Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



County of Scott, Virginia

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List of Principal Officials

BOARD OF SUPERVISORS

Danny P. Mann (Chairman)

Darrel Jeter Jeremy Herron
Marshall Tipton Michael Brickey
Stefanie Cruby (Vice-Chairman) Selma Hood

COUNTY SCHOOL BOARD

David M. Templeton

L. Stephen Sallee, Jr.

Linda D. Gillenwater

William Houseright

Gail L. McConnell

Robin Hood

COUNTY WELFARE BOARD

Michael Brickey Cindy Coates Carol Culbertson

OTHER OFFICIALS

Chief Magistrate
Clerk of the Circuit Court
Commonwealth Attorney
Commissioner of the Revenue
Treasurer

Hon. Jonathan Robbins
Mark "Bo" Taylor
Andy Johnson
Debbie Dockery
Mitzi Owens

Sheriff Jeff Edds

Superintendent of Schools

Director of Social Services

County Administrator

John Ferguson

Lana Mullins

Freda R. Starnes



RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors County of Scott, Virginia:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia, as of June 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 and 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 auditor's 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 opinion.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 13-21 and 113-122 and Schedule of Employer Contributions on page 123 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. Management of the Scott County Public Service Authority has elected to omit the Management's Discussion and Analysis and the Schedule of Employer Contributions, but our opinion on the basic financial statements is not affected by the missing information. 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.

Other Information

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basis financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of

the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements 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.

Report on Other Legal and Regulatory Requirements

Bestic, Lucker & Company, PC

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of the County of Scott, 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 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 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 Scott, Virginia's internal control over financial reporting and compliance.

December 14, 2020

Lebanon, Virginia

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

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

The Honorable Members of the Board of Supervisors County of Scott, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Scott, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Scott, Virginia's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Scott, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the County of Scott, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Scott, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

December 14, 2020

Bostic, Lucker & Company, PC

Lebanon, Virginia

Certified Public Accountants

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

December 10, 2020

To the Scott County Board of Supervisors County of Scott, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Scott, Virginia for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Governmental Auditing* Standards and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 14, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Scott, Virginia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application if existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts of the primary government, as well as the component units, is based on historical revenues. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation of property, plant, and equipment of the primary government, as well as the component units, is based on the estimated useful lives ranging from five to eighty years. We evaluated the key factors and assumptions used to develop the allowance in determining it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Landfill Closure and Post-Closure Care Costs in Note 15 to the financial statements identifies state and federal laws requiring the county to place a final cover on its landfill site when it 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 county reports a portion of these closure and care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2020.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 14, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or

a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statements themselves.

This information is intended solely for the use of the Scott County Board of Supervisors and management of the County of Scott, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bostic, Tucker and Company, P.C.

Bostic, Lucker & Company, PC

RONALD C. BOSTIC, CPA GREGORY D. TUCKER, CPA

P.O. Box 505, Lebanon, VA 24266 (276) 889-3103 Fax: (276) 889-0229 www.bthcpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable Members of the Board of Supervisors County of Scott, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Scott, 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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Scott, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Scott, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of 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 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 the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses as defined above. 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.

December 14, 2020

Bostic, Lucker & Company, PC

Lebanon, Virginia

As management of the County of Scott, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$5,224,514 (net position). Of this amount, \$(3,529,899) represents a deficit in unrestricted net position used to meet the government's ongoing obligation to citizens and creditors, which includes long-term obligations such as pensions and other post-employment benefits.
- As of the close of the current fiscal year, the County's funds reported combined ending fund balances of \$6,375,557, an increase of \$3,376,742 compared to the prior year. \$6,323,104 of the combined fund balance is available for spending for the various functions of the County as indicated.
- At the end of the current fiscal year, fund balance for the general fund was \$6,323,104, or 34% of total general fund expenditures for the year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

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

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

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

Overview of the Financial Statements (Continued):

Government-wide financial statements (continued)

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

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police safety, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Scott, Virginia itself (known as the primary government), but also a legally separate school board (for which the County of Scott, Virginia is financially accountable), Public Services Authority and Economic Development Authority.

Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

Overview of the Financial Statements (Continued):

Governmental funds (continued)

The County maintains three individual governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Law Library Fund, and Coal Road Improvement Fund, of which only the General Fund is considered to be a major fund.

The County adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds – The County is the trustee, or fiduciary, for the County's agency funds and expendable trust fund. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds and Expendable Trust funds are County custodial funds used to provide accountability of client or employee monies for which the County is custodian.

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

Other information – In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceed liabilities by \$5,224,514 at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Scott, Virginia's Net Assets

		Governmental Activities				
		2020		2019		
ASSETS						
Current and other assets	\$	23,650,582	\$	20,467,325		
Capital assets		8,171,603		8,401,582		
Deferred outflows		2,287,084		1,434,324		
Total assets	\$	34,109,269	\$	30,303,231		
LIABILITIES						
Current liabilities	\$	2,797,491	\$	3,310,592		
Noncurrent liabilities	Ф	12,053,447	Φ	10,575,699		
Deferred inflows		14,033,817		14,297,737		
Beterred milito ws		11,000,017		11,257,757		
Total liabilities	\$	28,884,755	\$	28,184,028		
NET ASSETS						
Investment in capital assets,	_					
net of related debt	\$	7,857,082	\$	7,940,964		
Restricted		897,331		919,574		
Unrestricted		(3,529,899)		(6,741,335)		
Total net assets	\$	5,224,514	\$	2,119,203		

At the end of the current fiscal year, the County reported positive balances in net position.

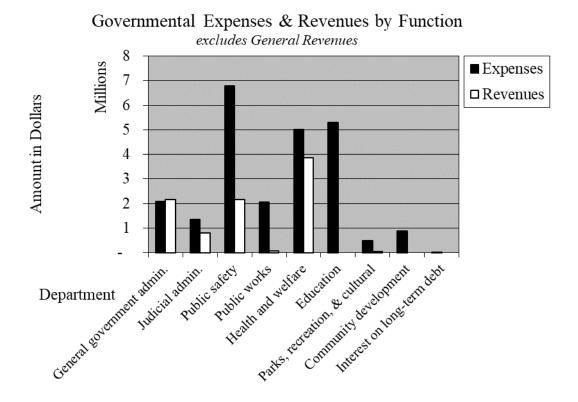
During the current fiscal year, the County's net position increased by \$3,105,311.

Governmental Activities – Governmental activities increased the County's net position by \$3,105,311. Key elements of this increase are as follows:

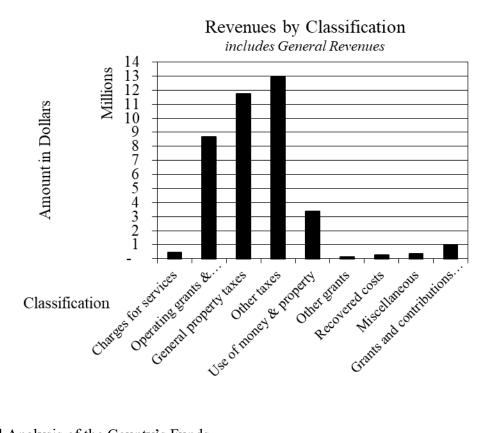
County of Scott, Virginia's Change in Net Assets

	Governmental Activities					
	2020	2019	Change			
REVENUES						
Program revenues:						
Charges for services	\$ 456,019	\$ 379,022	\$ 76,997			
Operating grants and contributions	8,653,689	7,360,560	1,293,129			
General revenues:						
Property taxes	12,915,555	11,758,514	1,157,041			
Other local taxes	3,369,427	3,291,038	78,389			
Other	1,702,853	1,729,603	(26,750)			
Total revenues	27,097,543	24,518,737	2,578,806			
EXPENSES						
General government	2,072,878	2,012,569	60,309			
Judicial administration	1,364,659	1,280,684	83,975			
Public safety	6,778,760	7,072,357	(293,597)			
Public works	2,060,910	2,039,394	21,516			
Health and welfare	5,016,594	5,208,536	(191,942)			
Education	5,298,850	5,471,300	(172,450)			
Parks, recreation and culture	495,506	485,168	10,338			
Community development	892,454	1,204,173	(311,719)			
Interest	11,621	15,172	(3,551)			
Total expenses	23,992,232	24,789,353	(797,121)			
Change in net assets	3,105,311	(270,616)	3,375,927			
Net assets - beginning, as previously	2,119,203	2,871,092				
Prior period adjustment		(481,273)				
Net assets - beginning, as restated	2,119,203	2,389,819				
Net assets - ending	\$ 5,224,514	\$ 2,119,203				

The following graph illustrates expense and revenue for primary government function. General revenues of \$17,987,835 are not attributable to a particular function and thus are excluded.



The following graph illustrates program and general revenues by classification.



Financial Analysis of the County's Funds

As noted earlier, the County used 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 spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$6,375,557, an increase of \$3,376,742 in comparison with the prior year. \$6,323,104, approximately 99% of the total, is available for spending for the various functions of the County as indicated.

The general fund is the operating fund of the County. At the end of the current fiscal year fund balance of the general fund was \$6,323,104. The general fund balance increased \$3,378,570 during the current year. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. The fund balance represents 34% of total general fund expenditures for the year.

Financial Analysis of the County's Funds (Continued)

The special revenue funds have purpose restrictions. At the end of the current fiscal year fund balance of the special revenue funds totaled \$52,453. Fund balance decreased \$1,828 during the current year.

General Fund Budgetary Highlights

During the 2020 fiscal year, the County had amendments which increased its original budgeted revenues by \$210,299 and expenditures and other financing uses by \$210,299.

Capital Assets and Debt Administration

Capital assets – The County's investment in capital assets for its governmental funds as of June 30, 2020 amounts to \$8,171,603 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the County's investment in capital assets for the current fiscal year was \$(229,979). Additional information on the County's capital assets can be found in Note 5.

County of Scott, Virginia's Capital Assets

	Governmental Activities					
		2020		2019		
Land	\$	1,211,289	\$	1,211,289		
Buildings and improvements		8,782,858		8,733,364		
Equipment		9,637,645		9,539,099		
Construction in progress		188,791		-		
Total capital assets		19,820,583		19,483,752		
Less: accumulated depreciation		(11,648,980)		(11,082,170)		
Net capital assets	\$	8,171,603	\$	8,401,582		

Long-term debt – At the end of the current fiscal year, all bonded debt of the County had been retired.

During the fiscal year, the County's long-term debt decreased by \$146,097. Noncurrent liabilities other than debt increased by \$230,870. Additional information on the County of Scott, Virginia's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budgets and Rates

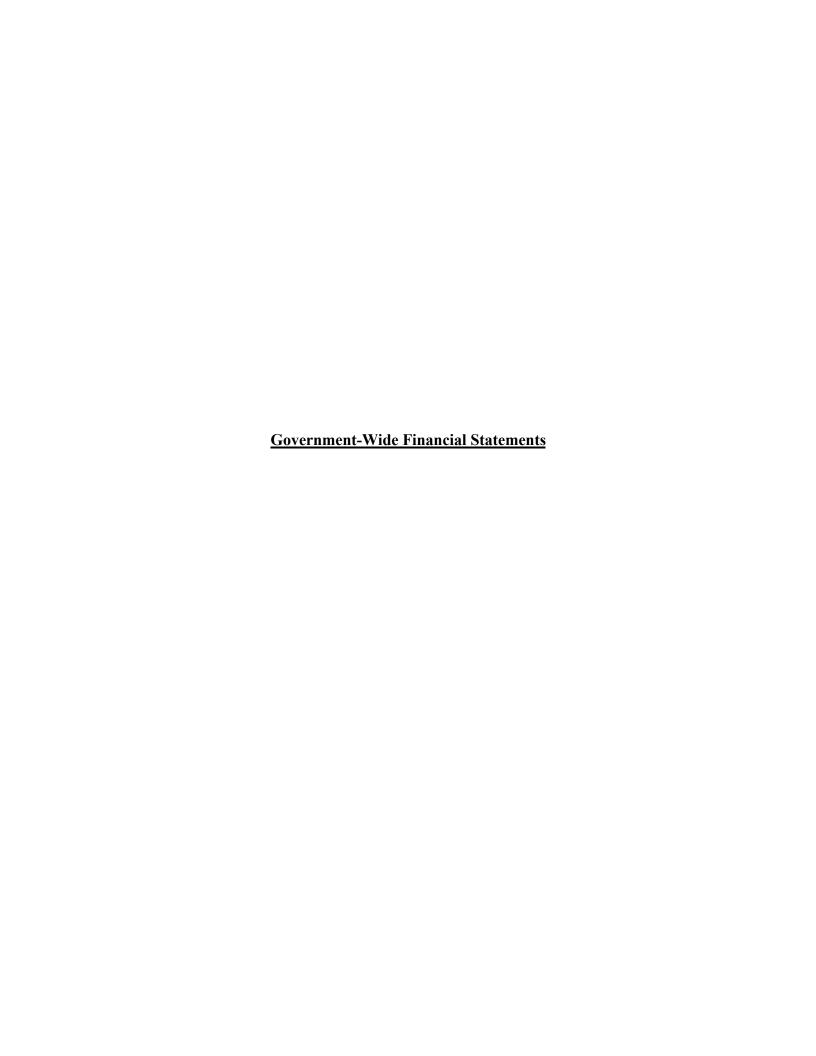
- Per the Bureau of Labor Statistics, the June 2020 unemployment rate for the County of Scott, Virginia was 6.4%, an increase from the rate of 3.2% in June 2019 primarily due to economic impacts of COVID. The County's unemployment rate is lower than the state's rate and lower than the national rate; in June 2020, Virginia's unemployment rate was 8.1% and the national unemployment rate was 11.1%.
- Inflationary trends in the region are comparable to national indices.

