</u>	
\$ -	\$ -	\$ -	\$ -	
2,237,274	15,493	85,622	2,091	
661,037	8,355	8,255	1,551	
<u>\$ 2,898,311</u>	<u>\$ 23,848</u>	<u>\$ 93,877</u>	<u>\$ 3,642</u>	
\$ 26,891,395	\$ -	\$ 2,664,979	\$ 13,926,595	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	149,825	-	-	
-	-	-	-	
(33,920,706)	54,201	(930,739)	6,612,711	
<u><u>\$ (7,029,311)</u></u>	<u><u>\$ 204,026</u></u>	<u><u>\$ 1,734,240</u></u>	<u><u>\$ 20,539,306</u></u>	

County of Rockbridge, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,104,091	\$ -	\$ 1,351,781	\$ -
Judicial administration	1,816,448	481,310	858,633	-
Public safety	11,650,127	40,364	2,968,194	-
Public works	4,231,365	356,882	780,668	-
Health and welfare	1,964,137	-	-	-
Education	16,870,475	-	47,500	-
Parks, recreation, and cultural	1,386,232	91,597	-	-
Community development	3,269,240	332,275	474,234	-
Nondepartmental	1,931,552	-	-	-
Interest on long-term debt	1,617,948	-	-	-
Total governmental activities	<u>\$ 48,841,615</u>	<u>\$ 1,302,428</u>	<u>\$ 6,481,010</u>	<u>\$ -</u>
Business-type activities:				
Blue Ridge Resource Authority	<u>\$ 1,265,423</u>	<u>\$ 2,769,967</u>	<u>\$ -</u>	<u>\$ -</u>
Total business-type activities	<u>\$ 1,265,423</u>	<u>\$ 2,769,967</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 50,107,038</u></u>	<u><u>\$ 4,072,395</u></u>	<u><u>\$ 6,481,010</u></u>	<u><u>\$ -</u></u>
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 36,182,881	\$ 1,825,041	\$ 19,057,962	\$ -
Rockbridge Area Social Services Board	9,617,402	-	9,611,699	-
Rockbridge Regional Jail Commission	5,316,463	3,033,824	2,141,595	-
Business-type activities:				
Rockbridge Public Service Authority	4,167,235	3,629,213	-	279,956
Total component units	<u><u>\$ 55,283,981</u></u>	<u><u>\$ 8,488,078</u></u>	<u><u>\$ 30,811,256</u></u>	<u><u>\$ 279,956</u></u>
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit			
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,752,310)	\$ -	\$ (2,752,310)	\$ -	\$ -	\$ -	\$ -
(476,505)	-	(476,505)	-	-	-	-
(8,641,569)	-	(8,641,569)	-	-	-	-
(3,093,815)	-	(3,093,815)	-	-	-	-
(1,964,137)	-	(1,964,137)	-	-	-	-
(16,822,975)	-	(16,822,975)	-	-	-	-
(1,294,635)	-	(1,294,635)	-	-	-	-
(2,462,731)	-	(2,462,731)	-	-	-	-
(1,931,552)	-	(1,931,552)	-	-	-	-
(1,617,948)	-	(1,617,948)	-	-	-	-
<u>\$ (41,058,177)</u>	<u>\$ -</u>	<u>\$ (41,058,177)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 1,504,544	\$ 1,504,544	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1,504,544	\$ 1,504,544	\$ -	\$ -	\$ -	\$ -
<u>\$ (41,058,177)</u>	<u>\$ 1,504,544</u>	<u>\$ (39,553,633)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (15,299,878)	\$ -	\$ -	\$ -
-	-	-	-	(5,703)	-	-
-	-	-	-	-	(141,044)	-
-	-	-	-	-	-	(258,066)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,299,878)</u>	<u>\$ (5,703)</u>	<u>\$ (141,044)</u>	<u>\$ (258,066)</u>
\$ 29,880,026	\$ -	\$ 29,880,026	\$ -	\$ -	\$ -	\$ -
3,398,247	-	3,398,247	-	-	-	-
1,262,648	-	1,262,648	-	-	-	-
922,051	-	922,051	-	-	-	-
2,236,241	-	2,236,241	-	-	-	-
474,363	-	474,363	-	-	-	-
2,165,170	-	2,165,170	-	-	-	-
665,365	-	665,365	-	-	-	-
109,347	5,419	114,766	6	-	52	82,017
894,931	55,109	950,040	420,854	-	113,439	68,411
2,832,106	-	2,832,106	15,951,179	-	-	1,098,909
<u>\$ 44,840,495</u>	<u>\$ 60,528</u>	<u>\$ 44,901,023</u>	<u>\$ 16,372,039</u>	<u>\$ -</u>	<u>\$ 113,491</u>	<u>\$ 1,249,337</u>
3,782,318	1,565,072	5,347,390	1,072,161	(5,703)	(27,553)	991,271
38,795,829	23,587	38,819,416	(8,101,472)	209,729	1,761,793	19,548,035
<u>\$ 42,578,147</u>	<u>\$ 1,588,659</u>	<u>\$ 44,166,806</u>	<u>\$ (7,029,311)</u>	<u>\$ 204,026</u>	<u>\$ 1,734,240</u>	<u>\$ 20,539,306</u>

FUND FINANCIAL STATEMENTS

County of Rockbridge, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 28,411,304	\$ 893,754	\$ 1,703	\$ 10,252	\$ 29,317,013
Receivables (net of allowance for uncollectibles):					
Taxes receivable	11,167,863	-	-	-	11,167,863
Accounts receivable	1,040,504	-	-	-	1,040,504
Advances to other entities	4,443,777	-	-	-	4,443,777
Due from other funds	93,444	-	-	-	93,444
Due from component units	2,947,580	-	-	-	2,947,580
Due from other governmental units	1,032,618	-	-	-	1,032,618
Inventories	129,726	-	-	-	129,726
Prepaid items	108,722	-	-	-	108,722
Restricted assets:					
Cash and cash equivalents	-	-	3,104,091	-	3,104,091
Total assets	<u>\$ 49,375,538</u>	<u>\$ 893,754</u>	<u>\$ 3,105,794</u>	<u>\$ 10,252</u>	<u>\$ 53,385,338</u>
LIABILITIES					
Accounts payable	\$ 971,355	\$ 30,449	\$ 1,566,730	\$ -	\$ 2,568,534
Accrued liabilities	143,284	-	-	-	143,284
Contracts payable	-	-	-	-	-
Retainage payable	-	-	-	-	-
Due to other governments	557,626	-	-	-	557,626
Due to other funds	99,245	-	-	-	99,245
Performance deposits	17,580	-	-	-	17,580
Unearned revenue	2,194,897	-	-	-	2,194,897
Total liabilities	<u>\$ 3,983,987</u>	<u>\$ 30,449</u>	<u>\$ 1,566,730</u>	<u>\$ -</u>	<u>\$ 5,581,166</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 11,200,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,200,863</u>
FUND BALANCES					
Nonspendable:					
Inventories	\$ 129,726	\$ -	\$ -	\$ -	\$ 129,726
Prepaid items	108,722	-	-	-	108,722
Advances to other entities	4,443,777	-	-	-	4,443,777
Total nonspendable	<u>\$ 4,682,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,682,225</u>
Restricted:					
Virginia Horse Center debt service	\$ 440,303	\$ -	\$ -	\$ -	\$ 440,303
Capital projects	395,321	-	1,537,361	-	1,932,682
Rental assistance	47,343	-	-	-	47,343
Four for life	61,091	-	-	-	61,091
Fire program	53,912	-	-	-	53,912
Veterans memorial	-	-	-	6,829	6,829
Employee benefits	-	-	-	2,164	2,164
Total restricted	<u>\$ 997,970</u>	<u>\$ -</u>	<u>\$ 1,537,361</u>	<u>\$ 8,993</u>	<u>\$ 2,544,324</u>
Assigned:					
Garage	\$ 143,974	\$ -	\$ -	\$ -	\$ 143,974
Industrial property	123,920	-	-	-	123,920
School carryover	438,058	-	-	-	438,058
Convenience centers	12,075	-	-	-	12,075
Partnership	82,097	-	-	-	82,097
Recreation	25,000	-	-	-	25,000
Revenue recovery	1,424,112	-	-	-	1,424,112
Economic development	288,194	-	-	-	288,194
Reassessment	200,000	-	-	-	200,000
Capital projects funds	175,075	863,305	1,703	-	1,040,083
Total assigned	<u>\$ 2,912,505</u>	<u>\$ 863,305</u>	<u>\$ 1,703</u>	<u>\$ -</u>	<u>\$ 3,777,513</u>
Unassigned	<u>\$ 25,597,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,597,988</u>
Total unassigned	<u>\$ 25,597,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,597,988</u>
Total fund balances	<u>\$ 34,190,688</u>	<u>\$ 863,305</u>	<u>\$ 1,539,064</u>	<u>\$ 8,993</u>	<u>\$ 36,602,050</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 49,375,538</u>	<u>\$ 893,754</u>	<u>\$ 3,105,794</u>	<u>\$ 8,993</u>	<u>\$ 53,384,079</u>

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

County of Rockbridge, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	36,602,050
--	----	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	1,790,211	
Buildings and improvements		58,018,629	
Machinery and equipment		1,178,610	
Construction in progress		<u>2,404,800</u>	
			63,392,250

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

Unavailable revenue - property taxes	\$	<u>1,287,148</u>	
			1,287,148

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

Deferred charge on refunding	\$	1,076,855	
Pension related items		2,149,292	
OPEB related items		<u>226,695</u>	
			3,452,842

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

General obligation bonds	\$	(32,370,915)	
Revenue bonds		(15,960,000)	
Capital leases		(4,430,000)	
Bond premium		(1,910,978)	
Literary loan funds		(180,000)	
Compensated absences		(447,276)	
Net pension liability		(5,152,064)	
Net OPEB liability		(847,799)	
Accrued interest payable		<u>(689,648)</u>	
			(61,988,680)

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

Pension related items	\$	(127,485)	
OPEB related items		<u>(41,237)</u>	
			<u>(168,722)</u>

Net position of governmental activities	\$	<u><u>42,576,888</u></u>
---	----	--------------------------

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

County of Rockbridge, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Exhibit 5

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 30,277,937	\$ -	\$ -	\$ -	\$ 30,277,937
Other local taxes	11,124,085	-	-	-	11,124,085
Permits, privilege fees, and regulatory licenses	317,930	-	-	-	317,930
Fines and forfeitures	277,228	-	-	-	277,228
Revenue from the use of money and property	108,910	-	437	-	109,347
Charges for services	707,270	-	-	-	707,270
Miscellaneous	894,931	-	-	-	894,931
Recovered costs	469,287	-	-	-	469,287
Intergovernmental:					
Commonwealth	5,375,550	-	-	-	5,375,550
Federal	3,937,567	-	-	-	3,937,567
Total revenues	\$ 53,490,695	\$ -	\$ 437	\$ -	\$ 53,491,132
EXPENDITURES					
Current:					
General government administration	\$ 3,311,290	\$ -	\$ -	\$ -	\$ 3,311,290
Judicial administration	1,735,360	-	-	-	1,735,360
Public safety	11,366,562	-	-	-	11,366,562
Public works	4,090,554	-	-	-	4,090,554
Health and welfare	1,963,904	-	-	-	1,963,904
Education	14,101,758	-	-	-	14,101,758
Parks, recreation, and cultural	1,341,590	-	-	-	1,341,590
Community development	3,225,863	-	-	1,259	3,227,122
Nondepartmental	1,931,552	-	-	-	1,931,552
Capital projects	-	496,846	2,331,000	-	2,827,846
Debt service:					
Principal retirement	3,278,438	-	-	-	3,278,438
Interest and other fiscal charges	1,720,306	-	86,201	-	1,806,507
Total expenditures	\$ 48,067,177	\$ 496,846	\$ 2,417,201	\$ 1,259	\$ 50,982,483
Excess (deficiency) of revenues over (under) expenditures	\$ 5,423,518	\$ (496,846)	\$ (2,416,764)	\$ (1,259)	\$ 2,508,649
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 282,387	\$ -	\$ -	\$ 282,387
Transfers out	(282,387)	-	-	-	(282,387)
Issuance of refunding bonds	9,755,000	-	-	-	9,755,000
Issuance of General obligation bonds	-	-	3,954,125	-	3,954,125
Payment to refunded bond escrow agent	(9,618,942)	-	-	-	(9,618,942)
Total other financing sources (uses)	\$ (146,329)	\$ 282,387	\$ 3,954,125	\$ -	\$ 4,090,183
Net change in fund balances	\$ 5,277,189	\$ (214,459)	\$ 1,537,361	\$ (1,259)	\$ 6,598,832
Fund balances - beginning, as restated	28,913,499	1,077,764	1,703	11,511	30,004,477
Fund balances - ending	\$ 34,190,688	\$ 863,305	\$ 1,539,064	\$ 10,252	\$ 36,603,309

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

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

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 6,598,832
--	--------------

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

Capital outlays	\$ 2,946,867	
Depreciation expense	(2,288,596)	
Allocation of debt financed school assets based on current year repayments	<u>(1,924,467)</u>	(1,266,196)

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

Property taxes	\$ <u>(397,911)</u>	(397,911)
----------------	---------------------	-----------

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

Issuance of refunding bonds	\$ (9,755,000)	
Issuance of general obligation bonds	(3,954,125)	
Payment to refunding bond escrow agent	9,618,942	
Principal repayments	3,278,438	
Amortization of deferred charge on refunding	(126,681)	
Amortization of premium on general obligation bonds	225,818	
Accrued interest	<u>89,422</u>	(623,186)

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

Change in compensated absences	\$ (15,286)	
Pension expense	(464,248)	
OPEB expense	<u>(49,687)</u>	<u>(529,221)</u>

Change in net position of governmental activities	\$ <u><u>3,782,318</u></u>
---	----------------------------

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

County of Rockbridge, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit 7

	Enterprise Fund Landfill Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,094,146
Accounts receivable	92,927
Due from other funds	5,801
Total current assets	\$ 2,192,874
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 5,537,711
Total restricted assets	\$ 5,537,711
Capital assets, net of accumulated depreciation:	
Land	\$ 531,037
Buildings and improvements	6,243,255
Machinery and equipment	705,369
Construction in progress	290,441
Total capital assets	\$ 7,770,102
Total noncurrent assets	\$ 13,307,813
Total assets	\$ 15,500,687
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 140,903
OPEB related items	9,124
Total deferred outflows of resources	\$ 150,027
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 61,782
Capital advances from Rockbridge County	350,000
Accrued interest payable	90,748
Bonds payable - current portion	714,778
Capital lease payable - current portion	54,275
Compensated absences-current portion	16,439
Total current liabilities	\$ 1,288,022
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 39,192
Net OPEB liability	35,438
Net pension liability	335,258
Closure and post-closure liability	4,128,710
Bonds payable - net of current portion	8,193,711
Capital lease payable - net of current portion	32,084
Total noncurrent liabilities	\$ 12,764,393
Total liabilities	\$ 14,052,415
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 8,288
OPEB related items	1,352
Total deferred inflows of resources	\$ 9,640
NET POSITION	
Net investment in capital assets	\$ 3,588,403
Restricted for debt service	839,678
Unrestricted	(2,839,422)
Total net position	\$ 1,588,659

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

County of Rockbridge, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 8

	Enterprise Fund Landfill Fund
OPERATING REVENUES	
Charges for services:	
Landfill Rockbridge County	\$ 948,116
Landfill City of Lexington	207,761
Landfill City of Buena Vista	306,542
Commercial and noncommercial customers	1,307,548
Miscellaneous	55,109
Total operating revenues	\$ 2,825,076
OPERATING EXPENSES	
Personal services	\$ 445,557
Fringe benefits	190,792
Contractual services	353,940
Other charges	279,673
Rent	4,679
Depreciation	503,472
Total operating expenses	\$ 1,778,113
Operating income (loss)	\$ 1,046,963
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	
Investment income	\$ 5,419
Bond issuance cost	(46,872)
Interest expense	(138,443)
Loss on disposal of property	(6,187)
Landfill closure costs and post-closure liability	704,192
Total nonoperating revenues (expenses)	\$ 518,109
Change in net position	\$ 1,565,072
Total net position - beginning	23,587
Total net position - ending	\$ 1,588,659

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

County of Rockbridge, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 9

	Enterprise Fund Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,006,174
Payments to suppliers	(791,118)
Payments to employees	(584,631)
Net cash provided by (used for) operating activities	<u>\$ 1,630,425</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (244,328)
Proceeds from revenue bonds issue	4,435,381
Principal paid on capital debt	(702,790)
Bond issuance cost	(46,872)
Interest expense	(284,646)
Landfill closure costs	<u>(2,147,997)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ 1,008,748</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>\$ 5,419</u>
Net increase (decrease) in cash and cash equivalents	\$ 2,644,592
Cash and cash equivalents - beginning - including restricted	4,987,265
Cash and cash equivalents - ending - including restricted	<u><u>\$ 7,631,857</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 1,046,963
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	503,472
(Increase) decrease in accounts receivable	94,206
(Increase) decrease in due from other funds	86,892
(Increase) decrease in deferred outflows of resources	(37,672)
Increase (decrease) in accounts payable	(152,826)
Increase (decrease) in compensated absences	6,263
Increase (decrease) in net OPEB liability	1,120
Increase (decrease) in net pension liability	91,937
Increase (decrease) in deferred inflows of resources	(9,930)
Net cash provided by (used for) operating activities	<u><u>\$ 1,630,425</u></u>
Schedule of non-cash capital and related financing activities:	
Landfill closure and post-closure costs	\$ (704,192)
Total non-cash capital and related financing activities	<u><u>\$ (704,192)</u></u>

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

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Exhibit 10

	Primary Government Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 144,218
Total assets	\$ 144,218
NET POSITION	
Restricted for drug enforcement	\$ 109,462
Restricted for commonwealth attorney forfeitures	34,756
Total liabilities	\$ 144,218

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Total</u>
ADDITIONS	
Asset forfeitures	\$ 25,886
Total additions	\$ <u>25,886</u>
DEDUCTIONS	
Safety equipment	\$ 42,130
Paid to state agencies	1,213
Total deductions	\$ <u>43,343</u>
Net increase (decrease) in fiduciary net position	\$ (17,457)
Net position, beginning of year, as restated	<u>161,675</u>
Net position, end of year	\$ <u><u>144,218</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements
June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

Blended component units - The Blue Ridge Resource Authority has been determined to be a component unit of Rockbridge County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are composed of the 5 Rockbridge County Board of Supervisors members and 2 appointed members from the Lexington City Council, thus the Authority's board is substantially the same as the Rockbridge County Board. The primary government has a financial benefit and burden relationship with the Authority and is able to impose its will on the Authority. Complete financial statements for the Authority may be obtained at the Authority's administrative office at 225 Landfill Road, Buena Vista, Virginia 24416.

Discretely Presented Component Units:

Rockbridge County School Board:

The School Board members are elected and are responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary local sources of funding are from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021.

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington City, Buena Vista City and Rockbridge County. The Rockbridge County Board of Supervisors appoints two (2) members to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member, respectively. The County of Rockbridge serves as the fiscal agent for the Jail Commission. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's five member Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Rockbridge County Treasurer serves as the fiscal agent for the Rockbridge Area Department of Social Services. The services provided to Rockbridge County and its residents amount to approximately 64% of the Rockbridge Area Social Services Board's annual operations. The Board is a legally separate organization, however the Board is included in the reporting entity because of the nature and significance of its relationship with the County of Rockbridge, Virginia. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Economic Development Authority:

The County created the Economic Development Authority to assist with economic endeavors. The Authority is comprised of seven members appointed by the Board of Supervisors. The Authority was created by resolution pursuant to state statute, and it is legally separate from the County. The County cannot impose its will on the Authority since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Authority. The Authority is fiscally independent, and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements.

Rockbridge Area Community Services Board:

The Rockbridge Area Community Services Board is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The Cities of Lexington and Buena Vista and the County of Rockbridge provide the financial support for the Board and appoint its governing Board in which is vested the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Summary financial information is included in Note 3 of these financial statements. Complete financial statements can be obtained from the Rockbridge Area Community Services Board offices: 241 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

B. Other Organizations (continued)

Maury Service Authority:

The Maury Service Authority is responsible for acquiring, financing, constructing, and maintaining facilities for the improvement, treatment, storage and transmission of potable water. The Maury Service Authority is considered an intergovernmental (joint) venture and therefore its operations are not included in the County's financial statements. The County of Rockbridge and the Cities of Lexington and Buena Vista appoint the Authority's Board of Directors. The City of Lexington and the Rockbridge Public Service Authority provide substantially all of the Authority's revenues. Summary financial information is included in Note 3 of these financial statements. Complete financial statements of the Maury Service Authority are available at the Authority's office at 130 Osage Lane, Lexington, Virginia 24450.

Rockbridge Regional Public Safety Communications Center:

The Rockbridge Regional Public Safety Communications Center is organized for the purpose of establishing a mutually beneficial basis for the use and operation of a consolidated public safety dispatch center for the County of Rockbridge and Cities of Lexington and Buena Vista, Virginia. The Cities of Buena Vista and Lexington and the County of Rockbridge appoint the Board of Directors and each provides substantially all of the Center's revenues. The City of Lexington serves as fiscal agent for the Center. The Center is not included in these financial statements because the County does not have ability to designate the management and exercise significant control over the operations of the entity. Summary financial information is included in Note 3 of these financial statements. Complete financial statements of the Rockbridge Regional Public Safety Communications Center are available at the Center's office at 300 E. Washington St., Lexington, Virginia 24450.