These factors were considered in preparing the County's budget for the 2020 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Scott County Administrator 112 Water Street Gate City, Virginia 24251



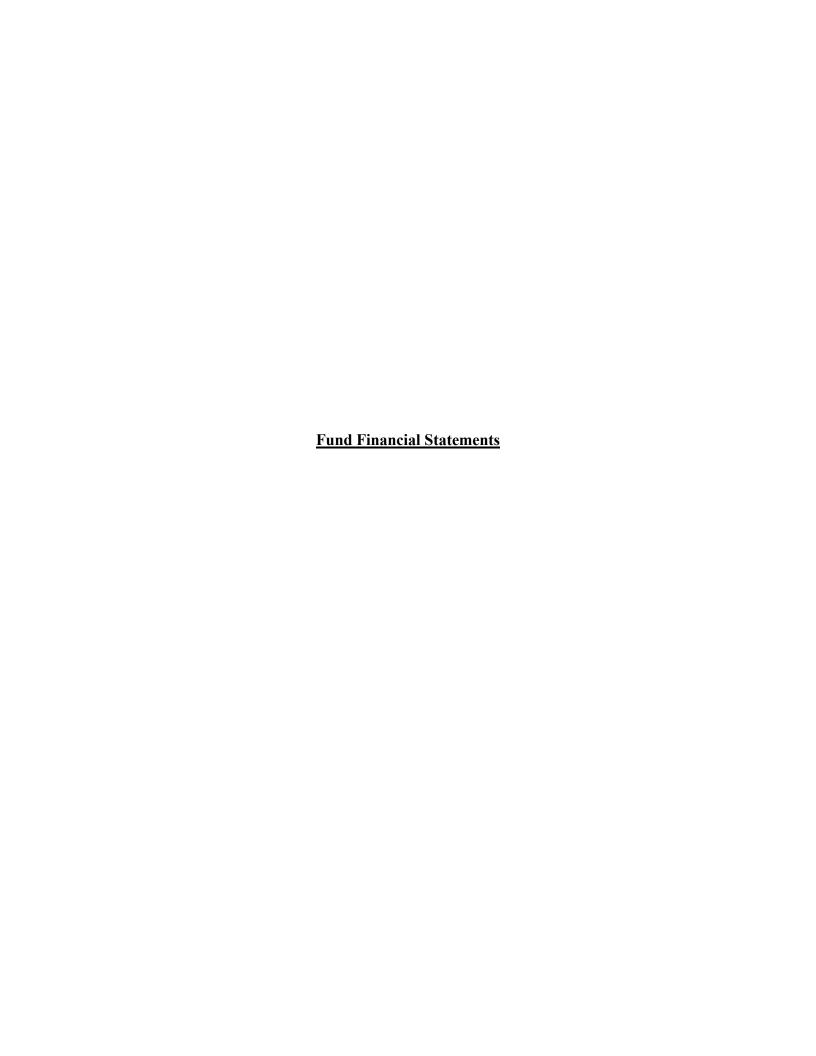
June 30, 2020				Component Units			
	Primary			School		Other	
	Government Board			Con	Component Units		
Assets:						-	
Current Assets:							
Cash & cash equivalents	\$	6,963,889	\$	1,170,309	\$	3,252,211	
Receivables, net of allowance:							
Property taxes		14,587,995		-		-	
Accounts receivable		895,740		48,665		576,898	
Prepaid expenses		7,267		369,947		73,705	
Inventory		-		-		71,491	
Notes receivable, current, net of allowance		-		-		39,326	
Due from component unit		-		2,343,906		-	
Due from other governments		1,195,691		572,410		164,290	
Total current assets		23,650,582		4,505,237		4,177,921	
Noncurrent assets:							
Capital assets:							
Land		1,211,289		1,597,912		5,888,588	
Construction in progress		188,791		3,346,399		11,082,736	
Buildings & equipment, net of depreciation		6,771,523		27,377,549		67,746,897	
Notes receivable						157,306	
Total noncurrent assets		8,171,603		32,321,860		84,875,527	
Other assets:							
Restricted cash in bank						308,986	
Total other assets						308,986	
Deferred outflows of resources:							
Related to pensions		2,193,049		7,073,509		273,301	
Related to OPEB		94,035		1,384,774		21,857	
Total outflows of resources		2,287,084		8,458,283		295,158	
Total assets	\$	34,109,269	\$	45,285,380	\$	89,657,592	

June 30, 2020			Component Units		
		Primary	 School	Other	
		Government	Board	Cor	nponent Units
Liabilities:					•
Current Liabilities:					
Accounts payable and accrued expenses	\$	284,035	\$ 343,378	\$	528,615
Salaries payable		-	3,233,072		-
Due to component unit		2,343,906	-		-
Current portion of long-term obligations		169,550	 553,550		8,489,991
Total current liabilities		2,797,491	4,130,000		9,018,606
Noncurrent liabilities:					
Compensated absences		538,988	692,987		163,773
Amounts held for others		-	-		279,099
Landfill closure		897,331	-		-
Other postemployment benefits		4,025,152	10,305,333		75,000
Net pension liability, long-term		6,447,005	32,606,815		363,201
Noncurrent portion of long-term obligations		144,971	 2,518,725		21,742,817
Total noncurrent liabilities		12,053,447	46,123,860		22,623,890
Total liabilities		14,850,938	50,253,860		31,642,496
Deferred inflows of resources					
Unavailable revenue - property taxes		13,321,498	_		-
Related to pensions		669,020	4,207,885		45,142
Related to OPEB		43,299	 995,389		5,043
Total deferred inflows of resources		14,033,817	5,203,274		50,185
Net position:					
Invested in capital assets, net of related debt		7,857,082	29,249,585		48,348,733
Restricted for:					
Landfill closure		897,331	-		-
Other purposes		-	<u>-</u>		302,070
Unrestricted assets (deficit)	_	(3,529,899)	 (39,421,339)		9,314,108
Total net position		5,224,514	(10,171,754)		57,964,911
Total liabilities and net position	\$	34,109,269	\$ 45,285,380	\$	89,657,592

Net (Expense) Revenue

		Program Revenues and Changes in Net Position				sition		
		Charges for	Operating Grants	Capital Grants	Primary	School	Other	
Functions/Programs	Expenses	Services	& Contributions	& Contributions	Government	Board	Component Units	
Primary Government:								
Governmental activities:								
General government administration	\$ 2,072,878	\$ 2,764	\$ 2,156,413	\$ -	\$ 86,299	\$ -	\$ -	
Judicial administration	1,364,659	3,403	810,930	-	(550,326)	-	-	
Public safety	6,778,760	333,806	1,830,726	-	(4,614,228)	-	-	
Public works	2,060,910	63,367	-	-	(1,997,543)	-	-	
Health and welfare	5,016,594	-	3,855,620	-	(1,160,974)	-	-	
Education	5,298,850	-	-	-	(5,298,850)	-	-	
Parks, recreation, and cultural	495,506	52,679	-	-	(442,827)	-	-	
Community development	892,454	-	-	-	(892,454)	-	-	
Interest on long-term debt	11,621	-	-	-	(11,621)	-	-	
Total government activities	23,992,232	456,019	8,653,689		(14,882,524)	-	-	
Total primary government	\$ 23,992,232	\$ 456,019	\$ 8,653,689	\$ -	\$ (14,882,524)	\$ -	\$ -	
Component units:								
School board	\$ 49,253,069	\$ 3,878,534	\$ 36,287,409	\$ -	\$ -	\$ (9,087,126)	\$ -	
Other component units	5,990,549	4,361,604	1,057,060	2,205,192	<u>-</u>	-	1,633,307	
Total component units	\$ 55,243,618	\$ 8,240,138	\$ 37,344,469	\$ 2,205,192	\$ -	\$ (9,087,126)	\$ 1,633,307	
Total					\$ (14,882,524)	\$ (9,087,126)	\$ 1,633,307	
	General Revenues:							
	General property	taxes			12,915,555	-	-	
	Other local taxes				3,369,427	-	-	
	Unrestricted reve	enues from use of me	oney and property		118,605	2,754	57,771	
	Miscellaneous				242,376	503,651	56,087	
	Recovered costs				358,025	30,076	-	
	Grants and contri	ibutions not restricte	ed to specific program	S	983,847	-	-	
		le of capital assets			-	-	-	
	County contribut	ion to School Board				5,270,831		
	Change in net asse	ts			3,105,311	(3,279,814)	1,747,165	
	Net position - begi	nning			2,119,203	(6,891,940)	56,217,746	
	Net position - endi	ng			\$ 5,224,514	\$ (10,171,754)	\$ 57,964,911	

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



	Governmental Fund Types					Total	
		General		Other Funds	G	overnmental Funds	
Assets: Cash & cash equivalents	\$	6,911,580	\$	52,309	\$	6,963,889	
Receivables (net of allowance): Property taxes Accounts receivable		14,587,995 895,596		- 144		14,587,995 895,740	
Prepaid expenses Due from other governments		7,267 1,195,691		- -		7,267 1,195,691	
Total assets	\$	23,598,129	\$	52,453	\$	23,650,582	
Liabilities:							
Accounts payable and accrued expenses Due to other funds	\$	282,843	\$	-	\$	282,843	
Component unit		2,343,906				2,343,906	
Total liabilities	-	2,626,749			-	2,626,749	
Deferred inflows of resources							
Unavailable revenue - property taxes		14,648,276				14,648,276	
Total deferred inflows of resources		14,648,276				14,648,276	
Fund Balance:							
Restricted		(4,759,313)		52,453		(4,706,860)	
Assigned Unassigned		280,115 10,802,302		-		280,115 10,802,302	
Total fund balances		6,323,104		52,453		6,375,557	
Total liabilities, deferred inflows of resources & fund balances	\$	23,598,129	\$	52,453			
Detailed explanation of adjustments from fund statements to go	overn	ment-wide state	ement of	net position:			
Capital assets used in governmental activities are not current fi	nanci	al resources					
and, therefore, are not reported in the governmental funds.						8,171,603	
Other long-term assets are not available to pay for current period and, therefore, are deferred in the funds.	od ex	penditures				1,326,778	
Deferred outflows of resources reported in the statement of net position.						2,287,084	
Other liabilities are not required to be paid out of current finan- and, therefore, are not reported in the governmental funds.	cial re	esources				(5,632,213)	
Long-term liabilities are not due and payable in the current per and, therefore, are not reported in the governmental funds.	riod					(6,591,976)	
Deferred inflows of resources reported in the statement of net p	ositio	on.				(712,319)	
Primary Government net position					\$	5,224,514	

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

For the Year Ended June 30, 2020

	Governmenta	Total	
		Other	Governmental
	General	Funds	Funds
Revenues:			
General property taxes	\$ 12,872,234	\$ -	\$ 12,872,234
Other local taxes	3,368,143	1,284	3,369,427
Permits, privilege fees & regulatory licenses	70,389	=	70,389
Fines and forfeitures	286,854	-	286,854
Revenue from use of money & property	118,605	-	118,605
Charges for services	95,373	3,403	98,776
Miscellaneous	242,376	· -	242,376
Recovered costs	379,523	-	379,523
Intergovernmental:	-,,,,==		217,420
Commonwealth	5,667,151	_	5,667,151
Federal	3,970,385	-	3,970,385
1 cuciui	3,770,303		3,770,303
Total revenues	27,071,033	4,687	27,075,720
Expenditures:			
Current:			
General government administration	1,940,635	-	1,940,635
Judicial administration	1,337,981	5,873	1,343,854
Public safety	6,525,785	-	6,525,785
Public works	1,865,608	642	1,866,250
Health and welfare	4,983,091	-	4,983,091
Education	28,019	-	28,019
Parks, recreation, and cultural	502,884	-	502,884
Community development	1,027,110	-	1,027,110
Debt service:			
Principal retirement	198,431	=	198,431
Interest and other fiscal charges	12,088	-	12,088
· ·		(515	
Total expenditures	18,421,632	6,515	18,428,147
Excess (deficiency) of revenues	0.640.401	(1.020)	0.647.570
over (under) expenditures	8,649,401	(1,828)	8,647,573
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(5,270,831)	-	(5,270,831)
Proceeds from debt			<u> </u>
Total other financing sources (uses)	(5,270,831)		(5,270,831)
Net changes in fund balances	3,378,570	(1,828)	3,376,742
Fund balances at beginning of year	2,944,534	54,281	2,998,815
Fund balances at end of year	\$ 6,323,104	\$ 52,453	\$ 6,375,557

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

	Go	vernmental Funds
Amounts reported for governmental activities in the statement of activities are different because:		T UNIGO
Net change in fund balances - total governmental funds	\$	3,376,742
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount by which capital outlays exceed depreciation in the current period.		(229,979)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		43,321
Issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of 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 issuance costs, 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 issuance of long-term debt.		146,097
Expenses on the statement of activities that do not require current financial resources are not reported as expenses in the funds.		(230,870)
Change in net position of governmental activities	\$	3,105,311

	Discretely Presented Component Units
Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,252,211
Accounts receivable, net of allowance	576,898
Prepaid expenses	73,705
Inventory	71,491
Notes receivable, current, net of allowance	39,326
Due from other governments	164,290
Total current assets	4,177,921
Noncurrent assets:	
Capital assets:	
Land	5,888,588
Construction in progress	11,082,736
Buildings and equipment, net of depreciation	67,746,897
Notes receivable, noncurrent, net of allowance	157,306
Total noncurrent assets	84,875,527
Other assets:	
Restricted cash in bank	308,986
Total other assets	308,986
Deferred outflows of resources:	
Related to pensions	273,301
Related to OPEB	21,857
Total deferred outflows of resources	295,158
Total assets	\$ 89,657,592

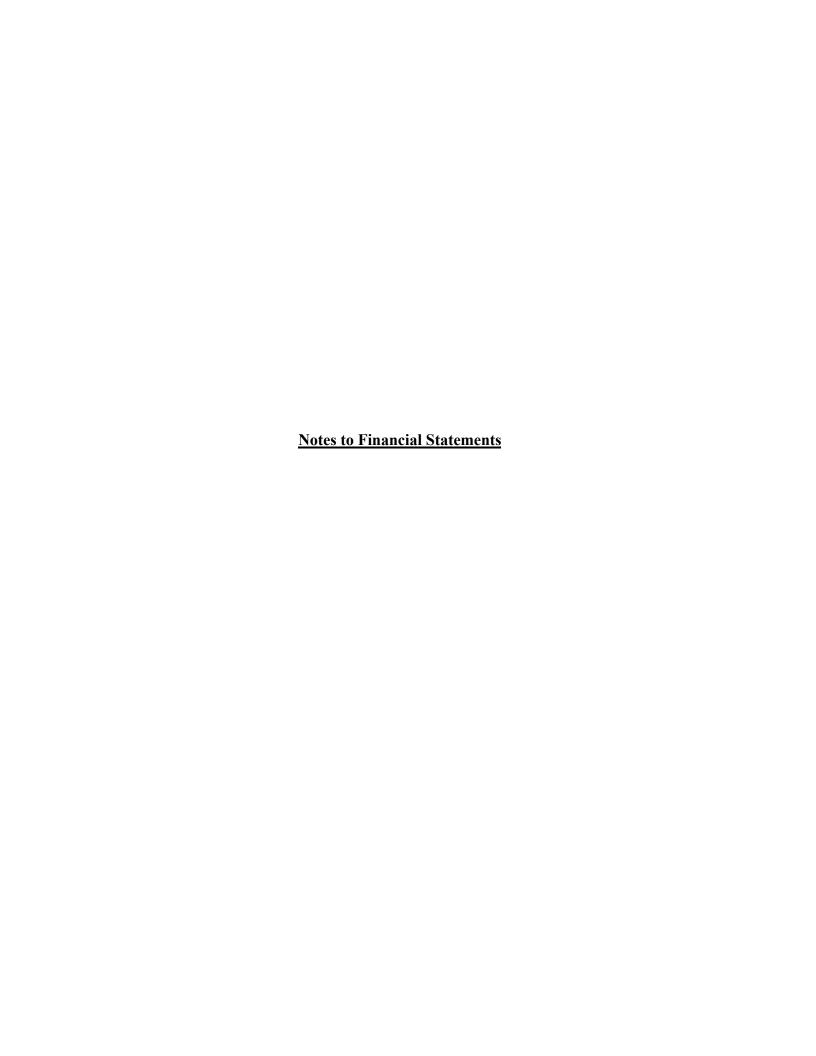
	Discretely Presented Component Units
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 528,615
Current portion of long-term obligations	8,489,991
Total current liabilities	9,018,606
Noncurrent liabilities:	
Compensated absences	163,773
Amounts held for others	279,099
Other postemployement benefits	75,000
Net pension liability, long-term	363,201
Noncurrent portion of long-term obligations	21,742,817
Total noncurrent liabilities	22,623,890
Total liabilities	31,642,496
Deferred inflows of resources:	
Related to pensions	45,142
Related to OPEB	5,043
Total deferred inflows of resources	50,185
Net position:	
Invested in capital assets, net of related debt	48,348,733
Restricted for other purposes	302,070
Unrestricted assets	9,314,108
Total net position	57,964,911
Total liabilities and net position	\$ 89,657,592

	Discretely Presented Component Units
Operating revenues:	
Charges for services	\$ 4,361,604
Rental income	384,226
Grants	550,404
Miscellaneous	122,430
Total operating revenue	5,418,664
Operating expenses:	
Employee benefits	1,621,806
Other operating expenses	3,908,466
Total operating expense	5,530,272
Operating income (loss)	(111,608)
Nonoperating revenues (expenses):	
Interest earned	57,771
Connection fees	56,087
Interest expense	(459,633)
Bad debt expense	(644)
Total nonoperating revenues (expenses)	(346,419)
Capital contributions	2,205,192
Increase (decrease) in net position	1,747,165
Net position at beginning of year	56,217,746
Net position at end of year	\$ 57,964,911

	Discretely Presented Component Units
Cash flows from operating activities:	¢ 5215 (75
Receipts from customers & users Payments to suppliers	\$ 5,315,675 (1,595,443)
Payments to employees	(1,650,531)
1 ayments to employees	(1,030,331)
Net cash provided (used) by operating activities	2,069,701
Cash flows from investing activities:	
Interest earned	53,748
	52.740
Net cash provided (used) by investing activities	53,748
Cash flows from financing activities:	
Connection fee	56,087
Loans to industries	(75,900)
Payments received on loans to industries	51,352
Purchase of fixed assets	(5,779,892)
Principal payments made on debt	(1,657,775)
Proceeds from indebtness	3,138,197
Interest on debt	(334,488)
Proceeds from loans & grants	2,060,967
Net cash provided (used) by financing activities	(2,541,452)
Increase in cash & cash equivalents	(418,003)
Cash & cash equivalents at beginning of year	3,979,200
Cash & cash equivalents at end of year	\$ 3,561,197

	Discretely Presented Component Units
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	\$ (256,302)
Adjustments to reconcile net income to net cash	
provided (used) by operations:	
Depreciation	2,382,490
Bad debt expense	644
Changes in operating assets & liabilities:	
Accounts receivable	(111,577)
Inventory	(60,482)
Accounts payable & accrued expenses	40,766
Customer deposits	4,565
Accrued leave	27,801
Net pension obligation	114,990
Post employment benefits	5,000
Deferred outlflows of resources	(59,830)
Deferred inflows of resources	 (18,364)
Total adjustments	 2,326,003
Net cash provided (used) by operating activities	\$ 2,069,701

	Agency Funds			
Assets:	Φ	50.720		
Cash and cash equivalents	\$	59,728		
Due from other government units		335,470		
Amount due from others		69,045		
Investments		3,304,954		
Total assets	\$	3,769,197		
Liabilities:				
Due to primary government	\$	309,270		
Amounts due to others		69,045		
Amounts held for others		3,390,882		
Total liabilities	\$	3,769,197		



Note 1 – Summary of Significant Accounting Policies

The County of Scott, Virginia is governed by an elected seven-member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

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

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion & Analysis – for State & Local Governments*. This statement, known as the "Reporting Model," affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statement (i.e. the statement of net position and the statement of changes in net position) reports 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.

Government-wide and Fund Financial Statements (Continued)

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

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Scott, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units – The County has no blended component units.

Discretely Presented Component Units – The School Board members are elected by the voters and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2020.

The Scott County Public Service Authority was created by the Board of Supervisors of Scott County to acquire, finance and operate water and sewer systems throughout the County. The Board of Directors of the Service Authority are appointed by the Scott County Board of Supervisors and there currently exists a financial benefit/burden relationship between the Service Authority and the County.

The Scott County Economic Development Authority promotes industrial development in the County. The Authority is financially dependent upon the County. In addition, the Authority's Board is appointed by the County's Board.

There are no other related organizations included in the County's Comprehensive Annual Financial Report.

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before July 1, 2002, unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are 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 current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

C. <u>Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)</u>

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

The government reports the following major governmental funds.

General Fund:

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

Additionally, Scott County reports the following fund types:

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the modified accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

D. <u>Deferred Outflows/Inflows of Resources</u>

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until consumed.

In addition to liabilities, the statement of net 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 acquired.

E. <u>Budget and Budgetary Accounting</u>

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 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 departmental level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments. However, the School Board is authorized to transfer budgeted amounts within the school system's categories.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, School Fund, and the Capital Projects 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. Several supplemental appropriations were necessary during the year and at year-end.
- 8. All budget data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County government and the School Board to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

G. Investments

Investments are stated at fair value, which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents. Investments consist of assets held by a trustee.

H. Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$196,565 at June 30, 2020 and is composed solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable November 20th. The County bills and collects its own property taxes.

At June 30, 2020, the Public Service Authority had an allowance for uncollectible accounts of \$82,814.

I. <u>Capital Assets</u>

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributed to capitalized assets as of June 30, 2020 was immaterial.

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

Assets	Years
Buildings	80
Building improvements	40-80
Vehicles	5
Office & computer equipment	7
Buses	12

J. Compensated Absences

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. <u>Net Position</u>

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is classified as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the County's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. Unrestricted net position consists of all other net position reported in this category.

M. Fund Balances

Government fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, or assigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board of Supervisors through approval of resolution. Assigned fund balance is a limitation imposed by a designee of the Board of Supervisors. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amount restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

M. Fund Balances (Continued)

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for the purposes for which amounts in any of those unrestricted fund balance classification can be used.

N. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension costs as it accrues.

O. 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.

P. <u>Jointly Governed Organizations</u>

The County and the Counties of Wise and Lee, along with the City of Norton, participate in supporting the Planning District One Community Service Board. The governing body of this organization is supported by the respective governing bodies of the participating jurisdictions. For the year ended June 30, 2020, the County contributed \$1,490.

The County and the Counties of Wise, Dickenson, and Lee, along with the Towns of Wise, Big Stone Gap, Coeburn, St. Paul and the City of Norton participate in supporting the Lonesome Pine Regional Library. For the year ended June 30, 2020, the County contributed \$209,330.

The County and the Counties of Lee, Wise, Washington, Russell, Smyth, Buchanan, Dickenson, Tazewell, along with the City of Norton participate in supporting the Southwest Virginia Regional Jail Authority. For the year ended June 30, 2020, the County contributed \$1,944,404.

Q. Pensions

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

R. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 90, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61), defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Note 2 – Deposits and Investments

Deposits – Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Accordingly, all deposits are considered fully collateralized.

Investments – Statutes authorize the County 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 and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Note 3 – Due from Other Governmental Units

At June 30, 2020, the County and School Board had receivables from other governments as follows:

				iscretely		
	Primary Government		Com	resented ponent Unit ool Board	Other	Component Units
Local Governments:						
Other misc. funds	\$	-	\$	-	\$	164,290
Commonwealth of Virginia:						
State sales tax		-		435,791		-
Local sales tax		309,270		-		-
Social service		108,702		-		-
CMPT		70,425		-		-
Shared expenses		541,981		-		-
Other		-		7,165		-
Federal Government:						
School funds		-		129,454		-
Social service		165,313				-
Totals	\$	1,195,691	\$	572,410	\$	164,290

Note 4 – Due to/from between Primary Government and Component Units

At June 30, 2020, the County and School Board had reciprocal liability and receivable as follows:

Fund	Due to nponent Unit chool Board	Due from Primary overnment
General School	\$ 2,343,906	\$ 2,343,906
Totals	\$ 2,343,906	\$ 2,343,906

Note 5 – Capital Assets

Accumulated depreciation

Net capital assets

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2020.

Primary Government	Balance							Balance		
	Ju	ıly 1, 2019	<i>F</i>	Additions	L	Deletions	Ju	ne 30, 2020		
Land & land improvements	\$	1,211,289	\$	-	\$	-	\$	1,211,289		
Building & improvements		8,733,364		49,494		-		8,782,858		
Equipment		9,539,099		193,175		(94,629)		9,637,645		
Construction in progress				188,791			,	188,791		
Total capital assets		19,483,752		431,460		(94,629)		19,820,583		
Accumulated depreciation		(11,082,170)		(639,941)		73,131		(11,648,980)		
Net capital assets	\$	8,401,582	\$	(208,481)	\$	(21,498)	\$	8,171,603		
Component Unit School Board	Balance July 1, 2019						<u>C</u>	Deletions	Ju	Balance ne 30, 2020
Land & land improvements Building & improvements Equipment Construction in progress	\$	1,597,912 50,753,076 28,358,192 2,956,989	\$	601,180 450,543 539,217	\$	- (234,532) (149,807)	\$	1,597,912 51,354,256 28,574,203 3,346,399		
Total capital assets		83,666,169		1,590,940		(384,339)		84,872,770		

(1,859,748)

(268,808)

\$

\$

234,532

(149,807)

\$

(52,550,910)

32,321,860

(50,925,694)

32,740,475

\$

Note 5 – Capital Assets (Continued)

Proprietary Funds	Economic Development Authority		Public Service Authority		Pro	Total prietary Funds
Land & land improvements	\$ 5,401,835		\$	486,753	\$	5,888,588
Building & water lines	22,933,908			73,347,050		96,280,958
Equipment & vehicles	2,260,462			1,603,602		3,864,064
Construction in progress	 6,136,680			4,946,056		11,082,736
Total capital assets	36,732,885			80,383,461		117,116,346
Accumulated depreciation	 (4,889,722)	_		(27,508,403)		(32,398,125)
Net capital assets	\$ 31,843,163	_	\$	52,875,058	\$	84,718,221

Depreciation expenses were charged to functions/programs as follows:

	Amount		
Primary Government:			
General government administration	\$	122,545	
Judicial administration		3,227	
Public safety		232,120	
Public works		206,056	
Health and welfare		27,062	
Parks, recreation, and cultural		47,566	
Community development		1,365	
Total depreciation expense	\$	639,941	
C			
Component Unit School Board: Education	¢	1 050 740	
Education	3	1,859,748	

Depreciation expenses for the year ending June 30, 2020, for the Economic Development Authority and Public Service Authority amounted to \$563,283 and \$1,819,207, respectively.