In addition, the Rockbridge Regional Industrial Development Authority, Rockbridge Regional Library, Rockbridge Area Network Authority, Rockbridge Area Recreation Organization, Regional Tourism Board, Regional Transit System Board, and Shenandoah Valley Detention Home Commission are considered intergovernmental (joint) ventures; therefore, their operations are not included in the County's financial report. Rockbridge County and the Cities of Lexington and Buena Vista provide financial support and appoint members to their governing bodies, in which is vested the administration and control over operations.

C. Government-wide and fund financial statements

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

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expenses – 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.

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

C. 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) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

D. 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.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in another fund. The general fund includes the activities of the central stores and the South River flood mitigation funds.

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any major special revenue funds to report for fiscal year 2021. Nonmajor special revenue funds include the Veterans Memorial and Employee Benefit funds.

The *capital projects funds* account for and report financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital project funds consist of the major County Capital Projects fund and the School Capital Projects fund, which is a nonmajor fund of the government.

The government reports the following major proprietary funds:

The *landfill fund* accounts for and reports the activities of the Blue Ridge Resource Authority, a blended component unit of the government.

Additionally, the government reports the following fund types:

Fiduciary (Trust and Custodial) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial Fiduciary funds include the Drug, and Commonwealth Attorney Forfeitures Funds.

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

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

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

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

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

1. *Cash and cash equivalents*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. *Receivables and payables*

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. *Inventories and prepaid items*

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on October 5th. The County bills and collects its own property taxes. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$340,383 at June 30, 2021 and is comprised solely of property taxes.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

5. *Restricted assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets in various accounts. \$724,562 is restricted for the payment of future closure and post-closure costs associated with the County's landfill. Additionally, the Landfill fund has restricted unspent bond proceeds of \$4,813,149. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

6. *Capital assets*

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the current year no interest was capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Machinery and equipment	5-10
Utility, plant and equipment	5-30

7. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

8. Long-term obligations

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

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

9. Fund equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

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

9. Fund equity (continued)

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

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

10. Net position

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

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

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

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

F. Investments

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

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Primary Government has two items that qualify for reporting in this category. The Primary Government shows a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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 Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

I. Pensions

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

J. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

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

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

K. Adoption of Accounting Principles

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes the criteria for identifying fiduciary activities for all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

	Government-wide Financial Statements		
	Component Units		
	Governmental Activities	School Board	Rockbridge Regional Jail Commission
Net Position as reported at June 30, 2020	\$ 38,861,973	\$ (8,561,351)	\$ 1,723,412
To reclassify funds previously reported as agency funds, as required due to implementation of GASB Statement No. 84	(66,144)	459,879	38,381
Net Position as restated at June 30, 2020	<u>\$ 38,795,829</u>	<u>\$ (8,101,472)</u>	<u>\$ 1,761,793</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

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

K. Adoption of Accounting Principles (continued)

The implementation of this Statement resulted in the following restatement of fund balances:

	Fund Financial Statements						Discretely Presented Component Unit School Board School Funds
	General Fund	Veterans Memorial Fund	Employee Benefit Fund	Fiduciary Funds			
				Drug Fund	Forfeitures Fund		
Fund balances as reported at June 30, 2020	\$ 28,991,154	\$ -	\$ -	\$ -	\$ -	\$ -	
Implementation of GASB No.84:							
To reclassify funds previously reported as agency funds	(77,655)	9,347	2,164	125,102	36,573	-	
To record the School Activity Funds as a special revenue fund	-	-	-	-	-	459,879	
Fund Balances as restated at June 30, 2020	\$ 28,913,499	\$ 9,347	\$ 2,164	\$ 125,102	\$ 36,573	\$ 459,879	

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The Board of Supervisors has authorized the County Administrator to revise appropriations for each department or category as needed to meet actual operational expenditures. The County Administrator is also authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

A. Budgetary information (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements are the revised budget as of June 30.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2021, no funds had expenditures exceeding appropriations:

C. Deficit fund equity

At June 30, 2021, there were no funds that showed deficit equity.

NOTE 3—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista, and the County of Rockbridge. Summary financial information for the Boards at June 30, 2021 is provided below:

	Maury Service Authority (1)	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 37,421,795	\$ 8,571,250	\$ 6,200,694
Total liabilities and deferred inflows of resources	11,152,764	4,604,285	6,061,962
Total net position	<u>\$ 26,269,031</u>	<u>\$ 3,966,965</u>	<u>\$ 138,732</u>
For the year ended June 30, 2021			
Operating revenue	\$ 4,370,691	\$ 4,269,220	\$ 1,594,384
Operating expenses	(4,420,271)	(7,727,188)	(1,637,917)
Nonoperating income (expense)	174,973	4,256,350	-
Change in net position	<u>\$ 125,393</u>	<u>\$ 798,382</u>	<u>\$ (43,533)</u>
Net position at beginning of year	26,143,638	3,168,583	182,265
Net position at end of year	<u>\$ 26,269,031</u>	<u>\$ 3,966,965</u>	<u>\$ 138,732</u>

(1) Maury Service Authority June 30, 2021 summary financial data was not available at the time of report issuance. June 30, 2020 data is presented above.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2021 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 467,406	\$ -	\$ -
Local sales taxes	652,785	-	-	-
Public assistance grants	-	-	-	91,744
Comprehensive services act	-	-	-	1,294,003
Communications tax	107,093	-	-	-
Auto rental tax	10,548	-	-	-
Victim witness grant	14,682	-	-	-
Shared expenses	187,455	-	141,212	-
Other	18,917	242,578	76,860	-
Federal Government:				
Violence against women	31,508			
Other	9,630	421,206	-	149,349
Other Governmental Units:				
City of Lexington	-	-	23,292	-
City of Buena Vista	-	-	102,675	-
County of Rockbridge	-	-	160,863	-
Totals	\$ 1,032,618	\$ 1,131,190	\$ 504,902	\$ 1,535,096

NOTE 5—INTERFUND OBLIGATIONS:

The purpose of interfund obligations due to/from component unit is to report the balance of local appropriations unspent at year-end due back to the respective funds. The purpose of interfund obligations due to/from other funds is to repay the general fund for expenditures related to the landfill and school capital projects.

Fund	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 2,947,580	\$ -
Component Unit Rockbridge		
Regional Jail Commission	-	91,199
Component Unit Rockbridge		
Area Social Services	-	932,424
Component Unit School Board	-	1,923,957
Total	\$ 2,947,580	\$ 2,947,580

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS:

Primary Government – Governmental Activities Indebtedness:

Changes in Long-Term Obligations:

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2021:

	Balance July 1, 2020	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Governmental Activities:				
Direct borrowings and direct placements				
General obligation bonds	\$ 31,060,353	\$ 3,465,000	\$ 2,154,438	\$ 32,370,915
Revenue bonds	15,420,000	9,755,000	9,215,000	15,960,000
Bond premium	2,645,984	489,125	1,224,131	1,910,978
Literary loan funds	360,000	-	180,000	180,000
Total direct borrowings and direct placements	<u>\$ 49,486,337</u>	<u>\$ 13,709,125</u>	<u>\$ 12,773,569</u>	<u>\$ 50,421,893</u>
Other long-term obligations				
Capital leases	4,724,000	-	294,000	4,430,000
Compensated absences	431,990	339,279	323,993	447,276
Net pension liabilities	4,011,141	2,794,265	1,653,342	5,152,064
Net OPEB liability	686,425	318,977	157,603	847,799
Total other long-term obligations	<u>\$ 9,853,556</u>	<u>\$ 3,452,521</u>	<u>\$ 2,428,938</u>	<u>\$ 10,877,139</u>
Total Governmental Activities	<u>\$ 59,339,893</u>	<u>\$ 17,161,646</u>	<u>\$ 15,202,507</u>	<u>\$ 61,299,032</u>
Business-type Activities:				
Direct borrowings and direct placements				
Revenue bonds	\$ 4,670,000	\$ 3,475,000	\$ 590,000	\$ 7,555,000
Bond premium	576,275	960,381	183,167	1,353,489
Total direct borrowings and direct placements	<u>\$ 5,246,275</u>	<u>\$ 4,435,381</u>	<u>\$ 773,167</u>	<u>\$ 8,908,489</u>
Other long-term obligations				
Capital leases	\$ 199,149	\$ -	\$ 112,790	\$ 86,359
Compensated absences	49,368	43,289	37,026	55,631
Net OPEB liabilities	34,318	10,659	9,539	35,438
Net pension liability	243,321	199,524	107,587	335,258
Landfill closure and post-closure care	6,132,111	-	2,003,401	4,128,710
Total other long-term obligations	<u>\$ 6,658,267</u>	<u>\$ 253,472</u>	<u>\$ 2,270,343</u>	<u>\$ 4,641,396</u>
Total Business-type Activities	<u>\$ 11,904,542</u>	<u>\$ 4,688,853</u>	<u>\$ 3,043,510</u>	<u>\$ 13,549,885</u>
Total Long-Term Obligations	<u>\$ 71,244,435</u>	<u>\$ 21,850,499</u>	<u>\$ 18,246,017</u>	<u>\$ 74,848,917</u>

The County's outstanding revenue bonds from direct borrowings and direct placements contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 12.2-2659 of the Code of Virginia, 1950 as amended.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Indebtedness: (continued)**

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

Year Ending June 30,	Direct Borrowings and Direct Placements							
	Revenue Bonds		General Obligation Bonds		Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 675,000	\$ 414,864	\$ 2,227,271	\$ 1,283,064	\$ 180,000	\$ 4,545	\$ 309,000	\$ 104,814
2023	705,000	386,177	2,305,253	1,224,806	-	-	325,000	97,503
2024	735,000	350,852	2,298,391	1,137,600	-	-	316,000	89,813
2025	920,000	324,512	2,075,000	1,063,818	-	-	324,000	82,337
2026	990,000	307,308	2,135,000	998,964	-	-	340,000	74,671
2027	1,005,000	288,304	1,915,000	937,863	-	-	357,000	66,627
2028	1,030,000	267,457	1,975,000	873,228	-	-	375,000	58,180
2029	1,055,000	245,173	2,045,000	802,273	-	-	382,000	49,307
2030	1,075,000	221,347	1,320,000	752,115	-	-	396,000	40,269
2031	1,105,000	195,492	1,350,000	560,820	-	-	415,000	30,900
2032	1,130,000	167,411	990,000	368,384	-	-	435,000	21,081
2033	1,155,000	138,569	1,025,000	334,980	-	-	456,000	10,789
2034	1,185,000	109,085	1,055,000	302,335	-	-	-	-
2035	1,215,000	77,880	1,085,000	269,700	-	-	-	-
2036	1,245,000	44,896	1,120,000	237,074	-	-	-	-
2037	360,000	21,119	1,155,000	204,405	-	-	-	-
2038	375,000	7,134	1,190,000	170,719	-	-	-	-
2039	-	-	1,225,000	135,384	-	-	-	-
2040	-	-	1,255,000	98,433	-	-	-	-
2041	-	-	1,295,000	60,398	-	-	-	-
2042	-	-	1,330,000	20,539	-	-	-	-
Total	\$ 15,960,000	\$ 3,567,580	\$ 32,370,915	\$ 11,836,902	\$ 180,000	\$ 4,545	\$ 4,430,000	\$ 726,291

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)****Details of Long-Term Obligations:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
<p>\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014. These bonds were partially refunded on November 18, 2020. The remaining amount not refunded is due in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through 2024</p>	\$ 1,530,000	\$ 490,000
<p>\$4,985,000, issued May 25, 2016 at a premium of \$835,950, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 3.796%-5.125%, through April 1, 2038</p>	4,675,000	185,000
<p>\$9,755,000, issued November 18, 2020 to partially refund the series 2013A \$11,760,000 bonds, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 793%-2.298%, through April 1, 2036</p>	<u>9,755,000</u>	<u>-</u>
Total revenue bonds	\$ <u>15,960,000</u>	\$ <u>675,000</u>
General obligation bonds:		
<p>\$1,500,000 issue dated May 17, 2001, payable in various annual principal installments, interest payable semi-annually at 4.79% on January 15, and July 15, through January 2022</p>	\$ 115,000	\$ 115,000
<p>\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023</p>	145,000	70,000
<p>\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028</p>	5,150,000	535,000
<p>\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024</p>	885,915	292,271
<p>\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025</p>	1,255,000	225,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Governmental Activities Obligations: (continued)**Details of Long-Term Details of Obligations: (continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	3,950,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	17,405,000	595,000
\$3,465,000 VPSA bonds issued May 11, 2021 at a premium of \$489,125, due in various annual principal installments, interest payable semi-annually at variable interest rates through January 15, 2042	3,465,000	-
Total general obligation bonds	\$ 32,370,915	\$ 2,227,271
Literary loans:		
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ 180,000	\$ 180,000
Total literary loans	\$ 180,000	\$ 180,000
Total direct borrowings and direct placements	\$ 48,510,915	\$ 3,082,271
Other long-term obligations:		
Capital leases:		
\$5,236,000 in lease revenue bonds issued September 29, 2017 payable in annual installments ranging from \$329,601 to \$466,789, with interest at 2.366%, through June 30, 2033	\$ 4,430,000	\$ 309,000
Total capital lease obligations	\$ 4,430,000	\$ 309,000
Unamortized bond premium	\$ 1,910,978	\$ 202,871
Net pension liability (payable from the General Fund)	\$ 5,152,064	\$ -
Net OPEB liabilities (payable from the General Fund)	\$ 847,799	\$ -
Compensated absences (payable from the General Fund)	\$ 447,276	\$ 111,819
Total other long-term obligations	\$ 12,788,117	\$ 623,690
Total long-term obligations	\$ 61,299,032	\$ 3,705,961

The County had no outstanding in-substance defeased debt as of June 30, 2021.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations:**

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

Year Ending June 30,	Landfill Fund			
	Direct Borrowings and Direct Placements			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2022	\$ 625,000	\$ 347,053	\$ 54,275	\$ 1,870
2023	655,000	314,353	32,084	931
2024	480,000	285,294	-	-
2025	510,000	259,925	-	-
2026	535,000	233,297	-	-
2027	560,000	205,638	-	-
2028	595,000	176,741	-	-
2029	620,000	146,781	-	-
2030	650,000	115,288	-	-
2031	685,000	81,953	-	-
2032	180,000	60,538	-	-
2033	185,000	52,484	-	-
2034	140,000	45,956	-	-
2035	145,000	40,503	-	-
2036	150,000	34,869	-	-
2037	155,000	29,053	-	-
2038	160,000	23,056	-	-
2039	170,000	16,775	-	-
2040	175,000	10,209	-	-
2041	180,000	3,438	-	-
Total	\$ 7,555,000	\$ 2,483,204	\$ 86,359	\$ 2,801

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government – Business-type Activities Obligations: (continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
VRA 2012A Revenue Bond totaling \$655,000. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 465,000	\$ 30,000
VRA 2016A Revenue Bond totaling \$5,710,000, issued at a premium of \$856,329. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.792% to 5.125% beginning October 1, 2017 through April 1, 2041.	<u>3,615,000</u>	<u>595,000</u>
VRA 2020 Revenue Bond totaling \$3,475,000, issued at a premium of \$960,381. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest at 5.125% beginning April 1, 2021 through April 1, 2031.	<u>3,475,000</u>	<u>-</u>
Total direct borrowings and direct placements	\$ <u>7,555,000</u>	\$ <u>625,000</u>
Other long-term obligations:		
Capital leases:		
\$259,100 issued December 15, 2017 for the purchase of a bulldozer, due in monthly payments of \$4,679 through November 20, 2022, interest at 3.2%.	\$ 86,359	\$ 54,275
Total capital leases	\$ <u>86,359</u>	\$ <u>54,275</u>
Unamortized bond premium	\$ <u>1,353,489</u>	\$ <u>89,778</u>
Landfill closure and post-closure liability	\$ <u>4,128,710</u>	\$ <u>-</u>
Net pension liability	\$ <u>335,258</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>35,438</u>	\$ <u>-</u>
Compensated absences	\$ <u>55,631</u>	\$ <u>16,439</u>
Total other long-term obligations	\$ <u>5,994,885</u>	\$ <u>160,492</u>
Total long-term obligations	\$ <u>13,549,885</u>	\$ <u>785,492</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Public Service Authority:**Changes in long-term Obligations:

	Balance June 30, 2020	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct borrowings and direct placements:				
Revenue bonds	\$ 9,137,629	\$ -	\$ 946,130	\$ 8,191,499
Total direct borrowings and direct placements	\$ 9,137,629	\$ -	\$ 946,130	\$ 8,191,499
Other long-term obligations:				
Advances	\$ 3,507,980	\$ 332,012	\$ -	\$ 3,839,992
Net pension liability	-	205,928	74,006	131,922
Net OPEB liabilities	51,662	10,109	8,893	52,878
Compensated absences	53,724	455	13,431	40,748
Total other long-term obligations	\$ 3,613,366	\$ 548,504	\$ 96,330	\$ 4,065,540
Totals	\$ 12,750,995	\$ 548,504	\$ 1,042,460	\$ 12,257,039

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

Year Ending June 30,	Direct Borrowings and Direct Placements Revenue Bonds	
	Principal	Interest
2022	\$ 957,216	\$ 120,853
2023	893,388	111,411
2024	898,576	105,349
2025	904,794	99,130
2026	912,040	92,719
2027	573,255	86,083
2028	234,497	79,255
2029	241,827	72,233
2030	249,186	64,985
2031	256,575	57,509
2032-2036	750,810	188,134
2037-2041	389,441	128,238
2042-2046	433,660	84,379
2047-2051	319,357	38,290
2052-2056	116,752	16,687
2057-2059	60,125	2,029
Total	\$ 8,191,499	\$ 1,347,284

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit – Rockbridge County Public Service Authority: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	\$ 70,000	\$ 70,000
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	3,795,643	690,117
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,644,495	44,442
\$2,461,000 Bank Qualified Sewer System Revenue Bonds, Series 2018 payable through April 1, 2033, with interest at .290% payable in semi-annual installments.	2,060,000	143,000
\$637,000 Water System Revenue Bonds, Series 2018 issued October 30, 2018 issued through the United States Department of Agriculture, payable annually through October 30, 2028, stated interest rate of 2.75%.	621,361	9,657
Total direct borrowings and direct placements	\$ <u>8,191,499</u>	\$ <u>957,216</u>
Other long-term obligations:		
Advances (payable from the Water Fund):		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	\$ 3,839,992	\$ -
Compensated absences	40,748	40,748
Net pension liability	131,922	-
Net OPEB liabilities	52,878	-
Total other long-term obligations	\$ <u>4,065,540</u>	\$ <u>40,748</u>
Total long-term obligations	\$ <u>12,257,039</u>	\$ <u>997,964</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge County Regional Jail Commission:****Changes in long-term Obligations:**

	Balance June 30, 2020	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Net OPEB liability (payable from Rockbridge County Regional Jail Commission)	\$ 233,694	\$ 64,965	\$ 102,402	\$ 196,257
Net pension liability (payable from Rockbridge County Regional Jail Commission)	1,191,515	768,504	522,217	1,437,802
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	256,484	31,793	64,121	224,156
Total Long-Term Obligations	<u>\$ 1,681,693</u>	<u>\$ 865,262</u>	<u>\$ 688,740</u>	<u>\$ 1,858,215</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability	\$ 1,437,802	\$ -
Net OPEB liability	\$ 196,257	\$ -
Compensated absences	\$ 224,156	\$ 56,039
Total obligations	<u>\$ 1,858,215</u>	<u>\$ 56,039</u>

Component Unit – Rockbridge Area Social Services Board:**Changes in long-term Obligations:**

	Balance July 1, 2020	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Net OPEB liability (payable from Rockbridge Regional Social Services Board)	\$ 98,644	\$ 35,558	\$ 36,595	\$ 97,607
Compensated Absences (payable from Rockbridge Area Social Services Board)	90,481	62,856	67,861	85,476
Total Long-Term Obligations	<u>\$ 189,125</u>	<u>\$ 98,414</u>	<u>\$ 104,456</u>	<u>\$ 183,083</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**Component Unit – Rockbridge Area Social Services Board: (continued)****Details of long-term obligations:**

	Total Amount	Amount Due Within One Year
Net OPEB liability	\$ 97,607	\$ -
Compensated absences	85,476	21,369
Total obligations	<u>\$ 183,083</u>	<u>\$ 21,369</u>

Component Unit-School Board:

The following is a summary of long-term obligation transactions of the School Board Component Unit for the year ended June 30, 2021:

	Balance July 1, 2020	Additions/ Issuances	Deductions/ Retirements	Balance June 30, 2021
Net pension liability	\$ 27,466,106	\$ 11,063,522	\$ 8,418,954	\$ 30,110,674
Net OPEB liabilities	9,946,007	1,508,008	1,116,033	10,337,982
Compensated absences	353,796	206,707	212,278	348,225
Total	<u>\$ 37,765,909</u>	<u>\$ 12,778,237</u>	<u>\$ 9,747,265</u>	<u>\$ 40,796,881</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability (payable from the School Fund)	\$ 30,110,674	\$ -
Net OPEB liabilities	10,337,982	-
Compensated absences (payable from the School Fund)	348,225	87,056
Total long-term obligations	<u>\$ 40,796,881</u>	<u>\$ 87,056</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	120	105
Inactive members:		
Vested inactive members	20	17
Non-vested inactive members	35	28
Inactive members active elsewhere in VRS	48	21
Total inactive members	103	66
Active members	164	61
Total covered employees	387	232