Note 6 – Long-term Debt

Primary Government

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2020:

Primary Government	Balance					Balance				
	July 1, 2019		July 1, 2019		<u>Ir</u>	Increases		Decreases	Ju	ne 30, 2020
Compensated absences	\$	542,787	\$	-	\$	(3,799)	\$	538,988		
Landfill closure		919,574		-		(22,243)		897,331		
Pension liability		4,912,000		1,535,005		-		6,447,005		
Other postemployment benefits		3,930,337		94,815		-		4,025,152		
Capital leases		460,618		52,334		(198,431)		314,521		
Total long-term debt	\$	10,765,316	\$	1,682,154	\$	(224,473)	\$	12,222,997		

General obligation bonds are direct obligations and pledge the full faith and credit of the County. The County did not have any general obligation bonds outstanding at June 30, 2020.

Annual requirements to amortize capital leases and related interest are as follows:

Year Ending		Capital Lease						
June 30,	Principal		I1	nterest				
2021	\$	169,550	\$	8,084				
2022		88,443		3,431				
2023		44,266		1,219				
2024		11,302		292				
2025		960		3				
Total	\$	314,521	\$	13,029				

Details of capital leases:

Primary Government	-	Amount
Capital Leases:	Ou	tstanding
\$211,411 capital lease issued January 9, 2018 for the purchase of a 2018 Peterbilt Packer Truck, due in monthly installments of \$3,818, principal and interest through January 2023, interest payable at 3.20%.	\$	113,443
\$39,300 capital lease issued July 28, 2017 for the purchase of an IBM Server, due in monthly installments of \$7,167, principal and interest through July 2022, interest		
payable at 2.698%.		20,378

Note 6 – Long-term Debt (Continued)

Primary Government	Amount Outstanding		
Capital Leases (continued):			
\$52,029 capital lease issued September 1, 2015 for the purchase of golf carts, due in monthly installments of \$948.25, principal and interest through September 2021, interest payable at 3.58%.	\$	3,765	
\$256,850 capital lease issued September 1, 2016 for the purchase of voting machines, due in monthly installments of \$54,650, principal and interest through September 2021, interest payable at 2.07%.		53,304	
\$57,296 capital lease issued January 6, 2017 for the purchase of Sheriff vehicles, due in monthly installments of \$1,243, principal and interest through December 2020, interest payable at 1.99%.		7,414	
\$97,693 capital lease issued March 23, 2017 for the purchase of land, due in monthly installments of \$1,796, principal and interest through February 2022, interest payable at 2.99%.		31,739	
\$53,728 capital lease issued January 26, 2015 for the purchase of two 2014 Fairway mowers, due in monthly installments of \$1,172.30, principal and interest through February 10, 2019, interest payable at 2.24%.		35,005	
\$17,283 capital lease issued October 23, 2017 for the purchase of a 2017 Ford Explorer, due in monthly installments of \$379, principal and interest through October 2021, interest payable at 2.491%.		5,953	
\$52,334 capital lease issued August 19, 2019 for the purchase of a 2019 Rotary Mower, due in monthly installments of \$966, principal and interest through September 2024, interest payable at 4.10%.		43,520	
Total Capital Leases Less: Current Maturities		314,521 (169,550)	
Total Long-term Capital Leases	\$	144,971	

Note 6 – Long-term Debt (Continued)

Component Unit School Board

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2020:

Component Unit		Balance						Balance
School Board	July 1, 2019		Increases		Decreases		June 30, 2020	
Compensated absences	\$	702,905	\$	-	\$	(9,918)	\$	692,987
Pension liability		29,672,000		2,934,815		-		32,606,815
Other postemployment benefits		10,005,966		299,367		-		10,305,333
Capital leases & lines of credit		3,243,883		3,247,997	(.)	3,364,434)		3,127,446
Capital lease issue costs		(62,068)		-		6,897		(55,171)
Total long-term debt	\$	43,562,686	\$	6,482,179	\$ (3	3,367,455)	\$	46,677,410

Annual requirements to amortize capital leases, lines of credit, and debt issue costs are as follows:

Year Ending	Capital lease &	& lines of credit	Debt Issue		
June 30,	Principal	Interest	Cost		
2021	\$ 560,447	\$ 92,119	\$ (6,897)		
2022	286,000	82,401	(6,897)		
2023	296,000	73,220	(6,897)		
2024	305,000	63,719	(6,897)		
2025	315,000	53,928	(6,897)		
2026-2030	1,364,999	109,435	(20,686)		
Total	\$ 3,127,446	\$ 474,822	\$ (55,171)		

Details of long-term debt:

Component Unit School Board Capital Leases:	Amount Outstanding		
\$4,321,000 capital lease issued December 20, 2014 for the purchase of a 2015 International Roll Off Truck, due in semi-annual installments, principal and interest through December 20, 2028, interest payable at 3.21%.	\$	2,844,000	
Total Capital Leases Less: Current Maturities		2,844,000 (277,000)	
Long-term Capital Leases	\$	2,567,000	

Note 6 – Long-term Obligations (Continued)

Component Unit School Board	-	Amount ststanding
Lines of Credit:		
Line of credit through Powell Valley National Bank for construction. Credit limit \$300,000. Interest rate of 3.50% as of May 22, 2019. Current-year principal advances of \$267,797. Payments of \$115,234 principal and \$9,847 interest.	\$	283,447
Line of credit through Powell Valley National Bank for operations. Credit limit \$4,000,000. Interest rate of 3.25% as of July 10, 2018. Current-year principal advances of \$2,980,200. Payments of \$2,980,200 principal and \$28,316 interest.		
Total Lines of Credit, Current Maturities	\$	283,447

Note 7 – Proprietary Debt

<u>Component Unit – Economic Development Authority</u>

The following is a summary of changes in long-term debt for the fiscal year ending June 30, 2020:

Component Unit		Balance					Balance
Economic Development	Ju	ıly 1, 2019	Ir	creases	Decreases	Ju	ne 30, 2020
Compensated absences Long-term obligations	\$	20,479 9,847,304	\$	1,277 10,134	\$ - (341,463)	\$	21,756 9,515,975
Total long-term debt	\$	9,867,783	\$	11,411	\$ (341,463)	\$	9,537,731

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

Year Ending			
June 30,	Principal	Interest	Premium
2021	\$ 4,501,642	\$ 180,943	\$ 40,222
2022	240,000	171,002	40,222
2023	251,000	159,860	40,222
2024	264,000	147,451	40,222
2025	276,000	134,802	40,222
2026-2030	1,568,000	487,136	201,110
2031-2035	1,812,003	162,410	201,110
Total	\$ 8,912,645	\$ 1,443,604	\$ 603,330

Details of long-term obligations:

Component Unit Economic Development	Interest Rate	Issue Date	Maturity Date	Amount of Original Issue	Balance June 30, 2020
Line of Credit - PVNB	4.375%	1/24/2017	6/30/2018	\$ 172,947	\$ -
VCEDA Loan 1	4.500%	5/14/2004	5/14/2014	830,000	799,269
VCEDA Loan 2	0.000%	12/11/2015	12/11/2020	2,853,000	2,412,548
VCEDA Loan 3	0.000%	6/18/2015	6/18/2020	100,000	-
VCEDA Loan 4	0.000%	4/1/2019	4/1/2024	300,000	75,547
VCEDA Loan 5	2.250%	7/10/2018	7/10/2023	1,000,000	984,281
2015 Series Revenue Bond	3.125%	2/24/2015	10/1/2034	5,100,000	4,195,000
2015 Series Bond Premium	0.000%	8/10/2016	4/1/2035	724,000	603,330
2017 Series Revenue Bond	2.700%	10/30/2017	10/1/2026	500,000	446,000
Total Long-term Obligation	ıs				\$ 9,515,975

Note 7 – Proprietary Debt (Continued)

<u>Component Unit – Public Service Authority</u>

Component Unit		Balance				Balance
Public Service Authority	J	uly 1, 2019	 Additions	 Deletions	June 30, 2020	
Compensated absences	\$	115,493	\$ 26,524	\$ -	\$	142,017
Amounts held for others		188,069	91,030	-		279,099
Pension liability		248,211	114,990	-		363,201
Other postemployment benefits		70,000	5,000	-		75,000
Long-term obligations		18,904,882	3,128,063	(1,316,112)		20,716,833
Total long-term obligations	\$	19,526,655	\$ 3,365,607	\$ (1,316,112)	\$	21,576,150

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

Year Ending June 30,	Principal	Interest
2021	\$ 3,948,127	\$ 245,923
2022	1,124,809	207,334
2023	1,137,168	193,025
2024	1,153,669	178,345
2025	1,168,318	162,572
2026-2030	5,672,940	544,689
2031-2035	3,424,226	336,631
2036-2040	2,085,083	182,919
2041-2045	781,519	68,472
2046-2050	207,259	13,077
2051-2056	13,715	151
Bonds in draw down phase		
Total	\$ 20,716,833	\$ 2,133,138

Note 7 – Proprietary Debt (Continued)

Component Unit – Public Service Authority (Continued)

Details of long-term obligations:

Common and Hait	Intonact	Lague	Final Maturity	Amount of	Dalamaa	Amount
Component Unit PSA	Interest Rate	Issue Date	Maturity Date	Original Issue	Balance 6/30/2020	Due Within One Year
-						
Line of Credit	3.40%	2/22/2017	Open	\$ -	\$ 717,929	\$ 717,929
Line of Credit	3.25%	9/18/2018	Open	_	424,968	424,968
Line of Credit	3.75%	9/11/2019	Open	-	1,694,630	1,694,630
Revenue Bond	0.00%	7/10/2003	8/1/2034	1,083,923	523,896	36,131
Revenue Bond	0.00%	8/9/2002	5/1/2033	444,154	192,467	14,805
Revenue Bond	0.00%	8/9/2002	4/1/2033	182,410	79,018	6,078
Revenue Bond	0.00%	12/21/2001	8/1/2033	399,237	166,349	13,308
Revenue Bond	0.00%	9/20/2001	7/1/2031	116,431	43,359	3,881
Revenue Bond	0.00%	10/22/2004	9/1/2034	96,391	46,589	3,213
Revenue Bond	0.00%	8/11/2004	9/1/2035	323,904	167,350	10,797
Revenue Bond	0.00%	2/24/2006	11/1/2036	1,010,816	555,778	33,694
Revenue Bond	0.00%	5/18/2007	11/1/2037	648,886	378,517	21,630
Revenue Bond	0.00%	9/27/2006	7/1/2033	2,637,350	1,371,422	105,494
Revenue Bond	0.00%	7/19/2007	2/1/2038	375,408	225,245	12,514
Revenue Bond	0.00%	9/14/2007	12/1/2037	554,730	311,600	17,806
Revenue Bond	0.00%	1/25/2008	2/2/2038	365,822	219,493	12,194
Revenue Bond	0.00%	6/1/2008	9/1/2038	334,252	206,122	11,142
Revenue Bond	0.00%	1/25/2008	6/1/2038	280,446	168,268	9,348
Revenue Bond	0.00%	2/10/2005	12/1/2035	542,227	280,151	18,074
Revenue Bond	0.00%	9/30/2009	8/1/2040	416,062	284,309	13,869
Revenue Bond	0.00%	9/30/2009	6/1/2040	267,510	107,111	5,356
Revenue Bond	0.00%	12/13/2010	9/1/2041	457,129	327,609	15,238
Revenue Bond	0.00%	12/9/2010	9/1/2041	1,586,490	1,136,984	52,883
Revenue Bond	0.00%	12/9/2010	3/1/2042	209,259	134,432	6,975
Revenue Bond	2.63%	4/13/2011	4/13/2051	480,000	421,249	9,043
Revenue Bond	0.000%	11/30/2011	6/1/2032	616,151	362,476	30,808
Revenue Bond	3.00%	10/27/2011	10/1/2042	752,464	530,944	22,858
Revenue Bond	2.62%	12/9/2011	6/30/2026	2,679,000	927,000	166,000
Revenue Bond	3.00%	10/18/2012	7/2/2042	1,161,033	921,530	33,687
Revenue Bond	0.00%	3/1/2013	4/1/2033	1,395,243	905,243	70,000
Revenue Bond	2.64%	9/25/2013	8/1/2027	2,930,000	2,454,000	163,000
Revenue Bond	3.00%	7/9/2013	8/1/2044	846,143	623,585	24,902
Revenue Bond	2.50%	5/8/2014	1/1/2046	1,125,999	1,004,381	29,259
Revenue Bond	2.50%	5/8/2014	1/1/2046	957,532	341,605	37,774
Revenue Bond	2.00%	10/29/2015	1/1/2047	498,284	454,592	15,001
Revenue Bond	2.25%	3/28/2017	1/1/2048	925,480	879,821	23,164
Revenue Bond	0.00%	11/21/2017	11/1/2043	753,550	648,244	30,142
Revenue Bond	0.00%	10/17/2019	11/1/1933	271,614	261,914	19,401
Revenue Bond	0.00%	10/17/2019	1/1/1940	222,688	216,653	11,134
	0.0073	10.17.2017	2. 1. 1. 10	,	\$ 20,716,833	\$ 3,948,130
					Ψ 20,710,033	Ψ 5,270,130

Note 8 - Claims, Judgments, and Compensated Absences

In accordance with GASB 16, the County has accrued liabilities arising from outstanding claims, judgments, and compensated absences.

County employees earn annual leave at various rates. Accumulated vacation up to thirty days is paid upon termination. Sick leave is paid at 25% of accrued sick leave at the rate of pay upon termination, up to a maximum of \$2,500. The County primary government has outstanding accrued vacation and sick pay totaling \$538,988.

Component Unit School Board employees earn business and sick leave at various rates. The Component Unit School Board has outstanding business and sick leave pay totaling \$692,987.

Component Unit Economic Development Authority employees earn leave at various rates. The Component Unit Economic Development Authority has outstanding business and sick leave pay totaling \$21,756.