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Contributions

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

The Primary Government's contractually required employer contribution rate for the year ended June 30, 2021 was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$885,707 and \$759,952 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit Rockbridge Regional Jail Commission's contractually required employer contribution rate for the year ended June 30, 2021 was 15.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Rockbridge Regional Jail Commission were \$246,411 and \$205,930 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 5.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$61,121 and \$78,259 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Primary Government's, Component Unit Rockbridge Regional Jail Commission's and Component Unit School Board's (nonprofessional) net pension liabilities (asset) were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities (asset) were determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Primary Government's, Component Unit Rockbridge Regional Jail Commission's, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Primary Government's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study, and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the County, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 30,501,714	\$ 26,247,252	\$ 4,254,462
Changes for the year:			
Service cost	\$ 887,690	\$ -	\$ 887,690
Interest	2,027,193	-	2,027,193
Differences between expected and actual experience	(187,331)	-	(187,331)
Impact of change in proportion	436,005	375,190	60,815
Contributions - employer	-	766,489	(766,489)
Contributions - employee	-	300,110	(300,110)
Net investment income	-	506,999	(506,999)
Benefit payments, including refunds	(1,810,450)	(1,810,450)	-
Administrative expenses	-	(17,497)	17,497
Other changes	-	(594)	594
Net changes	\$ 1,353,107	\$ 120,247	\$ 1,232,860
Balances at June 30, 2020	\$ 31,854,821	\$ 26,367,499	\$ 5,487,322

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)***Changes in Net Pension Liability (continued)***

	Component Unit Rockbridge Regional Jail Commission		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 8,542,380	\$ 7,350,865	\$ 1,191,515
Changes for the year:			
Service cost	\$ 232,595	\$ -	\$ 232,595
Interest	531,170	-	531,170
Differences between expected and actual experience	(49,085)	-	(49,085)
Changes of assumptions	-	-	-
Impact of change in proportion	(436,006)	(375,190)	(60,816)
Contributions - employer	-	200,837	(200,837)
Contributions - employee	-	78,635	(78,635)
Net investment income	-	132,845	(132,845)
Benefit payments, including refunds	(474,378)	(474,378)	-
Administrative expenses	-	(4,584)	4,584
Other changes	-	(156)	156
Net changes	\$ (195,704)	\$ (441,991)	\$ 246,287
Balances at June 30, 2020	\$ 8,346,676	\$ 6,908,874	\$ 1,437,802

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset) (continued)

	Component School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 7,644,264	\$ 7,662,681	\$ (18,417)
Changes for the year:			
Service cost	\$ 127,425	\$ -	\$ 127,425
Interest	498,265	-	498,265
Differences between expected and actual experience	(37,817)	-	(37,817)
Contributions - employer	-	78,393	(78,393)
Contributions - employee	-	61,419	(61,419)
Net investment income	-	142,613	(142,613)
Benefit payments, including refunds	(525,108)	(525,108)	-
Administrative expenses	-	(5,145)	5,145
Other changes	-	(167)	167
Net changes	\$ 62,765	\$ (247,995)	\$ 310,760
Balances at June 30, 2020	\$ 7,707,029	\$ 7,414,686	\$ 292,343

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability	\$ 9,331,999	\$ 5,487,322	\$ 2,272,518
Component Unit Rockbridge Regional Jail Commission Net Pension Liability	\$ 2,445,193	\$ 1,437,802	\$ 595,451
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,038,609	\$ 292,343	\$ (342,446)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2021, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) recognized pension expense of \$1,404,323, \$355,161 and \$90,857, respectively. At June 30, 2021, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Regional Jail Commission		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209,848	\$ 135,773	\$ 58,771	\$ 35,575	\$ -	\$ 10,996
Change in assumptions	347,834	-	97,415	-	-	-
Net difference between projected and actual earnings on pension plan investments	796,759	-	200,255	-	221,799	-
Impact of change in proportional allocation	50,047	-	-	50,047	-	-
Employer contributions subsequent to the measurement date	885,707	-	246,411	-	61,121	-
Total	\$ 2,290,195	\$ 135,773	\$ 602,852	\$ 85,622	\$ 282,920	\$ 10,996

\$885,707, \$246,411 and \$61,121 reported as deferred outflows of resources related to pensions resulting from the Primary Government's, Component Unit Regional Jail Commission'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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board (Nonprofessional)
2022	\$ 400,193	\$ 64,994	\$ (10,358)
2023	358,162	90,995	71,169
2024	257,500	48,575	77,705
2025	252,860	66,255	72,287

Pension Plan Data

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,838,183 and \$2,722,770 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$29,818,331 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was .20490% as compared to .20870% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$3,247,865. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

At June 30, 2021, 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	\$ -	\$ 1,747,814
Change in assumptions	2,035,475	-
Net difference between projected and actual earnings on pension plan investments	2,268,014	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	332,004	478,464
Employer contributions subsequent to the measurement date	2,838,183	-
Total	\$ 7,473,676	\$ 2,226,278

\$2,838,183 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2022	\$ (34,659)
2023	777,000
2024	1,004,039
2025	718,609
2026	(55,774)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 7—PENSION PLANS: (CONTINUED)**Component Unit School Board (professional) (continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 43,750,188	\$ 29,818,331	\$ 18,294,923

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board***Aggregate Pension Information***

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 2,290,195	\$ 135,773	\$ 5,487,322	\$ 1,404,323
Component Unit School Board				
School Board Nonprofessional	282,920	10,996	292,343	90,857
School Board Professional	7,473,676	2,226,278	29,818,331	3,247,865
Total Component Unit School Board	\$ 7,756,596	\$ 2,237,274	\$ 30,110,674	\$ 3,338,722
Component Unit Regional Jail Commission	\$ 602,852	\$ 85,622	\$ 1,437,802	\$ 335,161
Total VRS Pension Plans	\$ 10,046,791	\$ 2,373,047	\$ 35,597,996	\$ 4,743,045

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Primary Government contributions to the Group Life Insurance Plan were \$32,330 and \$31,887 for the years ended June 30, 2021 and June 30, 2020, respectively. Component Unit Rockbridge Regional Jail Commission contributions to the Group Life Insurance Plan were \$8,994 and \$8,930 for the years ended June 30, 2021 and June 30, 2020, respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$6,567 and \$6,730, for the years ended June 30, 2021 and June 30, 2020, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$94,478 and \$92,378, for the years ended June 30, 2021 and June 30, 2020 respectively.

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

At June 30, 2021, the Primary Government reported a liability of \$497,237 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .02980% as compared to 0.02930% at June 30, 2019.

At June 30, 2021, the Component Unit Rockbridge Regional Jail Commission reported a liability of \$139,257 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2020, the participating employer's proportion was .00834% as compared to 0.00766% at June 30, 2019.

At June 30, 2021, the School Board reported liability of \$104,970 for nonprofessional employees and \$1,440,540 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2020 the participating employer's proportion for nonprofessional employees was 0.00630% as compared to 0.00662% at June 30, 2019. At June 30, 2020, the participating employer's proportion for School Board professional employees was 0.08630% as compared to 0.08890% at June 30, 2019.

For the year ended June 30, 2021, the Primary Government recognized GLI OPEB expense of \$25,917, while the Component Unit Rockbridge Regional Jail recognized GLI OPEB expense of \$7,259. The School Board recognized GLI OPEB expense of (\$567), and \$52,693 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

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

	Primary Government		Component Unit	
			Rockbridge	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Regional Jail Commission Deferred Outflows of Resources	Commission Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,893	\$ 4,466	\$ 8,932	\$ 1,251
Net difference between projected and actual earnings on GLI OPEB plan investments	14,937	-	4,183	-
Change in assumptions	24,868	10,382	6,964	2,908
Changes in proportion	27,167	-	7,609	-
Employer contributions subsequent to the measurement date	32,330	-	8,994	-
Total	<u>\$ 131,195</u>	<u>\$ 14,848</u>	<u>\$ 36,682</u>	<u>\$ 4,159</u>

\$32,330 and \$8,994 for the Primary Government and Component Unit Rockbridge Regional Jail Commission, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government		Component Unit	
Year Ended June 30,		Rockbridge Regional Jail Commission	
		Year Ended June 30,	
2022	\$ 14,446	2022	\$ 4,045
2023	18,663	2023	5,227
2024	21,837	2024	6,116
2025	21,184	2025	5,932
2026	7,087	2026	1,985
Thereafter	800	Thereafter	224

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

	Component Unit			
	School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,733	\$ 943	\$ 92,397	\$ 12,940
Net difference between projected and actual earnings on GLI OPEB plan investments	3,153	-	43,273	-
Change in assumptions	5,250	2,192	72,044	30,079
Changes in proportion	-	16,373	19,292	38,107
Employer contributions subsequent to the measurement date	6,567	-	94,478	-
Total	\$ 21,703	\$ 19,508	\$ 321,484	\$ 81,126

\$6,567 and \$94,478 for the School Board nonprofessional and professional employees, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit			
School Board			
Nonprofessional Employees		Professional Employees	
Year Ended June 30,		Year Ended June 30,	
2022	\$ (2,989)	2022	\$ 19,457
2023	(2,099)	2023	31,677
2024	(296)	2024	43,570
2025	1,354	2025	45,022
2026	(215)	2026	6,784
Thereafter	(127)	Thereafter	(630)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 653,656	\$ 497,237	\$ 370,210
Regional Jail's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 183,064	\$ 139,257	\$ 103,682
School Board's proportionate share of the GLI Plan Net OPEB			
Liability-nonprofessional employees	\$ 137,991	\$ 104,970	\$ 78,154
School Board's proportionate share of the GLI Plan Net OPEB			
Liability-professional employees	\$ 1,893,700	\$ 1,440,540	\$ 1,072,531

GLI Program Fiduciary Net Position

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$211,463 and \$213,181 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$2,643,472 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was .20260% as compared to 0.20668% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$213,263. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, 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	\$ -	\$ 35,303
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	11,715	-
Change in assumptions	52,258	14,443
Change in proportionate share	33,074	59,657
Employer contributions subsequent to the measurement date	211,463	-
Total	\$ 308,510	\$ 109,403

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

\$211,463 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2022	\$ (3,220)
2023	(2,059)
2024	(2,448)
2025	(112)
2026	2,650
Thereafter	(7,167)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Teacher employees	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability (continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 9—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,959,091	\$ 2,643,472	\$ 2,375,219

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 7, the Primary Government administers a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

The School Board also administers a single-employer defined benefit healthcare plan, the Rockbridge County School Board OPEB Plan. Similar to the Rockbridge County OPEB Plan, this plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The School Board plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Primary Government who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 5 years of service with the Primary Government. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits if they have at least 10 years of services with the School Board.

Plan Membership

At July 1, 2020 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board
Total active employees with coverage	142	36	412
Total retirees with coverage	8	0	23
Total	150	36	435

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2021 was \$38,000. The amount paid by the Component Unit Rockbridge Regional Jail Commission during the year ended June 30, 2021 under the County plan was \$1,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$250,000.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2020. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 2.45%
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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

Discount Rate

The discount rate has been set to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020. The final equivalent single discount rate used for this year's valuation is 7.00% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

		Component Unit	
	Primary Government Total OPEB Liability	Rockbridge Regional Jail Total OPEB Liability	School Board Total OPEB Liability
Balances at July 1, 2019	\$ 244,000	\$ 109,000	\$ 5,686,000
Changes for the year:			
Service cost	18,000	9,000	213,000
Interest	7,000	4,000	181,000
Difference between expected and actual experience	131,000	(68,000)	(16,000)
Changes in assumptions	24,000	4,000	335,000
Benefit payments	(38,000)	(1,000)	(250,000)
Net changes	142,000	(52,000)	463,000
Balances at July 1, 2020	\$ 386,000	\$ 57,000	\$ 6,149,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	Rate		
	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Primary Government			
\$	424,045	\$ 386,000	\$ 352,710
Component Unit Rockbridge Regional Jail Commission			
\$	62,618	\$ 57,000	\$ 52,084
Component Unit School Board			
\$	6,665,000	\$ 6,149,000	\$ 5,668,000

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

The following presents the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit 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 or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.00% decreasing to 4.00%)	Healthcare Cost Trend (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Primary Government			
\$	346,369	\$ 386,000	\$ 434,349
Component Unit Rockbridge Regional Jail Commission			
\$	51,148	\$ 57,000	\$ 64,140
Component Unit School Board			
\$	5,457,000	\$ 6,149,000	\$ 6,961,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2021, the Primary Government recognized OPEB expense in the amount of \$53,000. The Component Unit Rockbridge Regional Jail recognized OPEB expense in the amount of \$1,000. The School Board recognized OPEB expense in the amount of \$356,000. At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Component Unit					
	Primary Government		Rockbridge Regional Jail Commission		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,386	\$ 19,022	\$ 6,554	\$ 2,809	\$ 64,000	\$ 207,000
Changes in assumptions	28,533	8,719	4,214	1,287	425,000	244,000
Employer contributions subsequent to the measurement date	31,705	-	4,682	-	250,000	-
Total	<u>\$ 104,624</u>	<u>\$ 27,741</u>	<u>\$ 15,450</u>	<u>\$ 4,096</u>	<u>\$ 739,000</u>	<u>\$ 451,000</u>

\$31,705, \$4,682, and \$250,000 reported as deferred outflows of resources related to OPEB resulting from the Primary Government's, Rockbridge Regional Jail Commission's, and School Board's respective contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Component Unit		
	Primary Government	Rockbridge Regional Jail Commission	School Board (Nonprofessional)
2022	\$ 3,963	\$ 585	\$ (43,000)
2023	3,963	585	(43,000)
2024	11,889	1,756	(43,000)
2025	15,852	2,341	98,000
2026	9,511	1,405	52,000
Thereafter	-	-	17,000

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 11—DEFERRED/UNAVAILABLE REVENUE PROPERTY TAXES AND INFLOWS/OUTFLOWS OF RESOURCES:

Deferred revenue / unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$9,913,715 and \$11,200,863 respectively, is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,287,148
2nd half assessments due in December	9,344,447	9,344,447
Prepaid property taxes due after June 30 but paid in advance by taxpayers	569,268	569,268
Total unavailable/deferred revenue	\$ 9,913,715	\$ 11,200,863

Unearned revenue of the Primary Government is comprised of prepaid Department of Motor Vehicle fees in the amount of \$2,626, and \$2,192,271 in Coronavirus Relief Funds unspent as of June 30, 2021.

NOTE 12—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 13—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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 13—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments:

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

Credit Risk of Debt Securities

The County investment policy for credit risk is consistent with the investments allowed by statutes as detailed above.

The County and its discretely presented component units rated debt investments as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 2,400,129
SNAP External Investment Pool	7,917,240
Total	<u>\$ 10,317,369</u>

External Investment Pool

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

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County's investments are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity</u>
		<u>Less than 1 year</u>
Local Government Investment Pool	\$ 2,400,129	\$ 2,400,129
SNAP External Investment Pool	7,917,240	7,917,240
Total	<u>\$ 10,317,369</u>	<u>\$ 10,317,369</u>

NOTE 14—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 15—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,790,211	\$ -	\$ -	\$ -	\$ 1,790,211
Construction in progress	58,784	2,346,016	-	-	2,404,800
Total capital assets not being depreciated	\$ 1,848,995	\$ 2,346,016	\$ -	\$ -	\$ 4,195,011
Capital assets being depreciated:					
Buildings and improvements	\$ 79,769,935	\$ -	\$ -	\$ (2,673,585)	\$ 77,096,350
Machinery and equipment	4,119,220	600,851	-	-	4,720,071
Total capital assets being depreciated	\$ 83,889,155	\$ 600,851	\$ -	\$ (2,673,585)	\$ 81,816,421
Accumulated depreciation:					
Buildings and improvements	\$ (17,854,632)	\$ (1,972,207)	\$ -	\$ 749,118	\$ (19,077,721)
Machinery and equipment	(3,225,072)	(316,389)	-	-	(3,541,461)
Total accumulated depreciation	\$ (21,079,704)	\$ (2,288,596)	\$ -	\$ 749,118	\$ (22,619,182)
Total capital assets being depreciated, net	\$ 62,809,451	\$ (1,687,745)	\$ -	\$ (1,924,467)	\$ 59,197,239
Governmental activities capital assets, net	\$ 64,658,446	\$ 658,271	\$ -	\$ (1,924,467)	\$ 63,392,250
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 531,037	\$ -	\$ -	\$ -	\$ 531,037
Construction in progress	-	290,441	-	-	290,441
Total capital assets not being depreciated	\$ 531,037	\$ 290,441	\$ -	\$ -	\$ 821,478
Capital assets being depreciated:					
Buildings and improvements	\$ 8,274,321	\$ -	\$ -	\$ -	\$ 8,274,321
Machinery and equipment	2,066,816	-	(9,900)	-	2,056,916
Total capital assets being depreciated	\$ 10,341,137	\$ -	\$ (9,900)	\$ -	\$ 10,331,237
Accumulated depreciation:					
Buildings and improvements	\$ (1,756,192)	\$ (274,874)	\$ -	\$ -	\$ (2,031,066)
Machinery and equipment	(1,126,662)	(228,598)	3,713	-	(1,351,547)
Total accumulated depreciation	\$ (2,882,854)	\$ (503,472)	\$ 3,713	\$ -	\$ (3,382,613)
Total capital assets being depreciated, net	\$ 7,458,283	\$ (503,472)	\$ (6,187)	\$ -	\$ 6,948,624
Business-type activities capital assets, net	\$ 7,989,320	\$ (213,031)	\$ (6,187)	\$ -	\$ 7,770,102

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 15—CAPITAL ASSETS: (CONTINUED)**Primary Government: (continued)**

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

Governmental activities:

General government administration	\$	1,090,328
Judicial administration		12,773
Public safety		227,706
Public works		96,462
Parks, recreation, and cultural		17,077
Education		844,250
Total depreciation expense-governmental activities	\$	<u>2,288,596</u>

Business-type activities:

Blue Ridge Resource Authority	\$	<u>503,472</u>
Total depreciation expense-business-type activities	\$	<u>503,472</u>

Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Reclassifications	Ending Balance
Capital assets not being depreciated:					
Land	\$ 117,555	\$ -	\$ -	\$ -	\$ 117,555
Construction in progress	<u>164,017</u>	<u>114,735</u>	<u>-</u>	<u>-</u>	<u>278,752</u>
Total capital assets not being depreciated	\$ <u>281,572</u>	\$ <u>114,735</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>396,307</u>
Capital assets being depreciated:					
Buildings and improvements	\$ 47,176,086	\$ 18,717	\$ -	\$ 2,673,585	\$ 49,868,388
Machinery and equipment	<u>8,867,559</u>	<u>1,192,555</u>	<u>-</u>	<u>-</u>	<u>10,060,114</u>
Total capital assets being depreciated	\$ <u>56,043,645</u>	\$ <u>1,211,272</u>	\$ <u>-</u>	\$ <u>2,673,585</u>	\$ <u>59,928,502</u>
Accumulated depreciation:					
Buildings and improvements	\$ (24,602,026)	\$ (1,137,781)	\$ -	\$ (749,118)	\$ (26,488,925)
Machinery and equipment	<u>(6,228,850)</u>	<u>(715,639)</u>	<u>-</u>	<u>-</u>	<u>(6,944,489)</u>
Total accumulated depreciation	\$ <u>(30,830,876)</u>	\$ <u>(1,853,420)</u>	\$ <u>-</u>	\$ <u>(749,118)</u>	\$ <u>(33,433,414)</u>
Total capital assets being depreciated, net	\$ <u>25,212,769</u>	\$ <u>(642,148)</u>	\$ <u>-</u>	\$ <u>1,924,467</u>	\$ <u>26,495,088</u>
School Board capital assets, net	\$ <u>25,494,341</u>	\$ <u>(527,413)</u>	\$ <u>-</u>	\$ <u>1,924,467</u>	\$ <u>26,891,395</u>

Depreciation expense for the year ended June 30, 2021 was \$1,853,420.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 15—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. 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 fiscal 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 Rockbridge, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$36,086,025 are reported in the Primary Government for financial reporting purposes. During fiscal year 2021, debt financed assets in the amount of \$1,924,467 were removed from the governmental activities building and improvements and added to the School Board building and improvements as the result of principal payments on the related debt.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

Capital asset activity for the Social Services Board for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment and vehicles	\$ 203,326	\$ -	\$ 203,326
Total capital assets being depreciated	\$ 203,326	\$ -	\$ 203,326
Accumulated depreciation:			
Equipment and vehicles	\$ (198,958)	\$ (4,368)	\$ (203,326)
Total accumulated depreciation	\$ (198,958)	\$ (4,368)	\$ (203,326)
Net capital assets	\$ 4,368	\$ (4,368)	\$ -

Depreciation expense for the year ended June 30, 2021 was \$4,368.

Component Unit—Rockbridge Regional Jail Commission:

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 6,036,798	\$ -	\$ -	\$ 6,036,798
Machinery and equipment	353,936	171,610	(19,064)	506,482
Total capital assets being depreciated	\$ 6,390,734	\$ 171,610	\$ (19,064)	\$ 6,543,280
Accumulated depreciation:				
Buildings and improvements	\$ (3,450,569)	\$ (157,251)	\$ -	\$ (3,607,820)
Machinery and equipment	(241,515)	(48,030)	19,064	(270,481)
Total accumulated depreciation	\$ (3,692,084)	\$ (205,281)	\$ 19,064	\$ (3,878,301)
Total capital assets being depreciated, net	\$ 2,698,650	\$ (33,671)	\$ -	\$ 2,664,979
Jail Commission capital assets, net	\$ 2,698,650	\$ (33,671)	\$ -	\$ 2,664,979

Depreciation expense for the year ended June 30, 2021 totaled \$205,281.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 15—CAPITAL ASSETS: (CONTINUED)**Component Unit—Rockbridge County Public Service Authority:**

A summary of changes in capital assets for the year ended June 30, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 410,596	\$ -	\$ -	\$ 410,596
Construction in progress	791,080	2,645,371	(3,436,451)	-
Total capital assets not being depreciated	\$ 1,201,676	\$ 2,645,371	\$ (3,436,451)	\$ 410,596
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	762,629	184,602	-	947,231
Utility plant and equipment	39,482,971	3,524,119	-	43,007,090
Capital assets being depreciated	\$ 40,422,466	\$ 3,708,721	\$ -	\$ 44,131,187
Accumulated depreciation				
Buildings and improvements	\$ (127,432)	\$ (4,421)	\$ -	\$ (131,853)
Machinery and equipment	(724,880)	(45,147)	-	(770,027)
Utility plant and equipment	(16,717,585)	(964,232)	-	(17,681,817)
Total accumulated depreciation	\$ (17,569,897)	\$ (1,013,800)	\$ -	\$ (18,583,697)
Capital assets being depreciated, net	\$ 22,852,569	\$ 2,694,921	\$ -	\$ 25,547,490
Capital assets, net Public Service Authority	\$ 24,054,245	\$ 5,340,292	\$ (3,436,451)	\$ 25,958,086

Depreciation expense for the fiscal year totaled \$1,013,800.

THIS SPACE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 16—ADVANCES TO/FROM PARTICIPATING ENTITIES:

The general fund has established an asset for advances to other entities in the amount of \$4,111,765. This is comprised of advances to the component unit Rockbridge County Public Service Authority, Rockbridge Area Net Authority and the Blue Ridge Resource Authority in the amounts of \$3,507,980, \$253,785, and \$350,000, respectively.

The Blue Ridge Resource Authority has established a liability for advances from participating localities as follows:

	Balance July 1, 2020	Increase (Decrease)	Balance June 30, 2021
Rockbridge County	\$ 350,000	\$ -	\$ 350,000
Total	\$ 350,000	\$ -	\$ 350,000

NOTE 17—LANDFILL CLOSURE AND POST-CLOSURE CARE COST:

The Blue Ridge Resource Authority owns the only permitted landfill site within the County of Rockbridge. The Cities of Lexington and Buena Vista also use the landfill site. Landfill costs are prorated to each jurisdiction based on tonnage of solid waste accepted each month. The Blue Ridge Resource Authority is responsible for the management and operation of the landfill. Rockbridge County's share of tonnage has historically been approximately 70%, the City of Lexington's share has been approximately 20%, and Buena Vista's approximately 10%.

State and federal laws and regulations require the Blue Ridge Resource Authority to place a final cover on the landfill site when it is filled to capacity or stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Blue Ridge Resource Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity at each balance sheet date.

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The \$4,128,710 reported as accrued closure and post-closure liability at June 30, 2021 represents the cumulative amount reported for closure and post closure of the landfill which has reached full capacity (\$851,332), and the estimated closure and post closure liability for the new landfill cell based on the estimated use of capacity as of June 30, 2021 (approximately 88.33%, or \$3,277,378). The estimated total current cost of the landfill closure and post-closure care of \$4,561,572 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 18—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service through April 2028. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2021, the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$557,626.

The Component Unit Rockbridge Area Social Services Board reported a balance due to the Cities of Buena Vista and Lexington of \$47,920 as of June 30, 2021, which represents the net balance owed to the two Cities. The balance due to the Cities consists of administrative costs due from the Cities of \$15,929 and CSA pool reimbursements due to the Cities of \$63,849.

NOTE 19—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2021:

	Amount
Department of Treasury - Division of Risk Management	
Michelle M. Trout, Clerk of the Circuit Court	\$ 230,000
Betty S. Trovato, Treasurer	400,000
David C. Whitesell, Commissioner of the Revenue	3,000
G.S. Funkhouser, Sheriff	30,000
Above constitutional officers' employees-blanket bond	50,000
VACORP	
Rhonda Humphries, Clerk of the School Board	250,000
Blanket position - all employees	250,000

NOTE 20—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 282,387
County Capital Projects Fund	282,387	-
Total	\$ 282,387	\$ 282,387

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 21—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Enterprise Fund Landfill Fund
Operating revenue	\$ 2,825,076
Depreciation and amortization	503,472
Operating income (loss)	1,046,963
Property, plant and equipment additions	244,328
Net working capital	904,852
Total assets	15,500,687
Long-term liabilities	13,549,885
Net position	1,588,659

NOTE 22—CAPITAL LEASES:

The government has financed the acquisition of landfill equipment and school energy improvements by means of capital leases. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at their present values of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Machinery and equipment	\$ -	\$ 936,931
Construction in progress- School energy project	5,236,000	-
Accumulated depreciation	(351,560)	(626,100)
Total	\$ 4,884,440	\$ 310,831

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, are as follows:

Year Ended June 30,	Governmental Activities	Business-type Activities
2022	\$ 413,814	\$ 56,145
2023	422,503	33,015
2024	405,813	-
2025	406,337	-
Thereafter	3,507,824	-
Amount representing interest	(726,291)	(2,801)
Present value of minimum lease payments	\$ 4,430,000	\$ 86,359

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 23—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2020 in the amount of \$1,923,796. The amount to be paid on January 1, 2022, and which is not included in the financial statements, totals \$2,071,144 for the fiscal year ended June 30, 2021.

The County has guaranteed debt issued by the Maury Service Authority (MSA) for the construction and upgrades of its current wastewater treatment plant. The MSA's debt totaled \$3,553,094 as of June 30, 2021 and is scheduled to be completely retired by June 2031. The County paid \$161,504 to the MSA in fiscal year 2021 for half of the debt service, the City of Lexington pays an equal assessment. The annual assessment will remain the same for fiscal years 2022 to 2031.

The County along with the Cities of Lexington and Buena Vista, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligations at June 30, 2021 was \$4,969,112 and an annual payment of \$757,744 will be paid by the Center through June 2030.

NOTE 24—UPCOMING PRONOUNCEMENTS:

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 24—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

NOTE 25—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material construction contract outstanding as of June 30, 2021:

Project	Contractor	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Component units:				
School Board:				
Central Elementary HVAC Upgrades	Trane	\$ 1,399,403	\$ 857,000	\$ 542,403
Fairfield Elementary HVAC Upgrades	Trane	2,762,000	1,474,000	1,288,000
Total School Board		<u>\$ 4,161,403</u>	<u>\$ 2,331,000</u>	<u>\$ 1,830,403</u>

NOTE 26—LITIGATION:

At June 30, 2021, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 27—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$3,938,814. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$438,025. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. All CRF funding was fully expended as of June 30, 2021.

ARPA Funding

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

On June 2, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,192,271 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 28—AGGREGATION OF OPEB PLANS:

Primary Government				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 8):				
County	\$ 131,195	\$ 14,848	\$ 497,237	\$ 25,917
County Stand-Alone Plan (Note 10)	104,624	27,741	386,000	53,000
Totals	<u>\$ 235,819</u>	<u>\$ 42,589</u>	<u>\$ 883,237</u>	<u>\$ 78,917</u>
Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 8):				
School Board Nonprofessional	\$ 21,703	\$ 19,508	\$ 104,970	\$ (567)
School Board Professional	321,484	81,126	1,440,540	52,693
Teacher Health Insurance Credit Program (Note 9)	308,510	109,403	2,643,472	213,263
School Stand-Alone Plan (Note 10)	739,000	451,000	6,149,000	356,000
Totals	<u>\$ 1,390,697</u>	<u>\$ 661,037</u>	<u>\$ 10,337,982</u>	<u>\$ 621,389</u>
Component Unit Rockbridge Regional Jail Authority				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS Group Life Insurance Program (Note 8):	\$ 36,682	\$ 4,159	\$ 139,257	\$ 7,259
Stand-Alone Plan (Note 10)	15,450	4,096	57,000	6,437
Totals	<u>\$ 52,132</u>	<u>\$ 8,255</u>	<u>\$ 196,257</u>	<u>\$ 13,696</u>

THIS SPACE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with 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, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 28,591,510	\$ 28,576,049	\$ 30,277,937	\$ 1,701,888
Other local taxes	7,757,100	7,757,100	11,124,085	3,366,985
Permits, privilege fees, and regulatory licenses	252,600	252,600	317,930	65,330
Fines and forfeitures	600,500	600,500	277,228	(323,272)
Revenue from the use of money and property	298,000	298,000	108,910	(189,090)
Charges for services	801,030	801,030	707,270	(93,760)
Miscellaneous	1,237,729	1,237,729	894,931	(342,798)
Recovered costs	447,166	447,166	469,287	22,121
Intergovernmental:				
Commonwealth	5,435,142	5,435,142	5,375,550	(59,592)
Federal	200,160	3,931,055	3,937,567	6,512
Total revenues	<u>\$ 45,620,937</u>	<u>\$ 49,336,371</u>	<u>\$ 53,490,695</u>	<u>\$ 4,154,324</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,160,139	\$ 3,335,137	\$ 3,311,290	\$ 23,847
Judicial administration	1,837,933	1,836,864	1,735,360	101,504
Public safety	11,052,399	11,492,255	11,366,562	125,693
Public works	3,418,646	4,297,177	4,090,554	206,623
Health and welfare	1,553,032	1,554,278	1,963,904	(409,626)
Education	14,857,686	15,362,524	14,101,758	1,260,766
Parks, recreation, and cultural	1,442,351	1,442,370	1,341,590	100,780
Community development	2,706,990	4,189,472	3,225,863	963,609
Nondepartmental	1,936,031	2,022,588	1,931,552	91,036
Debt service:				
Principal retirement	3,278,438	3,278,438	3,278,438	-
Interest and other fiscal charges	2,006,432	1,924,418	1,720,306	204,112
Total expenditures	<u>\$ 46,250,077</u>	<u>\$ 50,735,521</u>	<u>\$ 48,067,177</u>	<u>\$ 2,668,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (629,140)</u>	<u>\$ (1,399,150)</u>	<u>\$ 5,423,518</u>	<u>\$ 6,822,668</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (282,387)	\$ (330,166)	\$ (282,387)	\$ 47,779
Refunding bonds issued	70,091	70,091	9,755,000	9,684,909
Payment to refunded bond escrow agent	-	-	(9,618,942)	(9,618,942)
Total other financing sources (uses)	<u>\$ (212,296)</u>	<u>\$ (260,075)</u>	<u>\$ (146,329)</u>	<u>\$ 113,746</u>
Net change in fund balances	\$ (841,436)	\$ (1,659,225)	\$ 5,277,189	\$ 6,936,414
Fund balances - beginning, as restated	841,436	1,659,225	28,913,499	27,254,274
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,190,688</u>	<u>\$ 34,190,688</u>

THIS PAGE LEFT BLANK INTENTIONALLY

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Total pension liability			
Service cost	\$ 887,690	\$ 771,889	\$ 698,294
Interest	2,027,193	1,904,325	1,853,927
Differences between expected and actual experience	(187,331)	509,632	(14,255)
Impact of change in proportion	436,005	(409,875)	898,819
Changes in assumptions	-	844,739	-
Benefit payments, including refunds of employee contributions	(1,810,450)	(1,467,013)	(1,349,242)
Net change in total pension liability	\$ 1,353,107	\$ 2,153,697	\$ 2,087,543
Total pension liability - beginning	30,501,714	28,348,017	26,260,474
Total pension liability - ending (a)	\$ 31,854,821	\$ 30,501,714	\$ 28,348,017
Plan fiduciary net position			
Contributions - employer	\$ 766,489	\$ 703,406	\$ 683,864
Contributions - employee	300,110	275,440	263,176
Impact of change in proportion	375,190	(368,164)	797,653
Net investment income	506,999	1,657,963	1,779,935
Benefit payments, including refunds of employee contributions	(1,810,450)	(1,467,013)	(1,349,242)
Administrative expense	(17,497)	(16,511)	(15,375)
Other	(594)	(1,048)	(1,581)
Net change in plan fiduciary net position	\$ 120,247	\$ 784,073	\$ 2,158,430
Plan fiduciary net position - beginning	26,247,252	25,463,179	23,304,749
Plan fiduciary net position - ending (b)	\$ 26,367,499	\$ 26,247,252	\$ 25,463,179
County's net pension liability - ending (a) - (b)	\$ 5,487,322	\$ 4,254,462	\$ 2,884,838
Plan fiduciary net position as a percentage of the total pension liability	82.77%	86.05%	89.82%
Covered payroll	\$ 6,214,941	\$ 5,692,685	\$ 5,337,294
County's net pension liability as a percentage of covered payroll	88.29%	74.74%	54.05%

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

Exhibit 13

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 654,412	\$ 619,348	\$ 621,092	\$ 574,316
1,753,002	1,679,621	1,589,147	1,511,082
(437,725)	(76,498)	56,853	-
(18,739)	128,010	-	-
(147,979)	-	-	-
<u>(1,208,237)</u>	<u>(1,102,628)</u>	<u>(1,102,599)</u>	<u>(837,782)</u>
\$ 594,734	\$ 1,247,853	\$ 1,164,493	\$ 1,247,616
25,665,740	24,417,887	23,253,394	22,005,778
<u>\$ 26,260,474</u>	<u>\$ 25,665,740</u>	<u>\$ 24,417,887</u>	<u>\$ 23,253,394</u>
\$ 638,526	\$ 671,338	\$ 646,121	\$ 615,640
251,702	237,691	229,869	230,640
(15,398)	109,171	-	-
2,565,014	363,336	921,330	2,750,491
(1,208,237)	(1,102,628)	(1,102,599)	(837,782)
(14,829)	(12,951)	(12,651)	(14,663)
<u>(2,278)</u>	<u>(153)</u>	<u>(194)</u>	<u>145</u>
\$ 2,214,500	\$ 265,804	\$ 681,876	\$ 2,744,471
21,090,249	20,824,445	20,142,569	17,398,098
<u>\$ 23,304,749</u>	<u>\$ 21,090,249</u>	<u>\$ 20,824,445</u>	<u>\$ 20,142,569</u>
\$ 2,955,725	\$ 4,575,491	\$ 3,593,442	\$ 3,110,825
88.74%	82.17%	85.28%	86.62%
\$ 5,026,772	\$ 4,811,564	\$ 4,611,013	\$ 4,613,775
58.80%	95.09%	77.93%	67.42%

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Component Unit Rockbridge Regional Jail Commission

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Total pension liability			
Service cost	\$ 232,595	\$ 216,177	\$ 182,642
Interest	531,170	533,329	484,903
Differences between expected and actual experience	(49,085)	142,729	(3,728)
Impact of change in proportion	(436,006)	409,875	(898,819)
Changes in assumptions	-	236,580	-
Benefit payments, including refunds of employee contributions	(474,378)	(410,855)	(352,900)
Net change in total pension liability	\$ (195,704)	\$ 1,127,835	\$ (587,902)
Total pension liability - beginning	8,542,380	7,414,545	8,002,447
Total pension liability - ending (a)	\$ 8,346,676	\$ 8,542,380	\$ 7,414,545
Plan fiduciary net position			
Contributions - employer	\$ 200,837	\$ 196,997	\$ 178,867
Contributions - employee	78,635	77,140	68,835
Impact of change in proportion	(375,190)	368,164	(797,653)
Net investment income	132,845	464,333	465,550
Benefit payments, including refunds of employee contributions	(474,378)	(410,855)	(352,900)
Administrative expense	(4,584)	(4,624)	(4,022)
Other	(156)	(293)	(413)
Net change in plan fiduciary net position	\$ (441,991)	\$ 690,862	\$ (441,736)
Plan fiduciary net position - beginning	7,350,865	6,660,003	7,101,739
Plan fiduciary net position - ending (b)	\$ 6,908,874	\$ 7,350,865	\$ 6,660,003
Commission's net pension liability - ending (a) - (b)	\$ 1,437,802	\$ 1,191,515	\$ 754,542
Plan fiduciary net position as a percentage of the total pension liability	82.77%	86.05%	89.82%
Covered payroll	\$ 1,622,774	\$ 1,552,742	\$ 1,445,076
County's net pension liability as a percentage of covered payroll	88.60%	76.74%	52.21%

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.

Exhibit 14

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	199,421	\$ 188,146	\$ 192,921	\$ 178,392
	534,198	510,237	493,614	469,366
	(133,390)	(23,239)	17,662	-
	18,739	(128,010)	-	-
	(45,094)	-	-	-
	<u>(368,190)</u>	<u>(334,957)</u>	<u>(342,487)</u>	<u>(260,228)</u>
\$	205,684	\$ 212,177	\$ 361,710	\$ 387,530
	7,796,763	7,584,586	7,222,876	6,835,346
\$	<u>8,002,447</u>	<u>7,796,763</u>	<u>7,584,586</u>	<u>7,222,876</u>
\$	194,580	\$ 203,940	\$ 200,696	\$ 191,228
	76,702	72,206	71,401	71,641
	15,398	(109,171)	-	-
	781,646	110,374	286,180	854,346
	(368,190)	(334,957)	(342,487)	(260,228)
	(4,519)	(3,934)	(3,929)	(4,555)
	<u>(694)</u>	<u>(48)</u>	<u>(59)</u>	<u>45</u>
\$	694,923	\$ (61,590)	\$ 211,802	\$ 852,477
	6,406,816	6,468,406	6,256,604	5,404,127
\$	<u>7,101,739</u>	<u>6,406,816</u>	<u>6,468,406</u>	<u>6,256,604</u>
\$	900,708	\$ 1,389,947	\$ 1,116,180	\$ 966,272
	88.74%	82.17%	85.28%	86.62%
\$	1,506,551	\$ 1,453,599	\$ 1,430,478	\$ 1,433,493
	59.79%	95.62%	78.03%	67.41%

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Component Unit School Board (nonprofessional) Pension Plans For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018
Total pension liability			
Service cost	\$ 127,425	\$ 135,316	\$ 133,335
Interest	498,265	513,796	505,893
Differences between expected and actual experience	(37,817)	(238,076)	12,292
Changes in assumptions	-	178,774	-
Benefit payments, including refunds of employee contributions	(525,108)	(570,968)	(506,289)
Net change in total pension liability	\$ 62,765	\$ 18,842	\$ 145,231
Total pension liability - beginning	7,644,264	7,625,422	7,480,191
Total pension liability - ending (a)	<u>\$ 7,707,029</u>	<u>\$ 7,644,264</u>	<u>\$ 7,625,422</u>
Plan fiduciary net position			
Contributions - employer	\$ 78,393	\$ 79,673	\$ 82,778
Contributions - employee	61,419	61,641	63,371
Net investment income	142,613	490,205	540,197
Benefit payments, including refunds of employee contributions	(525,108)	(570,968)	(506,289)
Administrative expense	(5,145)	(5,178)	(4,865)
Other	(167)	(306)	(472)
Net change in plan fiduciary net position	\$ (247,995)	\$ 55,067	\$ 174,720
Plan fiduciary net position - beginning	7,662,681	7,607,614	7,432,894
Plan fiduciary net position - ending (b)	<u>\$ 7,414,686</u>	<u>\$ 7,662,681</u>	<u>\$ 7,607,614</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 292,343	\$ (18,417)	\$ 17,808
Plan fiduciary net position as a percentage of the total pension liability	96.21%	100.24%	99.77%
Covered payroll	\$ 1,294,142	\$ 1,296,532	\$ 1,317,307
School Division's net pension liability as a percentage of covered payroll	22.59%	-1.42%	1.35%

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.

Exhibit 15

	2017	2016	2015	2014
\$	143,236	\$ 157,219	\$ 152,653	\$ 164,187
	511,555	509,337	497,766	486,051
	(192,440)	(139,545)	8,852	-
	(42,518)	-	-	-
	(495,127)	(495,531)	(492,430)	(473,306)
\$	(75,294)	\$ 31,480	\$ 166,841	\$ 176,932
	7,555,485	7,524,005	7,357,164	7,180,232
\$	<u>7,480,191</u>	<u>7,555,485</u>	<u>7,524,005</u>	<u>7,357,164</u>
\$	86,267	\$ 121,091	\$ 131,850	\$ 129,936
	65,822	70,323	76,599	77,165
	827,254	117,293	317,602	988,120
	(495,127)	(495,531)	(492,430)	(473,306)
	(5,013)	(4,548)	(4,567)	(5,498)
	(726)	(51)	(65)	52
\$	478,477	\$ (191,423)	\$ 28,989	\$ 716,469
	6,954,417	7,145,840	7,116,851	6,400,382
\$	<u>7,432,894</u>	<u>6,954,417</u>	<u>7,145,840</u>	<u>7,116,851</u>
\$	47,297	\$ 601,068	\$ 378,165	\$ 240,313
	99.37%	92.04%	94.97%	96.73%
\$	1,362,550	\$ 1,446,451	\$ 1,574,193	\$ 1,544,639
	3.47%	41.55%	24.02%	15.56%

County of Rockbridge, Virginia

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability	0.20490%	0.20870%	0.20489%
Employer's Proportionate Share of the Net Pension Liability	\$ 29,818,331	\$ 27,466,106	\$ 24,095,000
Employer's Covered Payroll	\$ 17,765,066	\$ 17,360,465	\$ 16,565,935
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	168%	158%	145%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	73.51%	72.92%

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.