Component Unit Public Service Authority employees earn annual leave at the rate of ½ day per month during the first year of employment and 1 day per month after one year of service. Employees may accumulate up to 30 days of annual leave. The Component Unit Public Service Authority has outstanding business and sick leave pay totaling \$142,017.

Note 9 – Unavailable Revenue

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unavailable revenue totaling \$13,321,498 is comprised of property tax revenue of \$13,139,685 and prepaid taxes of \$181,813 representing uncollected tax billings not available for funding current expenditures.

Note 10 - Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the County and public school divisions are automatically covered by VRS Retirement Plan upon employment. This plan is 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.

Plan Description (Continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criterion. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS						
		HYBRID				
PLAN 1	PLAN 2	RETIREMENT PLAN				
About Plan 1	About Plan 2	About the Hybrid				
Plan 1 is a defined benefit	Plan 2 is a defined benefit	Retirement Plan				
plan. The retirement benefit is	plan. The retirement benefit is	The Hybrid Retirement Plan				
based on a member's age,	based on a member's age,	combines the features of a				
creditable service and average	creditable service and average	defined benefit plan and a				
final compensation at	final compensation at	defined contribution plan.				
retirement using a formula.	retirement using a formula.	• The defined benefit is based				
		on a member's age, creditable				
		service and average final				
		compensation at retirement				
		using a formula.				
		• The benefit from the defined				
		contribution component of the				
		plan depends on the member				
		and employer contributions				
		made to the plan and the				
		investment performance of				
		those contributions.				
		• In addition to the monthly				
		benefit payment payable from				
		the defined benefit plan at				
		retirement, a member may				
		start receiving distributions				
		from the balance in the				
		defined contribution account,				
		reflecting the contributions,				
		investment gains or losses, and				
		any required fees.				
Eligible Members	Eligible Members	Eligible Members				
Employees are in Plan 1 if	Employees are in Plan 2 if	Employees are in the Hybrid				
their membership date is	their membership date is on or	Retirement Plan if their				
before July 1, 2010, and they	after July 1, 2010, or their	membership date is on or after				
were vested as of January 1,	membership date is before July	January 1, 2014.				
2013.		This includes:				

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are

1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

- Political subdivision employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

*Non-Eligible Members

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the

		7
withdrawn as part of a		member and the employer.
retirement benefit or as a		Additionally, members may
refund. The employer makes a		choose to make voluntary
separate actuarially determined		contributions to the defined
contribution to VRS for all		contribution component of the
covered employees. VRS		plan, and the employer is
invests both member and		required to match those
employer contributions to		voluntary contributions
provide funding for the future		according to specified
benefit payment.		percentages.
Creditable Service	Creditable Service	Creditable Service
Creditable service includes	Same as Plan 1.	Defined Benefit Component:
active service. Members earn		Under the defined benefit
creditable service for each		component of the plan,
month they are employed in a		creditable service includes
covered position. It also may		active service. Members earn
include credit for prior service		creditable service for each
the member has purchased or		month they are employed in a
additional creditable service		covered position. It also may
the member was granted. A		include credit for prior service
member's total creditable		the member has purchased or
service is one of the factors		additional creditable service
used to determine their		the member was granted. A
eligibility for retirement and to		member's total creditable
calculate their retirement		service is one of the factors
benefit. It also may count		used to determine their
toward eligibility for the health		eligibility for retirement and to
insurance credit in retirement,		calculate their retirement
if the employer offers the		benefit. It also may count
health insurance credit.		toward eligibility for the
		health insurance credit in
		retirement, if the employer
		offers the health insurance
		credit.
		Defined Contributions
		Component:
		Under the defined
		contributions component,
		creditable service is used to
		determine vesting for the
		employer contribution portion
		of the plan.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100%

vested in the contributions that

they make.

Vesting

Same as Plan 1.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contributions component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

• After two years, a member is 50% vested and may

withdraw 50% of empontributions. • After three years, a member is 75% veste may withdraw 75% of employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution. • After four or more year member is 100% veste may withdraw 100% employer contribution is not requent law until age 70½. • Calculating the Benefit. • Calculating the Benefit See definition under Plan 1. • Calculating the Benefit Component: The benefit is based on contributions made by the member and any match contributions with a reduced retirement to the fifth of the member retires with a reduced retirement to the member of the benefit payout option other than the Basic Benefit.	d and f ns. rears, a ed and of ns. ired by it conent: an 1.
Average Final Compensation Average Final Compensation Average Final Compe	
A member's average final compensation is the average of compensation is the average of the retirement formula:	
the 36 consecutive months of their 60 consecutive months of defined benefit components.	
highest compensation as a highest compensation as a the plan.	
covered employee. covered employee.	
Service Retirement Service Retirement Service Retirement	
Multiplier VDS: The retirement VDS: Serve as Plan 1 for Defined Penefit Comm	
VRS: The retirement VRS: Same as Plan 1 for Defined Benefit Comp	onent:
multiplier is a factor used in the formula to determine a service earned, purchased or granted prior to January 1, multiplier for the defined	ed
final retirement benefit. The 2013. For non-hazardous duty benefit component is 1.	
retirement multiplier for non- members the retirement	00/0.

hazardous duty members is 1.70%.	multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	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.	
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.	
B. P. C. L. L. P. C.	Political subdivision	Bre Line	
Political subdivision hazardous duty employees:	hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees:	
The retirement multiplier of	Same as Fian 1.	Not applicable.	
eligible political subdivision		The supplies of the supplies o	
hazardous duty employees			
other than sheriffs and regional			
jail superintendents is 1.70%		Defined Contribution	
or 1.85% as elected by the		Component:	
employer.	Name I Dating and Ass	Not applicable.	
Normal Retirement Age VRS: Age 65.	Normal Retirement Age VRS: Normal Social Security	Normal Retirement Age Defined Benefit Component:	
VK 5. Age 03.	retirement age.	VRS: Same as Plan 2.	
Political subdivisions	Political subdivisions	Political subdivisions	
hazardous duty employees:	hazardous duty employees:	hazardous duty employees:	
Age 60.	Same as Plan 1.	Not applicable.	
		Defined Contribution Component:	
		Members are eligible to	
		receive distributions upon	
		leaving employment, subject	
		to restrictions.	
Earliest Unreduced	Earliest Unreduced	Earliest Unreduced	
Retirement Eligibility	Retirement Eligibility	Retirement Eligibility	
VRS: Age 65 with at least five years (60 months) of creditable	VRS: Normal Social Security	Defined Benefit Component: VRS: Normal Social Security	
service or at age 50 with at	retirement age with at least five years (60 months) of	retirement age and have at	
solvies of at age 50 with at	The feats (of mondis) of	least five years (60 months) of	

least 30 years of creditable service.	creditable service or when their age and service equal 90.	creditable service or when their age and service equal 90.	
Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject	
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.	to restrictions. Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of creditable service.	
Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Political subdivisions hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.	
Eligibility:		Eligibility: Same as Plan 1 and Plan 2.	

N ued)

J	ote 10 – Defined Benefit Pension	Plan (Continued
	For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.	Eligibility: Same as Plan 1.
	For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Exceptions to C
	Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:	Effective Dates: Same as Plan 1.

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.

o COLA

Exceptions to COLA

Effective Dates: Same as Plan 1 and Plan 2.

• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. Disability Coverage	Disability Coverage	Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service	Purchase of Prior Service	Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must	Same as Plan 1.	Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. Defined Contribution Component: Not applicable.

purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	
1 2	

Employees Covered by Benefit Terms

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

		Component Unit
	Primary	School Board
	Government	Non-Professional
Inactive members or their beneficiaries		
currently receiving benefits	106	64
Inactive members:		
Vested inactive members	13	5
Non-vested inactive members	25	10
Inactive members active elsewhere in VRS	32	5
Total Inactive members	70	20
Active members	139	87
Total covered employees	315	171

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% of their compensation toward their retirement.

The County's contractually required contribution rate for the year ended June 30, 2020 was 12.41% for general government covered employee compensation and 3.97% for school board non-professional employees. These rates were based on actuarially determined rates from actuarial valuations as of June 30, 2018. The rates do not include the employer matching contribution to the defined contribution portion of the hybrid plan.

Contributions (Continued)

These rates, when combined with employee contributions, were 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 general government were \$717,233 and \$697,098 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the school board were \$114,780 and \$115,979 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation 2.5 percent

Salary increases, including

inflation 3.5 percent - 5.35 percent

Investment rate of return 6.75 percent, net of pension plan

investment expense, 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.

Actuarial Assumptions (Continued)

Participants with General Employees Benefit Coverage:

Mortality rates: 15% of deaths are assumed to be service related.

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

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

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

Participants with Enhanced Hazardous Duty Benefit Coverage:

Mortality rates: 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% increase compounded from ages 70 to 90; females set forward 3 years

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

Changes in Actuarial Assumptions

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

For Non-Hazardous Duty Members:

- Updated mortality rates to a more current mortality table RP-2014 projected to 2020.
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
- Adjusted termination rates to better fit experience at each age and service year.
- Lowered disability rates.
- Increased line of duty disability assumption from 14% to 15%.

Changes in Actuarial Assumptions (Continued)

For Hazardous Duty Members:

- Updated mortality rates to a more current mortality table RP-2014 projected to 2020.
- Increased rates at age 50, and lowered retirement rates at older ages.
- Adjusted termination rates to better fit experience at each age and service year.
- Adjusted disability rates to better match experience.
- Decreased line of duty disability assumption from 60% to 45%.

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:

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

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

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. From July 1, 2018 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

			Inci	rease (Decrease)	
Primary Government		Total Pension Liability (a)	Net Pension Liability (a) - (b)			
Balance at June 30, 2018	\$ 29,921,717			25,009,383	\$	4,912,334
Changes for the year:						
Service Cost		625,726		-		625,726
Interest		2,036,058		-		2,036,058
Changes in benefit terms		-		-		-
Changes of assumptions		928,361		-		928,361
Differences between expected						
and actual experience		585,651		-		585,651
Contributions - employer		-		697,098		(697,098)
Contributions - employee		-		315,044		(315,044)
Net investment income		-		1,646,571		(1,646,571)
Benefit payments and refunds						
of employee contributions		(1,670,343)		(1,670,343)		-
Administrative expenses		-		(16,551)		16,551
Other changes				(1,037)		1,037
Net changes		2,505,453		970,782		1,534,671
Balance at June 30, 2019	\$	32,427,170	\$	25,980,165	\$	6,447,005

Changes in Net Pension Liability (Continued)

	Increase (Decrease)								
		otal Pension		Net Pension					
Component Unit School Board		Liability	N	et Position		Liability			
Non-Professional		(a)		(b)		(a) - (b)			
Balance at June 30, 2018	\$ 9,624,456			9,370,281	\$	254,175			
Changes for the year:									
Service Cost		201,089		-		201,089			
Interest		656,863		-		656,863			
Changes in benefit terms		-		-		-			
Changes of assumptions		261,821		-		261,821			
Differences between expected									
and actual experience		(387,845)		-		(387,845)			
Contributions - employer		-		113,964		(113,964)			
Contributions - employee		-		105,046		(105,046)			
Net investment income		-		616,904		(616,904)			
Benefit payments and refunds									
of employee contributions		(481,405)		(481,405)		-			
Administrative expenses		-		(6,224)		6,224			
Other changes		_		(388)		388			
Net changes		250,523		347,897		(97,374)			
Balance at June 30, 2019	\$	9,874,979	\$	9,718,178	\$	156,801			

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's 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:

	19	% Decrease	C	urrent Rate		1	% Increase
Primary Government		5.75%	6.75%		7.75%		
Net Pension Liability	\$	10,650,057	\$	6,447,005		\$	3,094,843

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

Component Unit School Board	19	6 Decrease	Cu	rrent Rate	1	1% Increase			
Non-Professional		5.75%		6.75%	7.75%				
Net Pension Liability	\$	1,294,773	\$ 156,801		\$	(762,393)			

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

For the year ended June 30, 2020, the County's primary government recognized pension expense of \$212,074. At June 30, 2020, the County's primary government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government	rred Outflows Resources	Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 507,059	\$	153,280		
Change in assumptions	676,773		4,546		
Net difference between projected and actual earnings on pension plan investments	291,984		511,194		
Employer contributions subsequent to the measurement date	717,233				
Total	\$ 2,193,049	\$	669,020		

\$717,233 reported as deferred outflows of resources related to pensions resulting from the County's general government contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	 Amount
2021	\$ 297,946
2022	213,996
2023	278,769
2024	16,085
Thereafter	 -
Total	\$ 806,796

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

For the year ended June 30, 2020, the School Board recognized pension expense of \$(129,764) for non-professional employees. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for non-professional employees from the following sources:

Component Unit School Board Non-Professional	 red Outflows Resources	 erred Inflows Resources
Differences between expected and actual experience	\$ -	\$ 351,036
Change in assumptions	188,687	5,359
Net difference between projected and actual earnings on pension plan investments	109,379	190,907
Employer contributions subsequent to the measurement date	 114,780	
Total	\$ 412,846	\$ 547,302

\$114,780 reported as deferred outflows of resources related to pensions resulting from the school board's contributions subsequent to the measurement date for nonprofessional employees will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	 Amount
2021	\$ (108,152)
2022	(125,044)
2023	(21,961)
2024	5,921
Thereafter	 -
Total	\$ (249,236)

Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios

This schedule is intended to show information for ten years. Since fiscal year 2015 (plan year 2014) is the first year for this presentation, no other data is available. Additional years will be included as they become available.

Primary Government		2019		2018		2017		2016		2015		2014
Total pension liability	_		_		_				_		_	
Service cost	\$	625,726	\$	599,817	\$	613,499	\$	584,285	\$	621,118	\$	600,671
Interest Changes of honofit towns		2,036,058		1,960,615		1,943,412		1,888,383		1,831,199		1,765,556
Changes of benefit terms Changes in assumptions		928,361		-		(22,732)		-		-		-
Difference between expected & actual experience		585,651		174,381		(742,506)		(217,288)		(101,261)		-
Benefit payments, including refunds		(1,670,343)		(1,643,768)		(1,448,071)		(1,490,411)		(1,577,871)		(1,279,074)
		(-,0,0,0,0)	_	(-,0 10,1 00)		(-, ,)	_	(-, ., .,)	_	(-)= / / / / / / /	_	(-)-///////
Net change in total pension liability		2,505,453		1,091,045		343,602		764,969		773,185		1,087,153
Total pension liability - beginning		29,921,717		28,830,672		28,487,070		27,722,101		26,948,916		25,861,763
		22 425 450	Φ.	20.021.515	Φ.	20.020.652	Φ.	20 405 050		25 522 101	•	26040016
Total pension liability - ending (a)	\$	32,427,170	\$	29,921,717	\$	28,830,672	\$	28,487,070	\$	27,722,101	\$	26,948,916
Plan fiduciary net position												
Contributions - employer	\$	697,098	\$	712,572	\$	693,671	\$	791,794	\$	750,456	\$	802,383
Contributions - employee	Ψ	315,044	Ψ	284,616	Ψ	266,710	Ψ	271,254	Ψ	258,617	Ψ	265,190
Net investment income		1,646,571		1,753,285		2,632,566		376,372		969,541		2,951,572
Benefit Payments, including refunds		(1,670,343)		(1,643,768)		(1,448,071)		(1,490,411)		(1,577,871)		(1,279,074)
Administrative expense		(16,551)		(15,378)		(15,366)		(13,659)		(13,637)		(15,914)
Other		(1,037)		(1,552)		(2,338)	_	(160)		(203)		156
N. 1		050 500		1 000 555		2 125 152		(64.010)		206.002		0.504.010
Net change in plan fiduciary net position		970,782		1,089,775		2,127,172		(64,810)		386,903		2,724,313
Plan fiduciary net position - beginning		25,009,383		23,919,608	_	21,792,436	_	21,857,246	_	21,470,343	_	18,746,030
Plan fiduciary net position - ending (b)	\$	25,980,165	\$	25,009,383	\$	23,919,608	\$	21,792,436	\$	21,857,246	\$	21,470,343
Net pension liability-ending (a) - (b)	\$	6,447,005	\$	4,912,334	\$	4,911,064	\$	6,694,634	\$	5,864,855	\$	5,478,573
			_		_		_		_		_	
Plan fiduciary net position as a percentage												
of the total pension liability		80.12%		83.58%		82.97%		76.50%		78.84%		79.67%
		6.000.050	Φ.	5.544.653	Φ.	7 66 2 004	Φ.	7 401 024		6 001 105	•	5 450 55¢
Covered-employee payroll for year ended	\$	6,230,870	\$	5,744,673	\$	5,663,894	\$	5,481,934	\$	6,021,135	\$	5,479,756
Political subdivision's net pension liability												
as a percentage of covered-employee payroll		103.47%		85.51%		86.71%		122.12%		97.40%		99.98%
as a personage of covered employee pullon		105.1770		00.0170		00.7170		122.12/0		27.1070		77.7070

Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios (Continued)

Component Unit School Board - Non-prof.		2019		2018		2017		2016		2015		2014
Total pension liability Service cost	\$	201,089	\$	198,077	\$	207,235	\$	216,597	\$	225 567	\$	224,506
Interest	\$	656,863	3	633,629	Þ	632,999	Þ	616,205	Þ	225,567 593,502	Þ	569,005
Changes of benefit terms		030,803		033,029		032,999		010,203		393,302		309,003
Changes in assumptions		261,821		=		(29,008)		-		-		=
Difference between expected & actual experience		(387,845)		(22,128)		(329,396)		(118,912)		(18,675)		=
Benefit payments, including refunds		(481,405)		(473,927)		(471,735)		(476,218)		(475,913)		(411,190)
Denent payments, metading retaines	_	(+01,+03)		(473,721)	_	(4/1,/33)	_	(470,210)		(473,713)		(411,170)
Net change in total pension liability		250,523		335,651		10,095		237,672		324,481		382,321
Total pension liability - beginning		9,624,456		9,288,805		9,278,710		9,041,038		8,716,557		8,334,236
1 , 2 ,												
Total pension liability - ending (a)	\$	9,874,979	\$	9,624,456	\$	9,288,805	\$	9,278,710	\$	9,041,038	\$	8,716,557
Plan fiduciary net position												
Contributions - employer	\$	113,964	\$	151,084	\$	153,075	\$	196,260	\$	197,633	\$	226,613
Contributions - employee		105,046		103,740		104,870		104,712		106,064		106,179
Net investment income		616,904		655,267		985,817		140,253		364,074		1,102,402
Benefit Payments, including refunds		(481,405)		(473,927)		(471,735)		(476,218)		(475,913)		(411,190)
Administrative expense		(6,224)		(5,729)		(5,784)		(5,137)		(5,083)		(5,951)
Other		(388)	_	(582)		(874)		(60)		(79)		59
Net change in plan fiduciary net position		347,897		429,853		765,369		(40,190)		186,696		1,018,112
Plan fiduciary net position - beginning		9,370,281		8,940,428		8,175,059		8,215,249		8,028,553		7,010,441
rian inductary het position - beginning	_	9,370,281		0,940,420	_	0,173,039	_	0,213,249	_	0,020,333		7,010,441
Plan fiduciary net position - ending (b)	\$	9,718,178	\$	9,370,281	\$	8,940,428	\$	8,175,059	\$	8,215,249	\$	8,028,553
J 1 8()	Ė	- ,,	Ė	-))	Ė	- , ,	Ė	-,,	Ė	-, -, -	Ė	-,,
Net pension liability-ending (a) - (b)	\$	156,801	\$	254,175	\$	348,377	\$	1,103,651	\$	825,789	\$	688,004
	_		_		_							
Plan fiduciary net position as a percentage												
of the total pension liability		98.41%		97.36%		96.25%		88.11%		90.87%		92.11%
Covered-employee payroll for year ended	\$	2,283,667	\$	2,167,800	\$	2,174,214	\$	2,178,285	\$	2,461,085	\$	2,321,227
Political subdivision's net pension liability		٠ ـــ م										•0
as a percentage of covered-employee payroll		6.87%		11.73%		16.02%		50.67%		33.55%		29.64%

Plan Description

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

A retiree eligible for post-retirement medical coverage is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. Employees at the County are allowed to stay on the plan until death of the employee and employees at the School Board are allowed to stay on the plan until death of the employee or eligibility for Medicare coverage. The employee pays 100% of the required premium.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension and GASB Statement No. 85, Omnibus 2017 establish new accounting and financial reporting requirements for OPEB plans and standardize the valuation methodology. The cost of postemployment healthcare benefits should be associated with the periods in which the cost occurs, rather than in the future years when it will be paid.

Employees Covered by Benefit Terms

	Primary	Component Unit
	Government	School Board
Active participants	86	592
Retired participants	8	13
Total covered employees	94	605

Funding Policy and Contributions

The County and Schools currently fund postemployment health care benefits on a pay-as-you-go basis. The County and Schools do not accumulate asses in a trust. During fiscal year 2020, the County and Schools made OPEB benefit payments of \$75,824 and \$55,280, respectively.

Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2020.

Actuarial Methods and Assumptions

Primary Government – The County uses the alternative measurement method in accordance with GASB methodology. In the valuation for the year ended June 30, 2020, the cost method used to determine OPEB liability was entry age normal level percentage of payroll. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Employer future premium contribution is assumed to remain a level percentage of the total cost over time. Mortality rates are the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity. Turnover rates are derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System. Other assumptions are as follows.

Average retirement age 62 years
Salary increases 2.0 percent
Amortization period 20 years

Component Unit School Board – In the actuarial valuation for the year ended June 30, 2020, the cost method used to determine OPEB liability was individual entry age normal level percent of salary. All active and former employees who are potentially eligible to receive healthcare benefits as a retiree were included in the calculations. All assumptions attempt to represent the best estimate of anticipated experience under the plan. Retirement, mortality, and termination rates are the rates used for the June 30, 2018 Actuarial Valuation of the Virginia Retirement System. No disability rates were assumed. Per capita claims costs include medical, dental, and prescription drug coverages and are based on the 2019 healthcare premiums provided by the School Board. It is assumed that 85% of eligible retirees will elect to receive coverage upon retirement. Spouse coverage is not available for participants that retire on or after July 1, 2009. It is assumed that 80% of active employees are married at retirement. Female spouses are assumed to be 3 years younger than their husbands. Other assumptions are as follows.

Inflation 2.5 percent Salary increases 3.0 percent

Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Discount Rate and Municipal Bond Rate

Pursuant to GASB 75, the discount rate for unfunded plans should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Bond Buyer's 20 bond index is often cited as an appropriate benchmark. A discount rate of 2.21% was used for the County and School valuations.

Healthcare Trend Rates

Primary Government

Year	Medical	Pharmacy	Dental	Vision	
Year 1	4.60%	7.60%	3.50%	3.00%	
Year 2	4.70%	6.20%	3.50%	3.00%	
Year 3	4.80%	4.90%	3.00%	3.00%	
Year 4	4.80%	4.80%	3.00%	3.00%	
Year 5	4.80%	4.80%	3.00%	3.00%	
Year 6	4.80%	4.80%	3.00%	3.00%	
Year 7	4.70%	4.70%	3.00%	3.00%	
Year 8	4.70%	4.70%	3.00%	3.00%	
Year 9	4.70%	4.70%	3.00%	3.00%	
Thereafter	4.70%	4.70%	3.00%	3.00%	

Component Unit School Board

Year	Medical	Dental			
2020	8.00%	3.00%			
2021	7.75%	3.00%			
2022	7.50%	3.00%			
2023	7.25%	3.00%			
2024	7.00%	3.00%			
Thereafter	6.75% - 4.50%	3.00%			

Schedule of Changes in the Political Subdivision's Total OPEB Liability and Related Ratios

This schedule is intended to show information for ten years. Since fiscal year 2018 is the first year for this presentation, no other data is available. Additional years will be included as they become available.

	Primary Government						Component Unit School Board					
	2020		2019		2018		2020		2019		2018	
Total OPEB liability - beginning	\$ 3,474,337	\$	3,351,733	\$	3,785,705	\$	5,085,966	\$	4,658,005	\$	4,383,883	
Changes for the year:												
Service Cost	129,912		126,749		129,209		345,872		314,553		302,833	
Interest	124,833		65,812		41,023		174,417		176,389		165,926	
Change of benefit terms	-		-		-		-		-		-	
Differences between expected												
and actual experience	(513,944)		-		5,151		(786,986)		-		-	
Changes of assumptions												
or inputs	403,353		5,857		(522,812)		638,975		139,188		-	
Benefit payments	(75,824)		(75,814)		(86,543)		(55,280)		(75,910)		(99,010)	
Employer contributions	-		-		-		-		-		-	
Employee contributions	-		-		-		-		-		-	
Net investment income	-		-		-		-		-		-	
Administrative expenses	-		-		-		-		-		-	
Implicit rate subsidy fulfillment	-		-		-		(151,755)		(126,259)		(95,627)	
Other changes							-					
Net changes	68,330		122,604		(433,972)		165,243		427,961		274,122	
Total OPEB liability - ending	\$ 3,542,667	\$	3,474,337	\$	3,351,733	\$	5,251,209	\$	5,085,966	\$	4,658,005	
Covered-employee payroll Total OPEB liability as a percentage	\$ 6,162,900	\$	5,870,616	\$	5,663,894	\$	24,057,773	\$	22,624,219	\$	22,624,219	
of covered-employee payroll	57.48%		59.18%		59.18%		21.83%		22.48%		20.59%	

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

The following presents the total OPEB liability using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

Primary Government	1%	Decrease	Curr	ent Discount	 1% Increase		
Total OPEB Liability	\$	3,913,169	\$	3,542,667	\$ 3,223,614		

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)

Component Unit School Board	1% Decrease		Curi	ent Discount	1% Increase					
Total OPEB Liability	\$	5,709,836	\$	5,251,209	\$	4,814,770				
Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rate										
Primary Government	19	% Decrease	Cu	rrent Trend	1% Increase					
Total OPEB Liability	\$	3,183,748	\$	3,542,667	\$	3,963,649				
Component Unit School Board	19	√o Decrease	Cu	rrent Trend	1'	% Increase				
Total OPEB Liability	\$	4,593,515	\$	5,251,209	\$	6,026,747				

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

For the year ended June 30, 2020, the County's primary government recognized OPEB – health insurance expense of \$68,330. At June 30, 2020, the County's primary government did not report deferred outflows of resources or deferred inflows of resources related to OPEB – health insurance because the County is on a pay-as-you-go basis.

For the year ended June 30, 2020, the School Board recognized OPEB – health insurance expense of \$309,703. At June 30, 2020, the School Board reported deferred outflows of resources of \$675,986 related to OPEB – health insurance due to a change in assumptions. The Board reported deferred inflows of \$695,006 due to differences between expected and actual experience. Deferred outflows will be recognized in OPEB – health insurance expense as follows:

Year Ended June 30,	Amount				
2021	\$	(3,551)			
2022		(3,551)			
2023		(3,551)			
2024		(3,551)			
2025		(3,551)			
Thereafter		(1,265)			
Total	\$	(19,020)			

Note 12 - Other Postemployment Benefits - Group Life Insurance

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

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

Eligible Employees

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

Benefit Amounts

The benefits payable under the GLI Program have several components.