Exhibit 16

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.20453%	0.20544%	0.20958%	0.20944%
\$ 25,153,000	\$ 28,790,000	\$ 26,379,000	\$ 25,310,000
\$ 15,627,937	\$ 15,676,290	\$ 15,582,993	\$ 15,316,106
161%	184%	169%	165%
72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 885,707	\$ 885,707	\$ -	\$ 6,033,640	14.68%
2020	759,952	759,952	-	6,214,941	12.23%
2019	703,568	703,568	-	5,692,685	12.36%
2018	679,019	679,019	-	5,337,294	12.72%
2017	641,341	641,341	-	5,026,772	12.76%
2016	671,338	671,338	-	4,811,564	13.95%
2015	646,121	646,121	-	4,611,013	14.01%
2014	615,640	615,640	-	4,613,775	13.34%
2013	579,970	579,970	-	4,347,599	13.34%
2012	380,317	380,317	-	3,485,953	10.91%
Component Unit Rockbridge Regional Jail Commission					
2021	\$ 246,411	\$ 246,411	\$ -	\$ 1,618,995	15.22%
2020	205,930	205,930	-	1,622,774	12.69%
2019	197,043	197,043	-	1,552,742	12.69%
2018	183,844	183,844	-	1,445,076	12.72%
2017	194,797	194,797	-	1,506,551	12.93%
2016	203,940	203,940	-	1,453,599	14.03%
2015	200,696	200,696	-	1,430,478	14.03%
2014	191,228	191,228	-	1,433,493	13.34%
2013	182,280	182,280	-	1,366,417	13.34%
2012	200,659	200,659	-	1,839,221	10.91%
Component Unit School Board (nonprofessional)					
2021	\$ 61,121	\$ 61,121	\$ -	\$ 1,216,201	5.03%
2020	78,259	78,259	-	1,294,142	6.05%
2019	79,542	79,542	-	1,296,532	6.13%
2018	82,774	82,774	-	1,317,307	6.28%
2017	83,249	83,249	-	1,362,550	6.11%
2016	121,091	121,091	-	1,446,451	8.37%
2015	131,850	131,850	-	1,574,193	8.38%
2014	129,936	129,936	-	1,544,639	8.41%
2013	128,535	128,535	-	1,610,712	7.98%
2012	67,071	67,071	-	1,510,607	4.44%
Component Unit School Board (professional)					
2021	\$ 2,838,183	\$ 2,838,183	\$ -	\$ 17,476,296	16.24%
2020	2,722,770	2,722,770	-	17,765,066	15.33%
2019	2,673,769	2,673,769	-	17,360,465	15.40%
2018	2,649,728	2,649,728	-	16,565,935	16.00%
2017	2,325,915	2,325,915	-	15,627,937	14.88%
2016	2,202,239	2,202,239	-	15,676,290	14.05%
2015	2,259,447	2,259,447	-	15,582,993	14.50%
2014	1,785,858	1,785,858	-	15,316,106	11.66%
2013	1,807,378	1,807,378	-	15,500,669	11.66%
2012	943,498	943,498	-	14,905,182	6.33%

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

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

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.02980%	\$ 497,237	\$ 6,132,137	8.11%	52.64%
2019	0.02930%	476,743	5,692,685	8.37%	52.00%
2018	0.02734%	415,410	5,198,008	7.99%	51.22%
2017	0.02715%	408,491	5,007,139	8.16%	48.86%
Component Unit Rockbridge Regional Jail Commission					
2020	0.00834%	\$ 139,257	\$ 1,717,308	8.11%	52.64%
2019	0.00766%	124,694	1,552,742	8.03%	52.00%
2018	0.00833%	126,590	1,584,362	7.99%	51.22%
2017	0.00827%	124,508	1,526,184	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2020	0.00630%	\$ 104,970	\$ 1,294,142	8.11%	52.64%
2019	0.00662%	107,725	1,296,532	8.31%	52.00%
2018	0.00693%	105,000	1,317,307	7.97%	51.22%
2017	0.00739%	111,000	1,362,550	8.15%	48.86%
Component Unit School Board (professional)					
2020	0.08630%	\$ 1,440,540	\$ 17,765,066	8.11%	52.64%
2019	0.08890%	1,446,640	17,427,756	8.30%	52.00%
2018	0.08712%	1,323,000	16,565,935	7.99%	51.22%
2017	0.08737%	1,315,000	16,114,873	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 32,330	\$ 32,330	\$ -	\$ 5,987,079	0.54%
2020	31,887	31,887	-	6,132,137	0.52%
2019	29,432	29,432	-	5,692,685	0.52%
2018	27,029	27,029	-	5,198,008	0.52%
2017	26,037	26,037	-	5,007,139	0.52%
2016	23,009	23,009	-	4,747,455	0.48%
2015	22,154	22,154	-	4,584,028	0.48%
2014	22,140	22,140	-	4,584,533	0.48%
2013	20,868	20,868	-	4,300,180	0.49%
2012	11,300	11,300	-	3,975,940	0.28%
Component Unit Rockbridge Regional Jail Commission					
2021	\$ 8,994	\$ 8,994	\$ -	\$ 1,665,556	0.54%
2020	8,930	8,930	-	1,717,308	0.52%
2019	8,244	8,244	-	1,552,742	0.53%
2018	8,239	8,239	-	1,584,362	0.52%
2017	7,936	7,936	-	1,526,184	0.52%
2016	7,087	7,087	-	1,522,515	0.47%
2015	6,893	6,893	-	1,467,340	0.47%
2014	6,887	6,887	-	1,462,735	0.47%
2013	6,559	6,559	-	1,413,836	0.46%
2012	3,610	3,610	-	1,349,234	0.27%
Component Unit School Board (nonprofessional)					
2021	\$ 6,567	\$ 6,567	\$ -	\$ 1,216,201	0.54%
2020	6,730	6,730	-	1,294,142	0.52%
2019	6,742	6,742	-	1,296,532	0.52%
2018	6,850	6,850	-	1,317,307	0.52%
2017	7,085	7,085	-	1,362,550	0.52%
2016	6,943	6,943	-	1,446,451	0.48%
2015	7,556	7,556	-	1,574,193	0.48%
2014	7,445	7,445	-	1,551,105	0.48%
2013	7,731	7,731	-	1,610,712	0.48%
2012	4,230	4,230	-	1,510,607	0.28%
Component Unit School Board (professional)					
2021	\$ 94,478	\$ 94,478	\$ -	\$ 17,496,014	0.54%
2020	92,378	92,378	-	17,765,066	0.52%
2019	90,624	90,624	-	17,427,756	0.52%
2018	86,143	86,143	-	16,565,935	0.52%
2017	83,797	83,797	-	16,114,873	0.52%
2016	75,872	75,872	-	15,806,765	0.48%
2015	74,962	74,962	-	15,617,116	0.48%
2014	74,052	74,052	-	15,427,427	0.48%
2013	74,403	74,403	-	15,500,666	0.48%
2012	41,781	41,781	-	14,921,938	0.28%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.20260%	\$ 2,643,472	\$ 17,765,066	14.88%	9.95%
2019	0.20668%	2,705,642	17,335,774	15.61%	8.97%
2018	0.20318%	2,580,000	16,431,998	15.70%	8.08%
2017	0.20363%	2,583,000	16,070,160	16.07%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
	(1)	(2)	(3)	(4)	(5)
2021	\$ 211,463	\$ 211,463	\$ -	\$ 17,476,296	1.21%
2020	213,181	213,181	-	17,765,066	1.20%
2019	208,029	208,029	-	17,335,774	1.20%
2018	202,114	202,114	-	16,431,998	1.23%
2017	178,379	178,379	-	16,070,160	1.11%
2016	166,037	166,037	-	15,663,859	1.06%
2015	165,173	165,173	-	15,582,395	1.06%
2014	170,009	170,009	-	15,316,109	1.11%
2013	172,132	172,132	-	15,507,352	1.11%
2012	89,491	89,491	-	14,915,188	0.60%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 18,000	\$ 15,000	\$ 16,000	\$ 15,000
Interest	7,000	7,000	10,000	9,000
Changes in assumptions	24,000	13,000	(17,000)	-
Differences between expected and actual experience	131,000	11,000	(33,000)	-
Benefit payments	(38,000)	(7,000)	(8,000)	(9,000)
Change in proportionate share	-	(18,000)	-	-
Net change in total OPEB liability	\$ 142,000	\$ 21,000	\$ (32,000)	\$ 15,000
Total OPEB liability - beginning	244,000	223,000	255,000	240,000
Total OPEB liability - ending	<u>\$ 386,000</u>	<u>\$ 244,000</u>	<u>\$ 223,000</u>	<u>\$ 255,000</u>
Covered-employee payroll	\$ 5,692,685	\$ 5,692,685	\$ 5,337,294	\$ 5,026,772
County's total OPEB liability (asset) as a percentage of covered-employee payroll	6.78%	4.29%	4.18%	5.07%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit Rockbridge Regional Jail Commission
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 9,000	\$ 8,000	\$ 7,000	\$ 7,000
Interest	4,000	4,000	4,000	4,000
Changes in assumptions	4,000	3,000	(8,000)	-
Differences between expected and actual experience	(68,000)	5,000	(16,000)	-
Benefit payments	(1,000)	(6,000)	(6,000)	(5,000)
Net change in total OPEB liability	\$ (52,000)	\$ 14,000	\$ (19,000)	\$ 6,000
Total OPEB liability - beginning	109,000	95,000	114,000	108,000
Total OPEB liability - ending	\$ 57,000	\$ 109,000	\$ 95,000	\$ 114,000
 Covered-employee payroll	 \$ 1,552,742	 \$ 1,552,742	 \$ 1,445,076	 \$ 1,506,551
 Commissions's total OPEB liability (asset) as a percentage of covered-employee payroll	 3.67%	 7.02%	 6.57%	 7.57%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 213,000	\$ 183,000	\$ 232,000	\$ 226,000
Interest	181,000	190,000	209,000	200,000
Changes in assumptions	335,000	215,000	(487,000)	-
Differences between expected and actual experience	(16,000)	96,000	(386,000)	-
Benefit payments	(250,000)	(100,000)	(183,000)	(179,000)
Net change in total OPEB liability	\$ 463,000	\$ 584,000	\$ (615,000)	\$ 247,000
Total OPEB liability - beginning	5,686,000	5,102,000	5,717,000	5,470,000
Total OPEB liability - ending	\$ 6,149,000	\$ 5,686,000	\$ 5,102,000	\$ 5,717,000
 Covered-employee payroll	 \$ 16,920,000	 \$ 16,920,000	 \$ 16,920,000	 \$ 16,781,000
 School Board's total OPEB liability (asset)				
as a percentage of covered-employee payroll	36.34%	33.61%	30.15%	34.07%

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

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

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% which represents the Municipal GO AA 20-year yield curve rate as of July 1, 2019
Inflation	2.50% per year
Healthcare Trend Rate - School Board	6.00% for fiscal year end 2021 (to reflect actual experience), then decreasing .50% per year to an ultimate rate of 5.00%
Healthcare Trend Rate - Primary Government and Jail	6.00% for fiscal year end 2021 (to reflect actual experience), then decreasing .50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020

OTHER SUPPLEMENTARY INFORMATION

County Capital Projects Fund

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

For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current:				
Capital projects	\$ 742,203	\$ 1,244,311	\$ 496,846	\$ 747,465
Total expenditures	\$ 742,203	\$ 1,244,311	\$ 496,846	\$ 747,465
Excess (deficiency) of revenues over (under) expenditures	\$ (742,203)	\$ (1,244,311)	\$ (496,846)	\$ 747,465
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 742,203	\$ 1,244,311	\$ 282,387	\$ (961,924)
Total other financing sources (uses)	\$ 742,203	\$ 1,244,311	\$ 282,387	\$ (961,924)
Net change in fund balances	\$ -	\$ -	\$ (214,459)	\$ (214,459)
Fund balances - beginning	-	-	1,077,764	1,077,764
Fund balances - ending	\$ -	\$ -	\$ 863,305	\$ 863,305

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

Exhibit 30

	Custodial Funds		
	Drug Fund	Commonwealth Attorney Forfeitures Fund	Total
ASSETS			
Cash and cash equivalents	\$ 109,462	\$ 34,756	\$ 144,218
Total assets	<u>\$ 109,462</u>	<u>\$ 34,756</u>	<u>\$ 144,218</u>
Net Position			
Restricted:			
Restricted for drug enforcement	\$ 109,462	\$ -	\$ 109,462
Restricted commonwealth attorney forfeitures	-	34,756	34,756
Total net position	<u>\$ 109,462</u>	<u>\$ 34,756</u>	<u>\$ 144,218</u>

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Drug Fund	Commonwealth Attorney Forfeitures Fund	Total
ADDITIONS			
Asset forfeitures	\$ 17,438	\$ 8,448	\$ 25,886
Total additions	<u>\$ 17,438</u>	<u>\$ 8,448</u>	<u>\$ 25,886</u>
DEDUCTIONS			
Safety equipment	\$ 31,865	\$ 10,265	\$ 42,130
Paid to state agencies	1,213	-	1,213
Total deductions	<u>\$ 33,078</u>	<u>\$ 10,265</u>	<u>\$ 43,343</u>
Net increase (decrease) in fiduciary net position	\$ (15,640)	\$ (1,817)	\$ (17,457)
Net position, beginning of year, as restated	<u>125,102</u>	<u>36,573</u>	<u>161,675</u>
Net position, end of year	<u>\$ 109,462</u>	<u>\$ 34,756</u>	<u>\$ 144,218</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Veterans Memorial Fund	Employee Benefit Fund	Total
ASSETS			
Cash and cash equivalents	\$ 8,088	\$ 2,164	\$ 10,252
Total assets	<u>\$ 8,088</u>	<u>\$ 2,164</u>	<u>\$ 10,252</u>
FUND BALANCES			
Fund balances:			
Restricted			
Veterans memorial	\$ 6,829	\$ -	\$ 6,829
Employee benefits	-	2,164	2,164
Total fund balances	<u>\$ 6,829</u>	<u>\$ 2,164</u>	<u>\$ 8,993</u>
Total liabilities and fund balances	<u>\$ 6,829</u>	<u>\$ 2,164</u>	<u>\$ 8,993</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Veterans Memorial Fund	Employee Benefit Fund	Total
EXPENDITURES			
Community development	\$ 1,259	\$ -	\$ 1,259
Total expenditures	\$ 2,518	\$ -	\$ 2,518
Excess (deficiency) of revenues over (under) expenditures	\$ (2,518)	\$ -	\$ (2,518)
Net change in fund balances	\$ (2,518)	\$ -	\$ (2,518)
Fund balances - beginning	9,347	2,164	11,511
Fund balances - ending	\$ 6,829	\$ 2,164	\$ 8,993

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Permanent Scholarship Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 200	\$ 67,179	\$ 417,045	\$ 27,318	\$ 511,742
Investments	-	-	11,403	-	11,403
Receivables (net of allowance for uncollectibles):					
Accounts receivable	326,650	-	20,306	-	346,956
Due from other governmental units	1,102,599	28,591	-	-	1,131,190
Inventories	-	64,558	-	-	64,558
Prepaid items	667,895	-	-	-	667,895
Total assets	<u>\$ 2,097,344</u>	<u>\$ 160,328</u>	<u>\$ 448,754</u>	<u>\$ 27,318</u>	<u>\$ 2,733,744</u>

LIABILITIES					
Accounts payable	\$ 173,387	\$ 7,997	1,210	\$ -	\$ 182,594
Due to primary government	1,923,957	-	-	-	1,923,957
Total liabilities	<u>\$ 2,097,344</u>	<u>\$ 7,997</u>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 2,106,551</u>

FUND BALANCES					
Nonspendable:					
Inventory	\$ -	\$ 64,558	-	\$ -	\$ 64,558
Prepaid items	667,895	-	-	-	667,895
Restricted for:					
Endowments	-	-	-	27,318	27,318
Student activities	-	-	447,544	-	447,544
Committed:					
Special revenue funds	-	87,773	-	-	87,773
Unassigned	(667,895)	-	-	-	(667,895)
Total fund balances	<u>\$ -</u>	<u>\$ 152,331</u>	<u>\$ 447,544</u>	<u>\$ 27,318</u>	<u>\$ 627,193</u>
Total liabilities and fund balances	<u>\$ 2,097,344</u>	<u>\$ 160,328</u>	<u>\$ 448,754</u>	<u>\$ 27,318</u>	<u>\$ 2,733,744</u>

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

Total fund balances per above	\$ 627,193
-------------------------------	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 117,555	
Buildings and improvements	23,379,463	
Machinery and equipment	3,115,625	
Construction in progress	<u>278,752</u>	26,891,395

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

Pension related items	\$ 7,756,596	
OPEB related items	<u>1,390,697</u>	9,147,293

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

Compensated absences	\$ (348,225)	
Net OPEB liabilities	(10,337,982)	
Net pension liability	<u>(30,110,674)</u>	(40,796,881)

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

Pension related items	\$ (2,237,274)	
OPEB related items	<u>(661,037)</u>	(2,898,311)

Net position of governmental activities	\$ <u>(7,029,311)</u>
---	-----------------------

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

Exhibit 35

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Permanent Scholarship Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 6	\$ 6
Charges for services	1,746,290	78,751	-	-	1,825,041
Miscellaneous	80,480	50,980	289,394	-	420,854
Intergovernmental:					
Local government	14,026,712	-	-	-	14,026,712
Commonwealth	15,419,396	20,820	-	-	15,440,216
Federal	2,819,166	798,580	-	-	3,617,746
Total revenues	<u>\$ 34,092,044</u>	<u>\$ 949,131</u>	<u>\$ 289,394</u>	<u>\$ 6</u>	<u>\$ 35,330,575</u>
EXPENDITURES					
Current:					
Education	\$ 34,092,044	\$ 922,167	\$ 301,729	\$ -	\$ 35,315,940
Total expenditures	<u>\$ 34,092,044</u>	<u>\$ 922,167</u>	<u>\$ 301,729</u>	<u>\$ -</u>	<u>\$ 35,315,940</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 26,964	\$ (12,335)	\$ 6	\$ 14,635
Net change in fund balances	\$ -	\$ 26,964	\$ (12,335)	\$ 6	\$ 14,635
Fund balances - beginning, as restated	-	125,367	459,879	27,312	612,558
Fund balances - ending	<u>\$ -</u>	<u>\$ 152,331</u>	<u>\$ 447,544</u>	<u>\$ 27,318</u>	<u>\$ 627,193</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 14,635
--	-----------

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

Capital outlays	\$ 1,326,007	
Depreciation expense	(1,853,420)	
Allocation of debt financed school assets based on current year repayments	<u>1,924,467</u>	
		1,397,054

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

Change in compensated absences	\$ 5,571	
Pension expense	(441,450)	
OPEB expense	<u>96,351</u>	
		(339,528)

Change in net position of governmental activities	\$ <u>1,072,161</u>
---	---------------------

THIS PAGE LEFT BLANK INTENTIONALLY

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,586,405	1,586,405	1,746,290	159,885
Miscellaneous	91,678	91,678	80,480	(11,198)
Intergovernmental:				
Local government	14,782,640	15,287,478	14,026,712	(1,260,766)
Commonwealth	15,115,749	15,475,603	15,419,396	(56,207)
Federal	-	3,000,000	2,819,166	(180,834)
Total revenues	\$ 31,576,472	\$ 35,441,164	\$ 34,092,044	\$ (1,349,120)
EXPENDITURES				
Current:				
Education	\$ 31,576,472	\$ 35,441,164	\$ 34,092,044	\$ 1,349,120
Total expenditures	\$ 31,576,472	\$ 35,441,164	\$ 34,092,044	\$ 1,349,120
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 36

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2	\$ 2	\$ -	\$ (2)
375,153	375,153	78,751	(296,402)
-	-	50,980	50,980
-	-	-	-
21,620	21,620	20,820	(800)
670,000	670,000	798,580	128,580
<u>\$ 1,066,775</u>	<u>\$ 1,066,775</u>	<u>\$ 949,131</u>	<u>\$ (117,644)</u>
<u>\$ 1,066,775</u>	<u>\$ 1,066,775</u>	<u>\$ 922,167</u>	<u>\$ 144,608</u>
<u>\$ 1,066,775</u>	<u>\$ 1,066,775</u>	<u>\$ 922,167</u>	<u>\$ 144,608</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,964</u>	<u>\$ 26,964</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,964</u>	<u>\$ 26,964</u>
<u>-</u>	<u>-</u>	<u>125,367</u>	<u>125,367</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,331</u>	<u>\$ 152,331</u>

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2021

	Scholarship Private-Purpose Trust
ASSETS	
Cash and cash equivalents	\$ <u>8,590</u>
NET POSITION	
Held in trust for scholarships	\$ <u>8,590</u>

County of Rockbridge, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2021

Exhibit 38

	Scholarship Private-Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 550
Total contributions	\$ 550
Investment earnings:	
Interest	\$ 13
Total additions	\$ 563
DEDUCTIONS	
Scholarships	\$ (2,000)
Total deductions	\$ (2,000)
Change in net position	\$ (1,437)
Net position - beginning	10,027
Net position - ending	\$ 8,590

SUPPORTING SCHEDULES

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 19,351,851	\$ 19,351,851	\$ 20,222,631	\$ 870,780
Real and personal public service corporation taxes	1,764,430	1,764,430	2,047,078	282,648
Personal property taxes	6,501,059	6,485,598	6,900,519	414,921
Mobile home taxes	41,300	41,300	46,545	5,245
Machinery and tools taxes	500,870	500,870	502,984	2,114
Penalties	292,000	292,000	384,804	92,804
Interest	140,000	140,000	173,376	33,376
Total general property taxes	<u>\$ 28,591,510</u>	<u>\$ 28,576,049</u>	<u>\$ 30,277,937</u>	<u>\$ 1,701,888</u>
Other local taxes:				
Local sales and use taxes	\$ 1,890,000	\$ 1,890,000	\$ 3,398,247	\$ 1,508,247
Consumers' utility taxes	1,355,000	1,355,000	1,262,648	(92,352)
Business license taxes	810,000	810,000	922,051	112,051
Motor vehicle licenses	534,350	534,350	474,363	(59,987)
Bank stock taxes	205,000	205,000	200,996	(4,004)
Taxes on recordation and wills	210,000	210,000	401,383	191,383
Lodging tax	1,163,750	1,163,750	2,165,170	1,001,420
Meals tax	1,589,000	1,589,000	2,236,241	647,241
Admission tax	-	-	62,986	62,986
Total other local taxes	<u>\$ 7,757,100</u>	<u>\$ 7,757,100</u>	<u>\$ 11,124,085</u>	<u>\$ 3,366,985</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,000	\$ 12,000	\$ 10,016	\$ (1,984)
Land use application fees	1,800	1,800	2,260	460
Transfer fees	800	800	1,015	215
Permits and other licenses	238,000	238,000	304,639	66,639
Total permits, privilege fees, and regulatory licenses	<u>\$ 252,600</u>	<u>\$ 252,600</u>	<u>\$ 317,930</u>	<u>\$ 65,330</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 600,500</u>	<u>\$ 600,500</u>	<u>\$ 277,228</u>	<u>\$ (323,272)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 275,000	\$ 275,000	\$ 84,799	\$ (190,201)
Revenue from use of property	23,000	23,000	24,111	1,111
Total revenue from use of money and property	<u>\$ 298,000</u>	<u>\$ 298,000</u>	<u>\$ 108,910</u>	<u>\$ (189,090)</u>
Charges for services:				
Sheriff's fees	\$ 11,000	\$ 11,000	\$ 29,346	\$ 18,346
Charges for courthouse maintenance	45,000	45,000	27,392	(17,608)
Courthouse security fees	175,000	175,000	171,546	(3,454)
Charges for Commonwealth's Attorney	5,500	5,500	5,144	(356)
Charges for garage services	423,000	423,000	340,452	(82,548)
Charges for sanitation and waste removal	47,000	47,000	16,430	(30,570)
Charges for parks and recreation	63,630	63,630	91,597	27,967
Erosion Sediment Control Fee	30,000	30,000	24,361	(5,639)
DNA Fee	900	900	1,002	102
Total charges for services	<u>\$ 801,030</u>	<u>\$ 801,030</u>	<u>\$ 707,270</u>	<u>\$ (93,760)</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 1
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Revenue from local sources: (continued)				
Miscellaneous:				
Miscellaneous	\$ 1,237,729	\$ 1,237,729	\$ 894,931	\$ (342,798)
Total miscellaneous	\$ 1,237,729	\$ 1,237,729	\$ 894,931	\$ (342,798)
Recovered costs:				
Lexington contribution-court building	\$ 7,800	\$ 7,800	\$ 5,773	\$ (2,027)
Joint services City of Lexington	210,000	210,000	216,786	6,786
Charges for hazard materials cleanup	2,500	2,500	-	(2,500)
Fiscal agent fees	50,984	50,984	50,992	8
Other recovered costs	175,882	175,882	195,736	19,854
Total recovered costs	\$ 447,166	\$ 447,166	\$ 469,287	\$ 22,121
Total revenue from local sources	\$ 39,985,635	\$ 39,970,174	\$ 44,177,578	\$ 4,207,404
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 71,700	\$ 71,700	\$ 67,933	\$ (3,767)
Mobile home titling tax	18,000	18,000	24,190	6,190
Timber sales	1,500	1,500	766	(734)
Motor vehicle rental tax	57,000	57,000	54,152	(2,848)
State recordation tax	53,000	53,000	-	(53,000)
Skill games tax	-	-	43,776	43,776
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,650,824	\$ 2,650,824	\$ 2,640,441	\$ (10,383)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 478,474	\$ 478,474	\$ 468,514	\$ (9,960)
Sheriff	1,255,100	1,255,100	1,238,085	(17,015)
Commissioner of revenue	117,062	117,062	109,342	(7,720)
Treasurer	108,291	108,291	99,195	(9,096)
Registrar/electoral board	37,000	37,000	40,511	3,511
Clerk of the Circuit Court	315,537	315,537	315,784	247
Total shared expenses	\$ 2,311,464	\$ 2,311,464	\$ 2,271,431	\$ (40,033)
Other categorical aid:				
Emergency medical services	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Victim-witness grant	31,818	31,818	18,355	(13,463)
Fire program	74,000	74,000	77,668	3,668
NBSWCD support	174,397	174,397	218,791	44,394
Four for life	24,290	24,290	25,125	835
Rental assistance	65,250	65,250	60,673	(4,577)
Other	57,087	57,087	24,608	(32,479)
School resource officer grant	38,512	38,512	38,458	(54)
Total other categorical aid	\$ 472,854	\$ 472,854	\$ 463,678	\$ (9,176)
Total categorical aid	\$ 2,784,318	\$ 2,784,318	\$ 2,735,109	\$ (49,209)
Total revenue from the Commonwealth	\$ 5,435,142	\$ 5,435,142	\$ 5,375,550	\$ (59,592)

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 1
Page 3 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental: (continued)				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ 3,730,895	\$ 3,568,032	\$ (162,863)
Payments in lieu of taxes	155,000	155,000	191,665	36,665
	<u>\$ 155,000</u>	<u>\$ 3,885,895</u>	<u>\$ 3,759,697</u>	<u>\$ (126,198)</u>
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 19,600	\$ 19,600
Victim-witness grant	40,160	40,160	40,160	-
Domestic violence	-	-	48,671	48,671
Provider relief funds	-	-	4,034	4,034
Cares Act election HAVA grant	-	-	54,155	54,155
Other	5,000	5,000	11,250	6,250
Total categorical aid	<u>\$ 45,160</u>	<u>\$ 45,160</u>	<u>\$ 177,870</u>	<u>\$ 132,710</u>
Total revenue from the federal government	<u>\$ 200,160</u>	<u>\$ 3,931,055</u>	<u>\$ 3,937,567</u>	<u>\$ 6,512</u>
Total General Fund	<u>\$ 45,620,937</u>	<u>\$ 49,336,371</u>	<u>\$ 53,490,695</u>	<u>\$ 4,154,324</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 437	\$ 437
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437</u>	<u>\$ 437</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437</u>	<u>\$ 437</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437</u>	<u>\$ 437</u>
Total Primary Government	<u>\$ 45,620,937</u>	<u>\$ 49,336,371</u>	<u>\$ 53,491,132</u>	<u>\$ 4,154,761</u>

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ 19,000	\$ 19,000	\$ 27,400	\$ 8,400
Tuition-City of Lexington, Buena Vista	1,567,405	1,567,405	1,718,890	151,485
Total charges for services	\$ 1,586,405	\$ 1,586,405	\$ 1,746,290	\$ 159,885
Miscellaneous:				
Other miscellaneous	\$ 91,678	\$ 91,678	\$ 80,480	\$ (11,198)
Total revenue from local sources	\$ 1,678,083	\$ 1,678,083	\$ 1,826,770	\$ 148,687
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 14,782,640	\$ 15,287,478	\$ 14,026,712	\$ (1,260,766)
Total revenues from local governments	\$ 14,782,640	\$ 15,287,478	\$ 14,026,712	\$ (1,260,766)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,416,547	\$ 3,501,900	\$ 3,657,297	\$ 155,397
Basic school aid	6,933,315	7,087,928	6,624,997	(462,931)
Remedial summer education	12,276	12,786	21,858	9,072
Gifted and talented	72,564	74,207	70,419	(3,788)
Remedial education	214,954	219,822	208,599	(11,223)
Enrollment loss	-	7,496	321,196	313,700
Special education	1,051,950	1,074,395	961,750	(112,645)
Textbook payment	147,141	150,473	142,791	(7,682)
Vocational standards of quality payments	199,893	204,420	193,984	(10,436)
Learning loss	-	1,895	81,187	79,292
Social security fringe benefits	428,538	438,243	415,870	(22,373)
Retirement fringe benefits	999,467	1,022,103	969,920	(52,183)
Early reading intervention	52,734	53,874	48,828	(5,046)
Dropout prevention	6,386	6,535	6,386	(149)
Homebound education	6,663	6,724	2,612	(4,112)
Vocational education other	35,242	36,143	38,607	2,464
At risk payments	335,749	343,350	325,711	(17,639)
Mentor teacher	-	37	1,576	1,539
Standards of learning algebra readiness	33,494	34,278	33,585	(693)
Reduced class size	237,805	243,081	226,058	(17,023)
Group life insurance	30,121	30,803	29,230	(1,573)
Technology grant	206,000	210,808	206,000	(4,808)
At risk four-year olds	139,020	141,748	116,902	(24,846)
English as a second language	18,135	18,595	19,712	1,117
Lottery proceeds	510,700	523,631	554,074	30,443
Adult Ed GED	25,159	27,199	87,407	60,208
Other state funds	1,896	3,129	52,840	49,711
Total categorical aid	\$ 15,115,749	\$ 15,475,603	\$ 15,419,396	\$ (56,207)
Total revenue from the Commonwealth	\$ 15,115,749	\$ 15,475,603	\$ 15,419,396	\$ (56,207)
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ 441,785	\$ 415,155	\$ (26,630)
Noncategorical	-	-	-	-
Total noncategorical aid	\$ -	\$ 441,785	\$ 415,155	\$ (26,630)

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 1
Page 5 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund: (continued)				
Revenue from the federal government:				
Intergovernmental: (continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Cares Act ESSER	\$ -	\$ 382,773	\$ 359,700	\$ (23,073)
Adult literacy	-	58,311	54,796	(3,515)
Title I	-	686,904	645,499	(41,405)
Title VI-B, special education flow-through	-	787,555	740,083	(47,472)
Vocational education	-	69,729	65,526	(4,203)
Title VI-B, special education pre-school	-	21,214	19,935	(1,279)
Title II, Part A	-	97,712	91,822	(5,890)
Title IV, Part A	-	23,524	22,106	(1,418)
Twenty-first century community learning centers	-	392,163	368,524	(23,639)
Education for independence	-	38,330	36,020	
Total categorical aid	\$ -	\$ 2,558,215	\$ 2,404,011	\$ (151,894)
Total revenue from the federal government	\$ -	\$ 3,000,000	\$ 2,819,166	\$ (178,524)
Total School Operating Fund	\$ 31,576,472	\$ 35,441,164	\$ 34,092,044	\$ (1,346,810)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2	\$ 2	\$ -	\$ (2)
Charges for services:				
Cafeteria sales	\$ 375,153	\$ 375,153	\$ 78,751	\$ (296,402)
Total charges for services	\$ 375,153	\$ 375,153	\$ 78,751	\$ (296,402)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 50,980	\$ 50,980
Total miscellaneous revenue	\$ -	\$ -	\$ 50,980	\$ 50,980
Total revenue from local sources	\$ 375,155	\$ 375,155	\$ 129,731	\$ (245,424)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 21,620	\$ 21,620	\$ 20,820	\$ (800)
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ -	\$ 22,870	\$ 22,870
Cares Act ESSER	-	-	86,036	86,036
Total noncategorical aid	\$ -	\$ -	\$ 108,906	\$ 108,906
Categorical aid:				
School food program grant	\$ 670,000	\$ 670,000	\$ 548,037	\$ (121,963)
Federal land use	-	-	56,165	56,165
Commodities	-	-	76,567	76,567
School food equipment grant	-	-	8,905	8,905
Total categorical aid	\$ 670,000	\$ 670,000	\$ 689,674	\$ 19,674
Total revenue from the federal government	\$ 670,000	\$ 670,000	\$ 798,580	\$ 128,580
Total School Cafeteria Fund	\$ 1,066,775	\$ 1,066,775	\$ 949,131	\$ (117,644)
School Activity Funds:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 289,394	\$ 289,394
Total miscellaneous revenue	\$ -	\$ -	\$ 289,394	\$ 289,394
Total School Activity Funds	\$ -	\$ -	\$ 289,394	\$ 289,394
Permanent Scholarship Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6	\$ 6
Total Permanent Scholarship Fund	\$ -	\$ -	\$ 6	\$ 6
Total Discretely Presented Component Unit - School Board	\$ 32,643,247	\$ 36,507,939	\$ 35,330,575	\$ (1,175,054)

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 136,602	\$ 140,468	\$ 129,715	\$ 10,753
General and financial administration:				
County administrator	\$ 232,547	\$ 1,340,638	\$ 1,270,162	\$ 70,476
Legal services	192,912	192,912	187,064	5,848
Commissioner of the revenue	336,938	331,852	313,369	18,483
Land use	1,000	1,000	332	668
Treasurer	331,076	341,307	337,393	3,914
Central accounting	103,830	103,830	102,247	1,583
Human resources	121,275	121,275	117,577	3,698
Data processing	183,549	192,383	168,637	23,746
Director of fiscal services	306,893	299,436	287,844	11,592
Central stores	-	-	101,737	(101,737)
Total general and financial administration	\$ 1,810,020	\$ 2,925,869	\$ 2,887,598	\$ 38,271
Board of elections:				
Electoral board and officials	\$ 213,517	\$ 268,800	\$ 293,977	\$ (25,177)
Total board of elections	\$ 213,517	\$ 268,800	\$ 293,977	\$ (25,177)
Total general government administration	\$ 2,160,139	\$ 3,335,137	\$ 3,311,290	\$ 23,847
Judicial administration:				
Courts:				
Circuit court	\$ 100,799	\$ 100,799	\$ 72,959	\$ 27,840
County court	18,047	18,799	18,559	240
Victim witness coordinator	101,536	101,536	96,456	5,080
Clerk of the circuit court	500,857	529,392	517,240	12,152
Courthouse security	457,201	426,845	389,731	37,114
Total courts	\$ 1,178,440	\$ 1,177,371	\$ 1,094,945	\$ 82,426
Commonwealth's attorney:				
Commonwealth's attorney	\$ 659,493	\$ 659,493	\$ 640,415	\$ 19,078
Total Commonwealth's attorney	\$ 659,493	\$ 659,493	\$ 640,415	\$ 19,078
Total judicial administration	\$ 1,837,933	\$ 1,836,864	\$ 1,735,360	\$ 101,504
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,909,047	\$ 2,929,896	\$ 2,848,199	\$ 81,697
Fire and rescue services:				
Fire and rescue services	\$ 3,559,490	\$ 3,841,297	\$ 3,905,769	\$ (64,472)
COVID-19 vaccination clinics	-	16,467	18,154	(1,687)
Consolidated dispatch	1,753,697	1,753,130	1,704,229	48,901
Total fire and rescue services	\$ 5,313,187	\$ 5,610,894	\$ 5,628,152	\$ (17,258)
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 2,206,325	\$ 2,316,746	\$ 2,268,063	\$ 48,683
Probation office	5,880	6,449	6,403	46
Juvenile probation and detention	29,887	29,887	29,888	(1)
Total correction and detention	\$ 2,242,092	\$ 2,353,082	\$ 2,304,354	\$ 48,728

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Public safety: (continued)				
Inspections:				
Building	\$ 245,204	\$ 248,851	\$ 245,333	\$ 3,518
Other protection:				
Special enforcement	\$ 129,042	\$ 136,850	\$ 131,045	\$ 5,805
Other protective services	213,827	212,682	209,479	3,203
Total other protection	\$ 342,869	\$ 349,532	\$ 340,524	\$ 9,008
Total public safety	\$ 11,052,399	\$ 11,492,255	\$ 11,366,562	\$ 125,693
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 14,210	\$ 784,210	\$ 783,170	\$ 1,040
Total maintenance of highways, streets, bridges & sidewalks	\$ 14,210	\$ 784,210	\$ 783,170	\$ 1,040
Sanitation and waste removal:				
Refuse and recycling	\$ 2,072,942	\$ 2,210,427	\$ 2,120,755	\$ 89,672
Total sanitation and waste removal	\$ 2,072,942	\$ 2,210,427	\$ 2,120,755	\$ 89,672
Maintenance of general buildings and grounds:				
General properties	\$ 497,485	\$ 501,027	\$ 475,619	\$ 25,408
Central garage	834,009	801,513	711,010	90,503
Total maintenance of general buildings and grounds	\$ 1,331,494	\$ 1,302,540	\$ 1,186,629	\$ 115,911
Total public works	\$ 3,418,646	\$ 4,297,177	\$ 4,090,554	\$ 206,623
Health and welfare:				
Health:				
Supplement of local health department	\$ 223,509	\$ 223,509	\$ 207,204	\$ 16,305
Other contributions	76,873	76,873	76,873	-
Total health	\$ 300,382	\$ 300,382	\$ 284,077	\$ 16,305
Mental health and mental retardation:				
Community services board	\$ 169,620	\$ 169,620	\$ 169,620	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 1,029,940	\$ 1,031,186	\$ 1,228,382	\$ (197,196)
Other public assistance and welfare administration	53,090	53,090	52,992	98
Tax relief for the elderly	-	-	228,833	(228,833)
Total welfare	\$ 1,083,030	\$ 1,084,276	\$ 1,510,207	\$ (425,931)
Total health and welfare	\$ 1,553,032	\$ 1,554,278	\$ 1,963,904	\$ (409,626)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 75,046	\$ 75,046	\$ 75,046	\$ -
Contribution to County School Board	14,782,640	15,287,478	14,026,712	1,260,766
Total education	\$ 14,857,686	\$ 15,362,524	\$ 14,101,758	\$ 1,260,766

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 2
Page 3 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 722,433	\$ 722,433	\$ 622,314	\$ 100,119
Preschool	133,056	133,075	132,414	661
Total parks and recreation	<u>\$ 855,489</u>	<u>\$ 855,508</u>	<u>\$ 754,728</u>	<u>\$ 100,780</u>
Library:				
Contribution to county libraries	\$ 586,862	\$ 586,862	\$ 586,862	\$ -
Total parks, recreation, and cultural	<u>\$ 1,442,351</u>	<u>\$ 1,442,370</u>	<u>\$ 1,341,590</u>	<u>\$ 100,780</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 327,862	\$ 328,703	\$ 228,082	\$ 100,621
Geographic information system	180,950	180,950	177,954	2,996
Rental assistance	76,697	87,391	86,973	418
Economic development	1,123,620	1,022,818	926,600	96,218
Other community development	162,004	364,955	350,258	14,697
Contribution to Public Service Authority	460,315	1,832,760	1,116,094	716,666
Total planning and community development	<u>\$ 2,331,448</u>	<u>\$ 3,817,577</u>	<u>\$ 2,885,961</u>	<u>\$ 931,616</u>
Environmental management:				
NBSWCD support	\$ 193,774	\$ 193,774	\$ 192,016	\$ 1,758
Other environmental management	94,005	90,358	77,927	12,431
Total environmental management	<u>\$ 287,779</u>	<u>\$ 284,132</u>	<u>\$ 269,943</u>	<u>\$ 14,189</u>
Cooperative extension program:				
Extension office	\$ 87,763	\$ 87,763	\$ 69,959	\$ 17,804
Total community development	<u>\$ 2,706,990</u>	<u>\$ 4,189,472</u>	<u>\$ 3,225,863</u>	<u>\$ 963,609</u>
Nondepartmental:				
Miscellaneous	\$ 55,389	\$ 98,792	\$ 7,756	\$ 91,036
Annexation payment	1,880,642	1,923,796	1,923,796	-
Total nondepartmental	<u>\$ 1,936,031</u>	<u>\$ 2,022,588</u>	<u>\$ 1,931,552</u>	<u>\$ 91,036</u>
Debt service:				
Principal retirement	\$ 3,278,438	\$ 3,278,438	\$ 3,278,438	\$ -
Interest and other fiscal charges	2,006,432	1,924,418	1,720,306	204,112
Total debt service	<u>\$ 5,284,870</u>	<u>\$ 5,202,856</u>	<u>\$ 4,998,744</u>	<u>\$ 204,112</u>
Total General Fund	<u>\$ 46,250,077</u>	<u>\$ 50,735,521</u>	<u>\$ 48,067,177</u>	<u>\$ 2,668,344</u>
Nonmajor Special Revenue Fund:				
Veterans Memorial Fund				
Community development:				
Other community development	\$ -	\$ -	\$ 1,259	\$ (1,259)
Total Veterans Memorial Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259</u>	<u>\$ (1,259)</u>
Capital Projects Funds:				
School Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ -	\$ -	\$ 2,331,000	\$ (2,331,000)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,331,000</u>	<u>\$ (2,331,000)</u>
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 86,201	\$ (86,201)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,201</u>	<u>\$ (86,201)</u>
Total School Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,417,201</u>	<u>\$ (2,417,201)</u>
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 742,203	\$ 1,244,311	\$ 496,846	\$ 747,465
Total capital projects	<u>\$ 742,203</u>	<u>\$ 1,244,311</u>	<u>\$ 496,846</u>	<u>\$ 747,465</u>
Total County Capital Projects Fund	<u>\$ 742,203</u>	<u>\$ 1,244,311</u>	<u>\$ 496,846</u>	<u>\$ 747,465</u>
Total Primary Government	<u>\$ 46,992,280</u>	<u>\$ 51,979,832</u>	<u>\$ 50,982,483</u>	<u>\$ 997,349</u>

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Schedule 2
Page 4 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 22,480,548	\$ 24,911,092	\$ 24,644,699	\$ 266,393
Administration, attendance and health	2,020,066	2,073,048	1,997,102	75,946
Pupil transportation	2,750,542	2,750,542	1,836,734	913,808
Operation and maintenance	2,831,161	3,559,677	3,449,410	110,267
Facilities	1,494,155	2,146,805	2,164,099	(17,294)
Total School Operating Fund	<u>\$ 31,576,472</u>	<u>\$ 35,441,164</u>	<u>\$ 34,092,044</u>	<u>\$ 1,349,120</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,066,775	\$ 1,066,775	\$ 922,167	\$ 144,608
Total School Cafeteria Fund	<u>\$ 1,066,775</u>	<u>\$ 1,066,775</u>	<u>\$ 922,167</u>	<u>\$ 144,608</u>
School Activity Funds:				
Education:				
Miscellaneous	\$ -	\$ -	\$ 301,729	\$ (301,729)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,729</u>	<u>\$ (301,729)</u>
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,729</u>	<u>\$ (301,729)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 32,643,247</u>	<u>\$ 36,507,939</u>	<u>\$ 35,315,940</u>	<u>\$ 1,191,999</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