- <u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These benefits include accidental dismemberment, safety belt, repatriation, felonious assault, accelerated death option.

Plan Description (Continued)

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI Program 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.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 COLA and is currently \$8,463 effective June 30, 2020.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. The employee component was 0.79% (1.31% * 60%) and the employer component was 0.52% (1.31% * 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. County contributions to the GLI Program were \$31,486 and \$30,226 for the years ended June 30, 2020 and June 30, 2019, respectively. School Board Non-professional contributions to the GLI Program were \$12,230 and \$11,708. School Board Professional contributions to the GLI Program were \$110,300 and \$105,504.

<u>GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB</u>

At June 30, 2020, the County reported a liability of \$482,485 for its proportionate share of the Net GLI OPEB Liability. School Board Non-professional reported a liability of \$187,623. School Board Professional reported a liability of \$1,690,893. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was 0.02965% as compared to 0.03007% at June 30, 2018. School Board Non-professional proportion was 0.10391% as compared to 0.10557%.

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

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$(23,025). School Board Non-professional recognized GLI OPEB expense of \$(8,926). School Board Professional recognized GLI OPEB expense of \$(78,889). Since there was a change in the proportionate share between measure dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

		County			School Board Non-prof.				School Board Prof.			
	C	Outflows	I	nflows	C	Outflows		Inflows		Outflows		Inflows
Differences between expected and actual experience	\$	32,088	\$	6,257	\$	12,478	\$	2,432	\$	112,454	\$	21,932
Net difference between projected and actual investment earnings		-		9,911		-		3,854		-		34,732
Change in assumptions		30,461		14,549		11,845		5,658		106,753		50,988
Changes in proportion		-		12,582		533		4,885		11,629		48,198
Employer contributions subsequent to the measurement date		31,486				12,230				110,300		-
Total	\$	94,035	\$	43,299	\$	37,086	\$	16,829	\$	341,136	\$	155,850

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

Year ended June 30	County		N	on-prof.	Professional		
2021		(1,345)		(343)		(674)	
2022		(1,344)		(343)		(673)	
2023		2,853		1,290		14,037	
2024		7,794		2,779		25,608	
2025		8,877		3,536		28,377	
Thereafter		2,415		1,108		8,311	
Total Deferred	\$	19,250	\$	8,027	\$	74,986	

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the same assumptions as the VRS pension plan, as described in Note 10, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the entire GLI Program is as follows:

	Group Life Insurance OPEB Program
Total GLI OPEB Liability Plan Fiduciary Net Position Employers' Net GLI OPEB Liability (Asset)	\$ 3,390,238,000 1,762,972,000 \$ 1,627,266,000
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments is the same as the VRS pension plan, as described in Note 10.

Discount Rate

The discount rate used to measure the total GLI OPEB was 6.75%, the same as the VRS pension plan, as described in Note 10.

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 or one percentage point higher than the current rate:

	19	6 Decrease (5.75%)	Di	scount Rate (6.75%)	1% Increase (7.75%)			
County	\$	633,851	\$	482,485	\$	359,731		
School Board Non-prof.	\$	246,485	\$	187,623	\$	139,888		
School Board Professional	\$	2,221,365	\$	1,690,893	\$	1,260,695		

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website or requested by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Schedule of Employer's Share of Net GLI OPEB Liability

This schedule is intended to show information for ten years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

		County		Scho	ol Board Non-p	rof.	School Board Prof.			
	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.02965%	0.03007%	0.02986%	0.01153%	0.01149%	0.01186%	0.01039%	0.10785%	0.10557%	
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 482,485	\$ 456,000	\$ 450,000	\$ 187,623	\$ 179,000	\$ 175,000	\$ 1,690,893	\$ 1,603,000	\$ 1,623,000	
Employer's Covered Payroll	6,162,900	5,663,894	5,481,934	2,360,354	2,174,214	2,178,285	21,393,391	22,585,459	21,797,939	
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.82886%	8.05100%	8.20878%	7.94893%	8.23286%	8.03384%	7.90381%	7.09749%	7.44566%	
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00000%	51.22000%	48.86000%	52.00000%	51.22000%	48.86000%	52.00000%	51.22000%	48.86000%	

Note 12 – Other Postemployment Benefits – Group Life Insurance (Continued)

Schedule of Employer Contributions

This schedule is intended to show information for ten years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

			Cont	tributions in				Contributions	
			R	elation to		E	Employer's	as of % of	
	Cor	ntractually	Co	ntractually	Contribution		Covered	Covered	
Year	R	equired	F	Required	Deficiency]	Employee	Employee	
Ended	Coı	ntribution	Co	ntribution	(Excess)		Payroll	Payroll	
June 30,		(1)		(2)	(3)		(4)	(5)	
County									
2020	\$	31,486	\$	31,486	-	\$	6,162,900	0.51%	
2019		30,226		30,226	-		5,888,413	0.51%	
2018		29,727		29,727	-		5,663,894	0.52%	
2017		28,636		28,636	-		5,481,934	0.52%	
		Non-profes							
2020	\$	12,230	\$	12,230	-	\$	2,360,354	0.52%	
2019		11,757		11,757	-		2,260,961	0.52%	
2018		11,365		11,365	-		2,174,214	0.52%	
2017		11,374		11,374	-		2,178,285	0.52%	
School Bo	oard	Profession	al						
2020	\$	110,300	\$	110,300	-	\$	21,393,391	0.52%	
2019		105,921		105,921	-		20,761,623	0.51%	
2018		104,382		104,382	-		22,585,459	0.46%	
2017		103,442		103,442	-		21,797,939	0.47%	

For Reference Only:

 $Column\ (1)-Employer\ contribution\ rate\ multiplied\ by\ employer\ 's\ covered\ payroll$

Column (2) – Actual employer contribution remitted to VRS

Column (4) – Employer's covered employee payroll amount for the fiscal year

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

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS HIC Program. This plan is administered by the VRS (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for HIC OPEB, including eligibility, coverage, and benefits is set out below:

Eligible Employees

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

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

<u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.

<u>Disability Retirement</u> – 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:

- o \$4.00 per month, multiplied by twice the amount of service credit, or
- o \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Plan Description (Continued)

Health Insurance Credit Program Notes:

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$253,988 and \$243,939 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$3,175,608 for its proportionate share of the Net HIC OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2019 and the total HIC OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was 0.24258% as compared to 0.24747% at June 30, 2018.

For the year ended June 30, 2020, the County recognized HIC OPEB expense of \$(6,315). School Board Since there was a change in the proportionate share between measure dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

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

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

	School Division					
	(Outflows	Inflows			
Differences between expected and actual experience	\$	-	\$	17,987		
Net difference between projected and actual investment earnings		201		-		
Change in assumptions		73,911		22,066		
Changes in proportion		2,466		87,651		
Employer contributions subsequent to the measurement date		253,988				
Total	\$	330,566	\$	127,704		

\$253,988 reported as deferred outflows of resources related to the HIC OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in the future reporting periods as follows:

Year Ended June 30,	Amount
2021	\$ (10,849)
2022	(10,852)
2023	(9,461)
2024	(9,926)
2025	(8,712)
Thereafter	(1,326)
Total	\$ (51,126)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the same assumptions as the VRS pension plan, as described in Note 10 except mortality rates, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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.

Net HIC OPEB Liability

The net OPEB liability (NOL) for the HIC Program represents the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the entire HIC Program is as follows:

	Teacher Employee HIC OPEB Plan
Total HICOPEB Liability	\$ 1,438,114,000
Plan Fiduciary Net Position	129,016,000
Net HIC OPEB Liability (Asset)	\$ 1,309,098,000
Plan Fiduciary Net Position as a Percentage	

The total HIC 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 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.

8.97%

of the Total HIC OPEB Liability

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments is the same as the VRS pension plan, as described in Note 10.

Discount Rate

The discount rate used to measure the total HIC OPEB was 6.75%, the same as the VRS pension plan, as described in Note 10.

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

The following presents the employer's proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the employer'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 or one percentage point higher than the current rate:

	1%	6 Decrease	Di	scount Rate	1% Increase			
	(5.75%)			(6.75%)		(7.75%)		
School Division	\$	3,554,046	\$	3,175,608	\$	2,854,126		

Schedule of Employer's Share of Net HIC OPEB Liability

This schedule is intended to show information for ten years. Since fiscal year 2019 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

		Sc	hool Division	
	201	9	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.24	1258%	0.24747%	0.25097%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 3,17	5,608 \$	3,142,000	\$ 3,184,000
Employer's Covered Payroll	21,34	5,293	22,585,459	21,797,939
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	14.87	7732%	13.91161%	14.60689%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	8.97	7000%	8.08000%	7.04000%

Schedule of Employer Contributions

This schedule is intended to show information for ten years. Since fiscal year 2019 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

			Cont	ributions in			Contributions
			R	elation to	Employer's	as of % of	
	Cor	ntractually	Coı	ntractually	Contribution	Covered	Covered
Year	R	equired	F	Required	Deficiency	Employee	Employee
Ended	Coı	ntribution	Co	ntribution	(Excess)	Payroll	Payroll
June 30,		(1)		(2)	(3)	(4)	(5)
School D	ivisio	on					
2020	\$	253,988	\$	253,988	-	\$ 21,345,293	1.19%
2019		243,939		243,939	-	20,737,663	1.18%
2018		246,174		246,174	-	22,585,459	1.09%
2017		219,851		219,851	-	21,797,939	1.01%

For Reference Only:

Column (1) – Employer contribution rate multiplied by employer's covered payroll

Column (2) – Actual employer contribution remitted to VRS

Column (4) – Employer's covered employee payroll amount for the fiscal year

Group Life Insurance Program Fiduciary Net Position

Detailed information about the HIC Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website or requested by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14 – Contingent Liabilities

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

Note 15 - Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it 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 County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$897,331 reported as landfill closure and post closure care liability at June 30, 2020 represents the cumulative amount reported. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects closure on the landfill in the next few years. These estimated amounts are based on what it would cost to perform all closure and post closure care in 2020.

Note 16 – Risk Management

The County and its Component Unit School Board are exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County and its Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Association of Counties Self Insurance, for all types of insurance. The Component Unit School Board participates with other localities in a public entity risk pool, the Virginia Municipal League, for all of its insurance coverage. The County and its Component Unit School Board pay an annual premium to these pools for their insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The County continues to carry commercial insurance for all other risks of losses. For the three previous fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 17 - Self-Funded Insurance

The Scott County School Board established a limited risk management program for health insurance in 1992. Premiums are paid into the School Health Insurance Fund by school employees and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2020 a total of \$4,446,146 was paid in benefits and administrative costs. The risk assumed by the School Board is \$100,000 per person with a maximum attachment point of \$4,446,146. Inter-fund premiums are based primarily upon the insured funds claims experience and are reported as quasi-external interfund transactions. The fund had \$0 health insurance claims payable at June 30, 2020.

Note 18 – Interfund Transfers

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

Fund	T:	ransfers In	Tr	ansfers Out
General	\$	-	\$	5,270,831
School		5,270,831		-
Totals	\$	5,270,831	\$	5,270,831

Note 19 – Fund Balances

	General		School	Other	
		Fund	 Fund	 Funds	 Total
Restricted for:					
Courthouse Security	\$	125,628	\$ -	\$ -	\$ 125,628
Federal Seizure		6,445	-	-	6,445
E-911		65,303	-	-	65,303
Mabe/Stanley Water Fund	(4	4,956,689)	-	-	(4,956,689)
Coal and Roads		-	-	41,754	41,754
Law Library		-	-	10,699	10,699
Assigned for:					
Commonwealth Attorney		166,296	-	-	166,296
Weapons Permits		10,459	-	-	10,459
Courthouse Maintenance		56,753	-	-	56,753
Technology		46,607	-	-	46,607
Cafeteria		-	264,971	-	264,971
Insurance		-	964,320	-	964,320
Head Start		-	(185,662)	-	(185,662)
Unassigned	1	0,802,302	 (76,476)		10,725,826
Total fund balances	\$	6,323,104	\$ 967,153	\$ 52,453	\$ 7,342,710

Note 20 – Surety Bonds

	 Amount
Fidelity and Deposits Company of Maryland - Surety	
Mark Taylor, Clerk of the Circuit Court	\$ 200,000
Mitzi Owens, Treasurer	400,000
Debbie Dockery, Commissioner of the Revenue	10,000
John Puckett, Sheriff	30,000
VACO Risk Management Programs All School Board employees - blanket	250,000
VACorp - Surety	
Freda Starnes, County Administrator	100,000
All General Government employees - blanket	100,000
All Social Service employees - blanket	100,000

Note 21 – Subsequent Events

Subsequent events have been evaluated as of October 23, 2020, which is the date the financial statements were issued.

Note 22 – New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements. Management has not yet estimated the effects, if any, of adopting the standards below, but does not expect them to be material.