1-5

Revenue Capacity

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

6-10

Debt Capacity

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

11-13

Demographic and Economic Information

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

14-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

16-19

Sources:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 12,943,272	\$ 10,937,946	\$ 14,100,533	\$ 14,218,888
Restricted	1,002,603	5,459,836	1,332,295	1,190,894
Unrestricted	17,197,916	21,297,930	21,113,574	20,308,715
Total governmental activities net position	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>	<u>\$ 36,546,402</u>	<u>\$ 35,718,497</u>
Business-type activities				
Net investment in capital assets	\$ 1,086,965	\$ 1,397,575	\$ 1,712,920	\$ 2,166,784
Restricted	1,176,854	1,002,249	1,002,249	1,210,738
Unrestricted	881,152	924,040	642,159	733,351
Total business-type activities net position	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>	<u>\$ 3,357,328</u>	<u>\$ 4,110,873</u>
Primary government				
Net investment in capital assets	\$ 14,030,237	\$ 12,335,521	\$ 15,813,453	\$ 16,385,672
Restricted	2,179,457	6,462,085	2,334,544	2,401,632
Unrestricted	18,079,068	22,221,970	21,755,733	21,042,066
Total primary government net position	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>	<u>\$ 39,903,730</u>	<u>\$ 39,829,370</u>

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 13,222,296	\$ 12,935,258	\$ 12,425,263	\$ 11,897,277	\$ 11,596,017	\$ 9,617,212
232,779	451,921	274,880	193,246	1,813,786	2,545,583
<u>23,911,471</u>	<u>24,789,608</u>	<u>25,139,551</u>	<u>25,112,495</u>	<u>25,452,170</u>	<u>30,415,352</u>
\$ <u>37,366,546</u>	\$ <u>38,176,787</u>	\$ <u>37,839,694</u>	\$ <u>37,203,018</u>	\$ <u>38,861,973</u>	\$ <u>42,578,147</u>
\$ 2,592,481	\$ 2,096,784	\$ 2,579,553	\$ 3,005,550	\$ 3,382,024	\$ 3,588,403
1,423,596	1,682,097	1,004,855	824,130	838,128	839,678
<u>366,856</u>	<u>1,703,698</u>	<u>(894,497)</u>	<u>(1,703,291)</u>	<u>(4,196,565)</u>	<u>(2,839,422)</u>
\$ <u>4,382,933</u>	\$ <u>5,482,579</u>	\$ <u>2,689,911</u>	\$ <u>2,126,389</u>	\$ <u>23,587</u>	\$ <u>1,588,659</u>
\$ 15,814,777	\$ 15,032,042	\$ 15,004,816	\$ 14,902,827	\$ 14,978,041	\$ 13,205,615
1,656,375	2,134,018	1,279,735	1,017,376	2,651,914	3,385,261
<u>24,278,327</u>	<u>26,493,306</u>	<u>24,245,054</u>	<u>23,409,204</u>	<u>21,255,605</u>	<u>27,575,930</u>
\$ <u>41,749,479</u>	\$ <u>43,659,366</u>	\$ <u>40,529,605</u>	\$ <u>39,329,407</u>	\$ <u>38,885,560</u>	\$ <u>44,166,806</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government administration	\$ 2,335,818	\$ 2,011,030	\$ 2,497,472	\$ 2,294,804
Judicial administration	1,021,390	1,267,789	1,282,388	1,283,097
Public safety	5,406,165	5,700,091	7,551,214	6,492,719
Public works	2,949,751	3,052,847	2,522,400	2,879,018
Health and welfare	1,505,526	1,414,009	1,411,742	1,330,106
Education	16,631,591	16,126,417	14,081,158	14,980,144
Parks, recreation and cultural	1,299,526	1,442,669	1,246,800	1,289,331
Community development	2,369,189	2,246,495	2,635,939	3,171,409
Interest on long-term debt	1,730,059	1,718,759	1,749,577	1,757,409
Nondepartmental	1,969,401	2,833,978	2,513,613	2,449,604
Total governmental activities expenses	\$ 37,218,416	\$ 37,814,084	\$ 37,492,303	\$ 37,927,641
Business-type activities:				
Blue Ridge Resource Authority (Landfill)	\$ 825,011	\$ 960,797	\$ 1,207,978	\$ 962,151
Recycling	1,159,742	1,156,498	461,888	473,195
Total business-type activities expenses	\$ 1,984,753	\$ 2,117,295	\$ 1,669,866	\$ 1,435,346
Total primary government expenses	\$ 39,203,169	\$ 39,931,379	\$ 39,162,169	\$ 39,362,987
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 23,400	\$ 23,400	\$ -	\$ -
Judicial administration	510,896	457,916	709,282	765,411
Public safety	6,317	22,078	10,282	21,465
Public works	1,236,913	1,122,809	1,180,837	1,043,742
Parks, recreation and cultural	95,487	85,038	84,607	80,237
Community development	192,207	178,734	236,124	493,599
Operating grants and contributions	2,257,672	2,412,618	2,438,107	2,424,462
Capital grants and contributions	1,993,245	5,816,685	598,412	273,913
Total governmental activities program revenues	\$ 6,316,137	\$ 10,119,278	\$ 5,257,651	\$ 5,102,829

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,888,023	\$ 2,905,137	\$ 2,921,147	\$ 2,732,902	\$ 2,955,095	\$ 4,104,091
1,363,768	1,500,916	1,498,614	1,571,211	1,803,592	1,816,448
7,165,176	8,332,745	9,210,516	9,924,693	10,807,553	11,650,127
3,257,681	3,458,387	3,508,528	3,229,210	3,485,100	4,231,365
1,641,027	1,618,131	1,723,940	1,822,361	1,968,412	1,964,137
15,794,029	16,455,148	16,750,090	18,406,357	16,656,304	16,870,475
1,431,206	1,403,936	1,502,900	1,421,876	1,555,092	1,386,232
2,933,943	2,792,737	3,106,501	3,265,388	2,755,834	3,269,240
1,780,693	1,805,264	1,856,695	1,913,840	1,648,736	1,617,948
<u>2,488,358</u>	<u>2,209,563</u>	<u>2,207,499</u>	<u>2,153,345</u>	<u>1,930,638</u>	<u>1,931,552</u>
\$ <u>40,743,904</u>	\$ <u>42,481,964</u>	\$ <u>44,286,430</u>	\$ <u>46,441,183</u>	\$ <u>45,566,356</u>	\$ <u>48,841,615</u>
\$ 1,183,842	\$ 1,166,417	\$ 4,942,934	\$ 3,046,258	\$ 4,788,902	\$ 1,265,423
<u>463,929</u>	<u>527,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,647,771</u>	\$ <u>1,694,164</u>	\$ <u>4,942,934</u>	\$ <u>3,046,258</u>	\$ <u>4,788,902</u>	\$ <u>1,265,423</u>
\$ <u>42,391,675</u>	\$ <u>44,176,128</u>	\$ <u>49,229,364</u>	\$ <u>49,487,441</u>	\$ <u>50,355,258</u>	\$ <u>50,107,038</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
707,067	867,615	877,266	793,781	738,368	481,310
23,841	71,543	76,224	50,559	39,728	40,364
1,052,048	1,166,521	1,006,611	650,812	576,959	356,882
90,846	93,890	88,254	91,959	83,961	91,597
291,216	291,872	348,692	340,990	301,284	332,275
2,381,742	2,460,447	2,525,993	2,766,029	3,980,032	6,481,010
<u>41,945</u>	<u>21,545</u>	<u>38,569</u>	<u>398,342</u>	<u>75,796</u>	<u>-</u>
\$ <u>4,588,705</u>	\$ <u>4,973,433</u>	\$ <u>4,961,609</u>	\$ <u>5,092,472</u>	\$ <u>5,796,128</u>	\$ <u>7,783,438</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Business-type activities:				
Charges for services:				
Landfill	\$ 1,063,507	\$ 1,034,968	\$ 936,243	\$ 1,578,750
Recycling	23,714	-	-	-
Operating grants and contributions	18,461	26,161	23,076	23,046
Total business-type activities program revenues	\$ 1,105,682	\$ 1,061,129	\$ 959,319	\$ 1,601,796
Total primary government program revenues	\$ 7,421,819	\$ 11,180,407	\$ 6,216,970	\$ 6,704,625
Net (expense) / revenue				
Governmental activities	\$ (30,902,279)	\$ (27,694,806)	\$ (32,234,652)	\$ (32,824,812)
Business-type activities	(879,071)	(1,056,166)	(710,547)	166,450
Total primary government net expense	\$ (31,781,350)	\$ (28,750,972)	\$ (32,945,199)	\$ (32,658,362)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 20,241,098	\$ 22,519,602	\$ 23,009,779	\$ 24,210,212
Local sales and use taxes	2,292,809	2,392,591	2,439,476	2,561,164
Motor vehicle licenses taxes	537,280	537,855	535,776	531,093
Consumer utility taxes	1,520,806	1,522,050	1,514,494	1,509,304
Business licenses taxes	851,571	913,827	882,478	873,386
Other local taxes	2,687,544	2,791,478	2,922,491	3,144,747
Unrestricted grants and contributions	2,761,428	2,741,009	2,760,419	2,732,823
Unrestricted revenues from use of money and property	74,448	78,229	58,003	57,337
Gain on sale of capital assets	-	-	-	-
Miscellaneous	1,710,031	743,278	1,213,388	943,636
Transfers	(1,111,015)	(1,234,972)	(735,930)	(909,606)
Total governmental activities	\$ 31,566,000	\$ 33,004,947	\$ 34,600,374	\$ 35,654,096
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 4,000	\$ 4,676	\$ 3,018	\$ 3,413
Miscellaneous	68	3,815	5,063	8,927
Transfers	1,111,015	1,234,972	735,930	909,606
Total business-type activities	\$ 1,115,083	\$ 1,243,463	\$ 744,011	\$ 921,946
Total primary government	\$ 32,681,083	\$ 34,248,410	\$ 35,344,385	\$ 36,576,042
Change in Net Position				
Governmental activities	\$ 663,721	\$ 5,310,141	\$ 2,365,722	\$ 2,829,284
Business-type activities	236,012	187,297	33,464	1,088,396
Total primary government	\$ 899,733	\$ 5,497,438	\$ 2,399,186	\$ 3,917,680

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,098,447	\$ 2,232,822	\$ 2,108,888	\$ 2,360,386	\$ 2,586,640	\$ 2,769,967
-	-	-	-	-	-
23,300	22,492	21,966	-	-	-
\$ 2,121,747	\$ 2,255,314	\$ 2,130,854	\$ 2,360,386	\$ 2,586,640	\$ 2,769,967
\$ 6,710,452	\$ 7,228,747	\$ 7,092,463	\$ 7,452,858	\$ 8,382,768	\$ 10,553,405
\$ (36,155,199)	\$ (37,508,531)	\$ (39,324,821)	\$ (41,348,711)	\$ (39,770,228)	\$ (41,058,177)
473,976	561,150	(2,812,080)	(685,872)	(2,202,262)	1,504,544
\$ (35,681,223)	\$ (36,947,381)	\$ (42,136,901)	\$ (42,034,583)	\$ (41,972,490)	\$ (39,553,633)
\$ 24,775,816	\$ 25,753,935	\$ 26,107,887	\$ 26,812,001	\$ 28,273,179	\$ 29,880,026
2,720,814	2,684,576	2,674,023	2,849,016	3,039,608	3,398,247
540,217	531,868	538,941	531,572	469,104	474,363
1,488,723	1,465,354	1,444,055	1,375,566	1,374,527	1,262,648
849,796	872,532	882,385	959,186	942,041	922,051
3,409,515	3,562,628	3,544,797	3,630,698	3,216,409	5,066,776
2,749,809	2,764,276	2,764,409	2,833,135	2,844,367	2,832,106
113,017	169,275	253,575	474,123	358,087	109,347
-	23,210	-	-	-	-
833,978	939,045	1,216,150	1,236,036	911,861	894,931
(449,951)	(447,927)	28,204	10,702	-	-
\$ 37,031,734	\$ 38,318,772	\$ 39,454,426	\$ 40,712,035	\$ 41,429,183	\$ 44,840,495
\$ 11,162	\$ 43,456	\$ 63,798	\$ 111,965	\$ 59,201	\$ 5,419
25,869	47,113	13,587	21,087	40,259	55,109
449,951	447,927	(28,204)	(10,702)	-	-
\$ 486,982	\$ 538,496	\$ 49,181	\$ 122,350	\$ 99,460	\$ 60,528
\$ 37,518,716	\$ 38,857,268	\$ 39,503,607	\$ 40,834,385	\$ 41,528,643	\$ 44,901,023
\$ 876,535	\$ 810,241	\$ 129,605	\$ (636,676)	\$ 1,658,955	\$ 3,782,318
960,958	1,099,646	(2,762,899)	(563,522)	(2,102,802)	1,565,072
\$ 1,837,493	\$ 1,909,887	\$ (2,633,294)	\$ (1,200,198)	\$ (443,847)	\$ 5,347,390

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2021 \$	29,880,026	\$ 3,398,247	\$ 1,262,648	\$ 474,363	\$ 401,383	\$ 922,051	\$ 36,338,718
2020	28,273,179	3,039,608	1,374,527	469,104	285,043	942,041	34,383,502
2019	26,812,001	2,849,016	1,375,566	531,572	202,609	959,186	32,729,950
2018	26,107,887	2,674,023	1,444,055	538,941	224,903	882,385	31,872,194
2017	25,753,935	2,684,576	1,465,354	531,868	203,536	872,532	31,511,801
2016	24,775,816	2,720,814	1,488,723	540,217	181,979	849,796	30,557,345
2015	24,210,212	2,561,164	1,509,304	531,093	184,098	873,386	29,869,257
2014	23,009,779	2,439,476	1,514,494	535,776	208,339	882,478	28,590,342
2013	22,519,602	2,392,591	1,522,050	537,855	191,861	913,827	28,077,786
2012	20,241,098	2,292,809	1,520,806	537,280	199,362	851,571	25,642,926

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General fund					
Nonspendable	\$ 121,348	\$ 116,671	\$ 112,861	\$ 111,886	\$ 104,915
Restricted	1,002,603	1,075,361	1,000,439	988,933	63,889
Committed	646,172	707,419	385,973	175,973	-
Assigned	2,061,918	1,934,997	2,194,043	2,004,485	2,021,502
Unassigned	<u>15,284,213</u>	<u>17,219,353</u>	<u>18,317,586</u>	<u>21,085,055</u>	<u>20,713,488</u>
Total general fund	<u>\$ 19,116,254</u>	<u>\$ 21,053,801</u>	<u>\$ 22,010,902</u>	<u>\$ 24,366,332</u>	<u>\$ 22,903,794</u>
All other governmental funds					
Restricted	\$ -	\$ 4,384,475	\$ 331,856	\$ 201,961	\$ 168,890
Assigned, reported in:					
Capital projects funds	5,434,345	254,255	260,564	232,578	4,119,737
Unassigned, reported in:					
Special revenue funds	<u>(947,976)</u>	<u>(229,603)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 4,486,369</u>	<u>\$ 4,409,127</u>	<u>\$ 592,420</u>	<u>\$ 434,539</u>	<u>\$ 4,288,627</u>

Table 4

Fiscal Year				
2017	2018	2019	2020	2021
\$ 97,188	\$ 134,527	\$ 149,337	\$ 4,273,509	\$ 4,682,225
281,823	274,880	193,246	1,813,786	997,970
78,036	17,535	-	-	-
3,673,682	3,613,452	3,364,713	3,017,813	2,912,505
<u>21,887,717</u>	<u>21,821,167</u>	<u>23,087,925</u>	<u>19,886,046</u>	<u>25,597,988</u>
\$ <u>26,018,446</u>	\$ <u>25,861,561</u>	\$ <u>26,795,221</u>	\$ <u>28,991,154</u>	\$ <u>34,190,688</u>
\$ 170,098	\$ -	\$ -	\$ -	\$ 1,547,613
2,076,736	2,896,605	1,435,250	1,079,467	865,008
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>2,246,834</u>	\$ <u>2,896,605</u>	\$ <u>1,435,250</u>	\$ <u>1,079,467</u>	\$ <u>2,412,621</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
General property taxes	\$ 20,928,182	\$ 22,414,930	\$ 23,372,482	\$ 24,016,493
Other local taxes	7,890,010	8,157,801	8,294,715	8,619,694
Permits, privilege fees and regulatory licenses	192,207	172,766	210,464	432,008
Fines and forfeitures	284,725	235,024	451,140	521,412
Revenue from use of money and property	74,448	78,229	58,003	57,337
Charges for services	1,588,288	1,482,185	1,559,528	1,451,034
Miscellaneous	2,150,539	2,471,378	1,213,388	943,636
Recovered costs	303,718	350,799	272,277	317,364
Intergovernmental:				
Commonwealth	4,733,732	4,847,109	4,910,801	4,955,261
Federal	2,278,613	4,416,673	886,137	475,937
Total revenues	\$ 40,424,462	\$ 44,626,894	\$ 41,228,935	\$ 41,790,176
Expenditures				
General government administration	\$ 1,612,340	\$ 1,588,585	\$ 1,667,257	\$ 1,586,194
Judicial administration	1,188,236	1,278,954	1,295,768	1,381,899
Public safety	5,535,432	5,784,020	7,683,885	6,492,485
Public works	2,956,944	3,082,574	2,506,757	2,893,763
Health and welfare	1,503,694	1,413,425	1,412,588	1,329,207
Education	12,848,581	14,216,366	13,747,740	13,829,192
Parks, recreation and cultural	1,197,527	1,345,586	1,243,472	1,442,883
Community development	6,177,505	7,337,211	2,633,159	3,185,514
Non-Departmental	1,730,059	1,723,096	1,749,577	1,757,409
Capital projects	2,335,173	21,849,069	4,579,992	130,640
Debt service:				
Principal	1,854,205	3,674,994	2,107,993	2,053,317
Interest and other fiscal charges	2,026,423	2,311,965	2,724,423	2,600,518
Bond issue costs	-	287,772	-	-
Total expenditures	\$ 40,966,119	\$ 65,893,617	\$ 43,352,611	\$ 38,683,021
Excess of revenues over (under) expenditures	\$ (541,657)	\$ (21,266,723)	\$ (2,123,676)	\$ 3,107,155
Other financing sources (uses)				
Transfers in	\$ 1,087,294	\$ -	\$ 28,328	\$ 27,786
Transfers out	(2,198,309)	(1,234,972)	(764,258)	(937,392)
Issuance of refunding bonds	-	11,760,000	-	-
Bonds issued	7,500,000	21,895,000	-	-
Premium on bonds issued	-	2,533,876	-	-
Capital leases	206,315	-	-	-
Payment to refunded bond escrow agent	-	(13,086,006)	-	-
Total other financing sources (uses)	\$ 6,595,300	\$ 21,867,898	\$ (735,930)	\$ (909,606)
Net change in fund balances	\$ 6,053,643	\$ 601,175	\$ (2,859,606)	\$ 2,197,549
Debt service as a percentage of noncapital expenditures	10.05%	13.59%	12.59%	12.12%

Table 5

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 24,843,541	\$ 25,725,668	\$ 26,131,707	\$ 26,821,285	\$ 27,975,985	\$ 30,277,937
9,009,065	9,116,958	9,084,201	9,346,038	9,041,689	11,124,085
275,060	255,426	283,671	341,802	273,100	317,930
445,370	601,336	626,580	572,049	558,259	277,228
113,017	169,275	253,575	474,123	358,087	109,347
1,444,588	1,634,679	1,486,796	1,014,250	908,941	707,270
833,978	1,514,145	1,216,150	1,236,036	911,861	894,931
469,735	460,945	387,604	499,845	455,639	469,287
4,965,583	4,993,539	5,012,009	5,408,397	5,331,069	5,375,550
207,913	252,729	316,962	589,109	1,569,126	3,937,567
\$ 42,607,850	\$ 44,724,700	\$ 44,799,255	\$ 46,302,934	\$ 47,383,756	\$ 53,491,132
\$ 2,117,583	\$ 2,023,012	\$ 1,963,707	\$ 2,029,406	\$ 2,159,442	\$ 3,311,290
1,472,432	1,497,223	1,537,279	1,661,334	1,738,139	1,735,360
7,403,041	8,292,069	9,256,857	9,924,315	10,577,209	11,366,562
3,312,600	3,377,393	3,532,420	3,281,203	3,399,588	4,090,554
1,639,246	1,617,640	1,731,697	1,821,605	1,968,785	1,963,904
13,082,282	13,875,717	14,478,618	14,278,558	13,836,464	14,101,758
1,427,654	1,389,469	1,471,789	1,434,036	1,523,038	1,341,590
2,808,451	2,791,218	3,222,033	3,292,580	2,749,528	3,227,122
1,780,693	1,805,264	1,856,695	1,913,840	1,932,141	1,931,552
486,825	2,098,566	5,790,077	2,039,995	716,974	2,827,846
2,502,118	2,064,665	2,437,709	2,876,909	3,108,090	3,278,438
2,746,012	2,371,678	2,291,692	2,287,550	1,834,208	1,806,507
-	-	-	-	-	-
\$ 40,778,937	\$ 43,203,914	\$ 49,570,573	\$ 46,841,331	\$ 45,543,606	\$ 50,982,483
\$ 1,828,913	\$ 1,520,786	\$ (4,771,318)	\$ (538,397)	\$ 1,840,150	\$ 2,508,649
\$ 4,575,622	\$ 61,675	\$ 1,211,673	\$ 587,593	\$ 361,191	\$ 282,387
(5,025,573)	(509,602)	(1,183,469)	(576,891)	(361,191)	(282,387)
4,985,000	-	-	-	-	9,755,000
-	-	-	-	-	3,954,125
835,950	-	-	-	-	-
-	-	5,236,000	-	-	-
(5,579,876)	-	-	-	-	(9,618,942)
\$ (208,877)	\$ (447,927)	\$ 5,264,204	\$ 10,702	\$ -	\$ 4,090,183
\$ 1,620,036	\$ 1,072,859	\$ 492,886	\$ (527,695)	\$ 1,840,150	\$ 6,598,832
13.15%	10.77%	10.85%	11.19%	11.02%	10.59%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2021 \$	30,277,937	\$ 3,398,247	\$ 1,262,648	\$ 474,363	\$ 401,383	\$ 922,051	\$ 36,736,629
2020	27,975,985	3,039,608	1,374,527	469,104	285,043	942,041	34,086,308
2019	26,821,285	2,849,016	1,375,566	531,572	202,609	959,186	32,739,234
2018	26,131,707	2,674,023	1,444,055	538,941	224,903	882,385	31,896,014
2017	25,725,668	2,684,576	1,465,354	531,868	203,536	872,532	31,483,534
2016	24,843,541	2,720,814	1,488,723	540,217	181,979	849,796	30,625,070
2015	24,016,493	2,561,164	1,509,304	531,093	184,098	873,386	29,675,538
2014	23,372,482	2,439,476	1,514,494	535,776	208,339	882,478	28,953,045
2013	22,414,930	2,392,591	1,522,050	537,855	191,861	913,827	27,973,114
2012	20,928,182	2,292,809	1,520,806	537,280	199,362	851,571	26,330,010

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2021	\$ 2,701,834,100	\$ 220,877,856	\$ 6,199,161	\$ 18,861,706	\$ 276,632,910	\$ 3,224,405,733
2020	2,667,749,200	214,597,409	6,455,543	20,419,513	238,322,735	3,147,544,400
2019	2,655,783,600	212,796,687	6,568,155	16,960,239	212,415,903	3,104,524,584
2018	2,648,474,200	206,515,010	6,342,995	16,449,119	203,142,456	3,080,923,780
2017	2,631,621,600	201,464,825	6,550,990	15,378,673	184,195,145	3,039,211,233
2016	2,439,031,715	193,324,971	6,606,563	15,010,380	179,117,907	2,833,091,536
2015	2,427,102,558	185,452,684	6,526,117	14,293,472	158,517,874	2,791,892,705
2014	2,409,180,980	182,796,656	6,654,724	14,745,031	146,349,769	2,759,727,160
2013	2,406,225,814	181,627,780	6,529,754	14,352,182	130,966,279	2,739,701,809
2012	2,393,006,606	174,030,130	6,943,019	13,415,023	118,289,855	2,705,684,633

Source: Commissioner of the Revenue

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

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

(3) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	3,090,583,469	104.33%	\$ 8.53
	3,149,749,224	99.93%	8.53
	3,054,732,445	101.63%	8.26
	3,124,669,148	98.60%	8.20
	2,977,867,169	102.06%	8.20
	2,872,735,283	98.62%	8.27
	2,788,824,998	100.11%	8.23
	2,848,309,588	96.89%	8.23
	2,827,641,458	96.89%	8.14
	2,792,532,390	96.89%	8.08

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

Direct Rates					
Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate
2021	\$ 0.74	\$ 4.50	\$ 0.74	\$ 2.55	\$ 8.53
2020	0.74	4.50	0.74	2.55	8.53
2019	0.73	4.25	0.73	2.55	8.26
2018	0.70	4.25	0.70	2.55	8.20
2017	0.70	4.25	0.70	2.55	8.20
2016	0.735	4.25	0.735	2.55	8.27
2015	0.715	4.25	0.715	2.55	8.23
2014	0.715	4.25	0.715	2.55	8.23
2013	0.67	4.25	0.67	2.55	8.14
2012	0.64	4.25	0.64	2.55	8.08

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$	31,523,349	\$ 30,493,159	96.73%	\$ -	\$ 30,493,159	96.73%
2020		30,082,752	28,593,477	95.05%	1,065,207	29,658,684	98.59%
2019		29,022,230	27,867,556	96.02%	931,892	28,799,448	99.23%
2018		28,195,589	27,044,729	95.92%	1,037,096	28,081,825	99.60%
2017		27,587,034	26,685,209	96.73%	816,645	27,501,854	99.69%
2016		26,614,006	25,756,651	96.78%	842,730	26,599,381	99.95%
2015		25,839,111	24,786,530	95.93%	1,033,060	25,819,590	99.92%
2014		25,571,272	24,997,455	97.76%	564,307	25,561,762	99.96%
2013		23,894,710	23,332,287	97.65%	558,027	23,890,314	99.98%
2012		23,041,039	22,189,814	96.31%	847,930	23,037,744	99.99%

Source: Commissioner of the Revenue, Treasurer's office.

(1) Exclusive of penalties and interest, includes Commonwealth of Virginia PPTRA reimbursement.

(2) Does not include land redemptions.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2021		Fiscal Year 2012	
		2021 Assessed Valuation	% of Total Assessed Valuation	2012 Assessed Valuation	% of Total Assessed Valuation
Virginia Elec. & Power Company	Utility	\$ 153,479,512	5.681%	\$ n/a	n/a
Lexington Retirement Community, Inc.	Health Provider	31,792,900	1.177%	27,726,900	1.023%
BARC Electric	Utility	29,495,999	1.092%	n/a	n/a
Landeau, Laurie J.	Individual	16,522,800	0.612%	3,634,600	0.134%
White's Travel Center, LLC	Industry & Service	13,972,100	0.517%	n/a	n/a
BJB Properties LLC	Industry & Service	11,574,200	0.428%	n/a	n/a
Lowe's Home Center	Retail	10,870,100	0.402%	7,912,500	0.292%
West Airlie Farms, LLC	Agriculture	10,550,700	0.391%	3,795,700	0.140%
Mountain View Brewery, LLC	Manufacturer/Retail	10,118,300	0.374%	n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	10,034,500	0.371%	8,992,900	0.332%
		<u>\$ 298,411,111</u>	<u>11.045%</u>	<u>\$ 52,062,600</u>	<u>1.921%</u>

Source: Commissioner of Revenue

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF ROCKBRIDGE, VIRGINIA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Capital Leases	General Obligation Bonds	Capital Leases
2021	\$ 34,281,893	\$ 15,960,000	\$ 180,000	\$ 4,430,000	\$ 8,908,489	\$ 86,359
2020	33,706,337	15,420,000	360,000	4,724,000	5,246,275	199,149
2019	35,991,654	16,005,000	540,000	4,984,644	5,902,133	391,895
2018	38,210,078	16,440,000	715,000	5,236,000	6,532,992	606,418
2017	40,365,658	16,745,000	895,000	-	7,143,851	643,359
2016	42,453,194	16,745,000	1,075,000	-	7,264,710	916,590
2015	43,604,236	17,390,000	1,255,000	-	724,462	449,111
2014	45,109,146	17,870,000	1,435,000	53,280	750,543	583,060
2013	46,590,095	18,359,697	1,635,000	173,515	776,624	317,405
2012	24,907,549	19,055,719	2,000,000	330,643	776,624	-

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

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

Table 11

<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 63,846,741	9.72%	\$ 3,070
59,655,761	8.39%	2,651
63,815,326	7.26%	2,831
67,740,488	7.87%	2,990
65,792,868	7.95%	2,958
68,454,494	8.87%	3,089
63,422,809	8.21%	2,862
65,801,029	8.44%	2,939
67,852,336	9.06%	3,038
47,070,535	6.39%	2,131

COUNTY OF ROCKBRIDGE, VIRGINIA
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Table 12

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2021	22,532	\$ 2,701,834,100	\$ 34,461,893	\$ -	\$ 34,461,893	1.28%	\$ 1,529
2020	22,500	2,667,749,200	34,066,337	-	34,066,337	1.28%	1,514
2019	22,539	2,655,783,600	36,531,654	-	36,531,654	1.38%	1,621
2018	22,659	2,648,474,200	38,925,078	-	38,925,078	1.47%	1,718
2017	22,241	2,631,621,600	41,260,658	-	41,260,658	1.57%	1,855
2016	22,163	2,439,031,715	43,528,194	-	43,528,194	1.78%	1,964
2015	22,163	2,427,102,558	44,859,236	-	44,859,236	1.85%	2,024
2014	22,390	2,409,180,980	46,544,146	-	46,544,146	1.93%	2,079
2013	22,338	2,406,225,814	48,225,095	-	48,225,095	2.00%	2,159
2012	22,090	2,393,006,606	26,907,549	-	26,907,549	1.12%	1,218

(1) www.coopercenter.org; See the Schedule of Demographic and Economic Statistics - Table 14

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property- Table 7

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds						Coverage
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2021	\$ 2,825,076	\$ 1,778,113	\$ 1,046,963	\$ 590,000	\$ 280,656	120.25%	
2020	2,626,899	1,686,907	939,992	560,000	228,637	119.19%	
2019	2,381,473	1,484,858	896,615	535,000	254,172	113.61%	
2018	2,122,475	1,103,408	1,019,067	515,000	277,803	128.54%	
2017	2,252,340	967,399	1,284,941	25,000	272,475	431.95%	
2016	2,113,441	777,930	1,335,511	20,000	29,656	2689.53%	
2015	1,583,311	731,128	852,183	20,000	40,173	1416.22%	
2014	936,618	987,004	(50,386)	20,000	31,456	-97.92%	
2013	1,035,112	779,351	255,761	-	28,107	909.95%	
2012	1,063,575	748,612	314,963	-	-	N/A	

Note: Landfill charges and other include landfill charges and miscellaneous revenues but not investment earnings or capital contributions. Operating expenses include all operating expenses except depreciation expense.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2021	22,650	\$ 946,634,100	\$ 41,794	49	2,665	4.20%
2020	22,500	907,200,000	40,320	49	2,643	6.30%
2019	22,609	881,321,429	38,981	47	2,743	2.60%
2018	22,659	860,792,751	37,989	47	2,740	3.40%
2017	22,241	827,587,610	37,210	47	2,737	4.60%
2016	22,163	772,070,268	34,836	47	2,755	4.40%
2015	22,163	772,070,268	34,836	47	2,613	5.80%
2014	22,390	779,978,040	34,836	47	2,604	5.40%
2013	22,338	748,859,112	33,524	47	2,594	6.00%
2012	22,090	736,767,770	33,353	47	2,546	5.60%

Sources: Weldon Cooper Institute, Central Shenandoah Planning District Commission*, Rockbridge County School Division, and the Virginia Employment Commission.

* Independent Cities of Buena Vista and Lexington included with Rockbridge County. Data not available separately.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk Industries, Inc.	500	1	4.68%	950	1	13.52%
Rockbridge County Schools	485	2	4.54%	n/a	n/a	n/a
White's Travel Center	267	3	2.50%	132	5	2.13%
Walmart	215	4	2.01%	275	2	4.44%
Kendall	148	5	1.39%	140	4	2.26%
Lowes	100	6	0.94%	105	7	1.69%
Byers, Inc.	97	7	0.91%	n/a	n/a	n/a
County of Rockbridge	91	8	0.85%	n/a	n/a	n/a
Rockbridge Area Health Ctr	84	9	0.79%	n/a	n/a	n/a
Vesuvius Corporation	79	10	0.74%	108	6	1.74%
Totals	2,066		19.34%	1,710		24.34%

Businesses with 2012 employment figure marked 'n/a' do not maintain their records to this timeframe, were unable to provide requested information, or were not in business at that time.

Sources: Individual company human resource departments.

Note: Excludes state agency data.

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Function	Fiscal Year				
	2012	2013	2014	2015	2016
General government	16	16	16	16	16
County Administration	2	2	2	2	2
County Attorney	1	1	1	1	1
Central Accounting	2	2	2	1	1
Information Technology	1	1	1	1	1
Human Resources	0	0	0	1	1
Commissioner of the Revenues	4	4	4	4	4
Treasurer	4	4	4	4	4
Fiscal Services	2	2	2	2	2
Registrar	1	1	1	1	1
Judicial administration	18	18	18	18	19
Clerk of Circuit Court	5	5	5	5	6
Circuit Court	1	1	1	1	1
Combined Court Security	6	6	6	6	6
Commonwealth's Attorney	5	5	5	5	5
Victim Witness Coordinator	1	1	1	1	1
Public safety	43	42	43	43	43
Sheriff Office	34	34	35	35	35
Fire, Rescue, & Emergency Mgmt.	1	1	2	2	2
Building inspections	4	4	3	3	3
E&S Control-Storm Water Mgmt.	2	1	1	1	1
Special Enforcement	2	2	2	2	2
Public works	18	18	18	18	18
Refuse & Recycling Collections	5	5	5	5	5
Landfill (Blue Ridge Resource Auth.)	7	7	7	7	7
Combined Courthouse Maint.	1	1	1	1	1
Engineering	0	0	0	0	0
Fleet Services	5	5	5	5	5
Health and welfare					
Department of Social Services	25	25	23	26	26
Culture and recreation	5	5	5	5	6
Parks and recreation	3	3	3	3	4
Preschool Program	2	2	2	2	2
Community development	6	6	6	6	6
Planning & Zoning	3	3	3	3	3
Geographic Information System	2	2	2	2	2
Rental Assistance	1	1	1	1	1
Totals	132	131	130	133	135

Source: Individual County departments

Table 16

Fiscal Year				
2017	2018	2019	2020	2021
17	17	17	18	18
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
5	5	5	5	5
4	4	4	4	4
2	2	2	3	3
1	1	1	2	2
19	20	21	23	23
6	6	6	7	7
1	1	1	1	1
6	7	7	7	7
5	5	6	7	7
1	1	1	1	1
43	41	60	60	62
35	33	38	38	38
2	2	16	16	18
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
17	20	17	17	20
4	3	3	3	4
7	9	6	6	8
1	2	2	2	2
0	0	0	0	0
5	6	6	6	6
28	33	33	33	33
6	6	6	6	6
4	4	4	4	4
2	2	2	2	2
6	6	6	6	5
3	3	3	3	2
2	2	2	2	2
1	1	1	1	1
136.5	144	161	165	169

COUNTY OF ROCKBRIDGE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2012	2013	2014	2015
Public safety				
Fire and rescue:				
Number of calls answered	5,636	4,791	5,582	5,475
Building inspections:				
Permits issued	473	310	522	529
Public works				
Landfill:				
Refuse collected (tons/day)	138	141	141	141
Recycling (tons/day)	11	13	15	17
Health and welfare				
Department of Social Services:				
Caseload	6,714	6,366	6,275	6,286

*Calls dispatched; includes Lexington and Buena Vista Fire and Rescue calls into County

**Tons per day based on 307 work days

***Includes Lexington City, excludes Buena Vista City and private enterprises

Source: Individual County departments--only information that is currently available.

Table 17

Fiscal Year					
2016	2017	2018	2019	2020	2021
5,580	5908*	5610*	6104*	6125*	6223*
535	533	503	515	591	646
144 13***	141** 13***	132** 10***	169** 9***	152** 6***	149** 3***
6,239	5,829	5,804	5497	5898	6969

COUNTY OF ROCKBRIDGE, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2012	2013	2014	2015
General government				
Administration buildings	1	1	1	1
Judicial Administration				
Courthouse	1	1	1	1
Vehicles (Courthouse Security)	3	3	3	3
Public safety				
Sheriff (Law Enforcement):				
Vehicles	39	39	39	38
Fire, EMS & Emg. Mgmt.:				
Vehicles	2	2	3	3
Building inspections/maintenance:				
Vehicles	3	3	3	4
Animal control:				
Vehicles	2	2	2	2
Public works				
Collections:				
Vehicles	N/A	N/A	N/A	N/A
Sites	5	5	5	5
Landfill:				
Vehicles	N/A	N/A	N/A	N/A
Sites	1	1	1	1
Fleet Services:				
Vehicles	N/A	N/A	N/A	N/A
Facilities	1	1	1	1
Health and welfare				
Department of Social Services:				
Vehicles	4	4	4	5
Parks, culture and recreation				
Parks and recreation:				
Vehicles	3	3	3	2
Swimming pools	2	2	2	2
Community development				
Planning/GIS:				
Vehicles	3	3	3	3

Source: Individual County departments--only information that is currently available

Table 18

Fiscal Year					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	4	4	4
40	42	44	36	36	43
3	3	3	4	4	4
4	4	4	4	4	4
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	6	6	6
N/A	4	4	6	6	7
1	1	1	1	1	1
N/A	4	5	8	7	7
1	1	1	1	1	1
5	6	6	6	6	6
3	3	3	3	3	3
2	2	2	2	2	2
3	3	3	3	3	3

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2021

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 517,240	\$ 315,784	\$ 201,456	24.95%	\$ 50,263
Circuit Court - Expenses	72,959	-	72,959	24.95%	18,203
General District and J&D Court	18,559	-	18,559	24.95%	4,630
Courthouse Maintenance	345,337	-	345,337	24.95%	86,162
25th Court Services Unit-Juvenile Probation	6,403	-	6,403	20.37%	1,304
Commonwealth's Attorney	640,415	468,514	171,901	24.95%	42,889
Sheriff's Salary	137,114	98,538	38,576	24.95%	9,625
Advancement of Agriculture (City Agent)	<u>69,959</u>	<u>-</u>	<u>69,959</u>	15.00%	<u>10,494</u>
Totals	\$ <u>1,807,986</u>	\$ <u>882,836</u>	\$ <u>925,150</u>		\$ <u>223,571</u>

Table 19

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
- \$	-
-	-
-	-
-	-
18.34%	1,174
-	-
-	-
-	-
	<hr/>
\$	<u><u>1,174</u></u>

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Fanner, Cox Associates

Staunton, Virginia
December 15, 2021



**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 ROCKBRIDGE, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited County of Rockbridge, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Rockbridge, Virginia's major federal programs for the year ended June 30, 2021. County of Rockbridge, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Rockbridge, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

Staunton, Virginia
December 15, 2021

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal AL/CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Direct Payments:				
COVID-19 Provider Relief Program	93.498	Not applicable	\$ 18,948	
Pass Through Payments:				
Department of Education:				
Temporary Assistance For Needy Families (TANF)	93.558	2101VATANF	\$ 36,020	
Total Department of Health and Human Services			\$ 54,968	
Department of Treasury				
Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 4,006,057	\$ 97,219
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster				
Department of Agriculture:				
Food Distribution	10.555	Not available	\$ 76,567	
Department of Education:				
Summer Food Service Program for Children	10.559	APE60302	\$ 548,037	
Child Nutrition Discretionary Grants Limited Availability	10.579	86804	8,905	
Total Child Nutrition Cluster			\$ 633,509	
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE43841	\$ 56,165	
Total Forest Service Schools and Roads Cluster			\$ 56,165	
Total Department of Agriculture			\$ 689,674	
Environmental Protection Agency:				
Pass Through Payments:				
Department of Environmental Quality:				
DEQ Royalty Grants	66.000	Not available	\$ 279	
Department of Justice:				
Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	17VAGX0018	\$ 40,160	
Bulletproof Vest Partnership Program	16.607	Not available	3,471	
Violence Against Women Formula Grants	16.588	17-B3224VA15	48,671	
Total Department of Justice			\$ 92,302	
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Not available	\$ 11,200	
Highway Safety Cluster:				
State and Community Highway Safety	20.600	Not available	8,400	
Subtotal Highway Safety Cluster			\$ 8,400	
Total Department of Transportation			\$ 19,600	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	\$ 7,500	
Election Assistance Commission				
Pass Through Payments:				
Department of Elections:				
COVID 19 HAVA Election Security Grants	90.404	Not available	\$ 54,155	

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal AL/CFDA Number	Pass-through Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Education:				
Pass Through Payments:				
Department of Education:				
Adult Education-Basic Grants to States	84.002	Not available	\$ 54,796	
Title I: Grants to Local Educational Agencies	84.010	S010A200046	645,499	
Special Education Cluster:				
Special Education Grants to States	84.027	H027A200107	740,083	
Special Education Preschool Grants	84.173	H173A190112	19,935	
Total Special Education Cluster			\$ 760,018	
Career and Technical Education - Basic Grants to States	84.048	V048A200046	\$ 65,526	
Supporting Effective Instruction State Grants	84.367	S367A190044	91,822	
Twenty-First Century Community Learning Centers	84.287	S287C200047	368,524	
Student Support and Academic Enrichment Program	84.424	S424A200048	22,106	
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200008	445,736	
Total Department of Education			\$ 2,454,027	
Total Expenditures of Federal Awards			\$ 7,378,562	\$ 97,219

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) County of Rockbridge, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the County had food commodities totaling \$39,262 in inventory. The value of food commodities expended during the year ended June 30, 2021 amounted to \$76,567.

NOTE 4 - LOANS

The County did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

NOTE 5 - PROVIDER RELIEF FUND

For Fiscal years ended (FYE) on or before June 29, 2021, no Provider Relief Fund (PRF) expenditures (including lost revenue) should have been reported on the SEFA. Due to guidance available when the FYE2020 report was issued, the entity reported \$14,914 of PRF expenditures on the FYE2020 SEFA with no significant impact on the SEFA. Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2021 SEFA is based upon the PRF reporting guidelines for Period 1, as specified by HHS.

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:

Governmental funds

General fund

\$ 3,937,567

Provider Relief Program recognized as revenue in the prior fiscal year

14,914

Department of the Interior - Payment in Lieu of Taxes

(191,665)

Total primary government

\$ 3,760,816

Discretely presented component unit - School Board:

School operating fund

\$ 2,819,166

School cafeteria fund

798,580

Total discretely presented component unit - School Board

\$ 3,617,746

Total federal expenditures per the Schedule of Expenditures of

Federal awards

\$ 7,378,562

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019 COVID-19 Coronavirus Relief Fund
	Special Education Cluster
84.027 Special Education Grants to States
84.173 Special Education Preschool Incentive Grants

Section I-Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

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-Summary of Prior Year Findings

There were no prior year findings.