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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

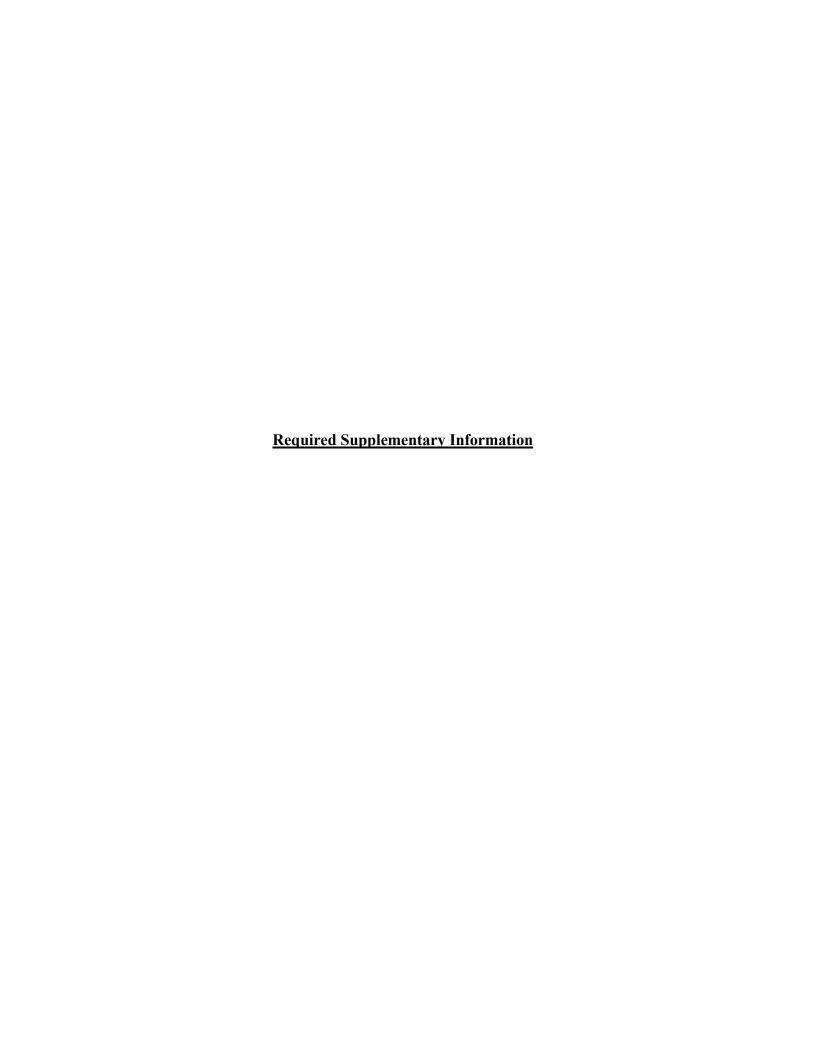
Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic

Note 22 - New Accounting Standards (Continued)

resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The requirements of this statement should be applied prospectively.

Note 23 – CARES Act Funds

During fiscal year 2020, the County received CARES Act funds of \$1,881,550. As of June 30, 2020, the County has incurred qualified expenditures of \$20,582 and has disbursed funds of \$9,309. The County maintains a separate bank account for remaining funds of \$1,872,241.



County of Scott, Virginia Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget And Actual - General Fund For the Year Ended June 30, 2020

			Budget				Variance
	Origina		As				With
D.	Budget	<u> </u>	Amended		Actual		Amended
Revenues:	¢ 12.700	021	¢ 12.790.921	ø	12 972 224	¢	92 402
General property taxes Other local taxes	\$ 12,789, 3,352		\$ 12,789,831 3,352,410	\$	12,872,234 3,368,143	\$	82,403 15,733
Permits, privilege fees	3,332	,410	3,332,410		3,300,143		13,733
& regulatory licenses	26	,150	42,420		70,389		27,969
Fines and forfeitures	446		494,734		286,854		(207,880)
Revenue from use of	440	,105	777,757		200,034		(207,000)
money & porperty	101	,900	101,900		118,605		16,705
Charges for services		,500	85,091		95,373		10,282
Miscellaneous		,088	161,382		242,376		80,994
Recovered costs	351.		415,411		379,523		(35,888)
Intergovernmental:	551	,0,1	,		0,73,620		(22,333)
Commonwealth	6,357	.690	6,407,417		5,667,151		(740,266)
Federal	2,544		2,557,989		3,970,385		1,412,396
TOTAL REVENUES	26,198		26,408,585		27,071,033		662,448
Expenditures:							
Current:							
General government administration	2,064	.413	2,057,018		1,940,635		116,383
Judicial administration	1,519		1,551,586		1,337,981		213,605
Public safety	8,175		8,354,453		6,525,785		1,828,668
Public works	2,630		2,630,969		1,865,608		765,361
Health and welfare	5,663		5,663,253		4,983,091		680,162
Education		,019	28,019		28,019		, <u>-</u>
Parks, recreation, & cultural		,731	540,322		502,884		37,438
Community development	1,274		1,278,868		1,027,110		251,758
Debt service:							
Principal retirement		-	-		198,431		(198,431)
Interest & other fiscal charges		-	-		12,088		(12,088)
TOTAL EXPENDITURES	21,893	,690	22,104,488		18,421,632		3,682,856
Excess (deficiency) of							
revenues over expenditures	4,304	,596	4,304,097		8,649,401		4,345,304
Other financing sources (uses):							
Operating transfers in		-	-		-		-
Operating transfers out	(5,301	,281)	(5,301,281)		(5,270,831)		30,450
Proceeds from indebtedness		-	-		-		-
Prior year surplus (deficit)	996	,685	997,184		-		(997,184)
TOTAL OTHER FINANCING	(4,304	,596)	(4,304,097)		(5,270,831)		(966,734)
Excess (deficiency) of revenues & other							
sources over expenditures & other uses		-	-		3,378,570		3,378,570
Fund balances at beginning of year					2,944,534		2,944,534
Fund balances at end of year	\$	<u>- '</u>	\$ -	\$	6,323,104	\$	6,323,104

	-	ndable ust							
	Co	erred mp and	Special Welfare		Payroll Withholding Fund		S	Local ales Tax Fund	Totals
Assets:									_
Cash and cash equivalents Due from other government units	\$	-	\$	59,728	\$	-	\$	335,470	\$ 59,728 335,470
Amount due from others		_		_		69,045		-	69,045
Investments	3,30	04,954				-			 3,304,954
Total assets	\$ 3,30	04,954	\$	59,728	\$	69,045	\$	335,470	\$ 3,769,197
Liabilities:									
Due to primary government	\$	-	\$	-	\$	-	\$	309,270	\$ 309,270
Amounts due to others		-		-		69,045		-	69,045
Amounts held for others	3,30	04,954		59,728				26,200	 3,390,882
Total liabilities	\$ 3,30)4,954	\$	59,728	\$	69,045	\$	335,470	\$ 3,769,197

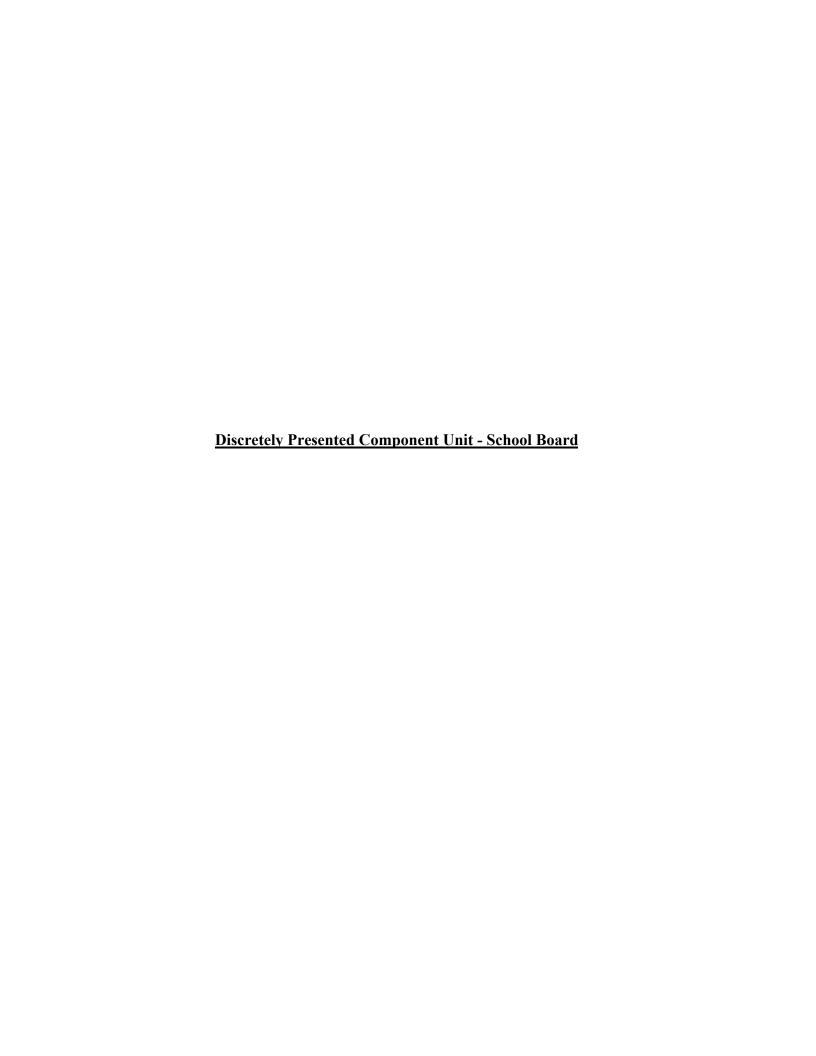


Exhibit 12

Proprietary

		(overnmenta	l Fund	Types			F	und Type		
	School		chool Food	School Scott County					School		
	Operating Fund	l So	ervice Fund	Debt	Service	H	lead Start	Insurance Fund			Totals
Assets:											
Cash & cash equivalents	\$ 6,316	\$	197,621	\$	-	\$	2,052	\$	964,320	\$	1,170,309
Accounts receivable	46,416		-		-		2,249		-		48,665
Prepaid expenses	369,947		-		-		-		-		369,947
Due from other governmental											
units	443,028		129,382		-		-		-		572,410
Due from primary government	2,343,906		-						-		2,343,906
Total Assets	\$ 3,209,613	\$	327,003	\$	-	\$	4,301	\$	964,320	\$	4,505,237
Liabilities:											
Accounts payable	\$ 46,324	\$	62,032	\$	_	\$	196,656	\$	-	\$	305,012
Accrued salaries	3,239,765		-		_		(6,693)		-		3,233,072
Health insurance payable			-				<u> </u>				-
Total Liabilities	3,286,089		62,032		-		189,963				3,538,084
Fund balance:											
Assigned	-		264,971		_		_		964,320		1,229,291
Unassigned	(76,476)				-		(185,662)				(262,138)
Total Fund Balance	(76,476)		264,971		-		(185,662)		964,320		967,153
Total Liabilities &											
Fund Balance	\$ 3,209,613	\$	327,003	\$		\$	4,301	\$	964,320		
Detailed explanation of adjustment			nts to govern	ment-v	vide state	men	t of net pos	ition	:		

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the locality.

40,780,143

Long-term liabilities applicable to the locality's governmental activites are not due and payable in the current period and accordingly are not reported as fund liabilities.

All liabilities - both current and long-term - are reported in the statement of net assets.

(51,919,050)

Total net position <u>\$ (10,171,754)</u>

		Governmenta	Proprietary Fund Type					
	School	School Food	School	Scott County	School			
_	Operating Fund	Service Fund	Debt Service	Head Start	Insurance Fund	Totals		
Revenues:	e 2.754	¢	¢.	¢.	¢.	e 2.754		
Revenue from use of money Charges for services	\$ 2,754 42,176	\$ - 340,011	\$ -	\$ -	\$ - 3,496,347	\$ 2,754 3,878,534		
Miscellaneous	51,229	540,011	_	452,422	5,490,547	503,651		
Recovered costs	30,076		_	-32,-22		30,076		
Intergovernmental:	50,070	_	_	_	_	30,070		
Commonwealth	29,955,846	42,370	_	_	_	29,998,216		
Federal	2,274,788	2,004,045	_	2,010,360	_	6,289,193		
Total revenues	32,356,869	2,386,426		2,462,782	3,496,347	40,702,424		
Expenditures:								
Current - Education	40,749,697	2,461,607		2,660,029	4,446,146	50,317,479		
Total expenditures	40,749,697	2,461,607		2,660,029	4,446,146	50,317,479		
Excess (deficiency) of revenues over (under) expenditures	(8,392,828)	(75,181)	-	(197,247)	(949,799)	(9,615,055)		
Other financing sources (uses):								
Operating transfers in	5,270,831	145,555	-	-	-	5,416,386		
Operating transfers out	(145,555)	-	-	-	-	(145,555)		
Proceeds from indebtedness	3,247,997	-	-	-	-	3,247,997		
Transfer from/(to) primary debt					·			
Total other financing sources	8,373,273	145,555				8,518,828		
Excess (deficiency) of revenues &								
other sources over expenditure								
& other uses	(19,555)	70,374	-	(197,247)	(949,799)	(1,096,227)		
Fund balances at beginning of year	(56,921)	194,597	-	11,585	1,914,119	2,063,380		
Fund balances at end of year	\$ (76,476)	\$ 264,971	\$ -	\$ (185,662)	\$ 964,320	\$ 967,153		
Amount reported for School Board activities in the statement of activities are different because: Excess (deficiency) of revenues & other sources over expenditure & other uses \$ (1,096,227)								
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 School Board activities.								
Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (418,615)								
Change in net assets						\$ (3,279,814)		

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

	School Operating Fund						
	Budget			Variance			
	Original	As		From			
	Budget	Amended	Actual	Amended			
Revenues:							
Revenue from use of money	\$ 5,000	\$ 5,000	\$ 2,754	\$ (2,246)			
Charges for services	35,000	35,000	42,176	7,176			
Miscellaneous	280,675	280,675	51,229	(229,446)			
Recovered costs	12,000	12,000	30,076	18,076			
Intergovernmental:	20.245.014	20.245.014	20.055.046	607.022			
Commonwealth	29,347,914	29,347,914	29,955,846	607,932			
Federal	2,387,897	2,387,897	2,274,788	(113,109)			
Total revenues	32,068,486	32,068,486	32,356,869	288,383			
Expenditures:							
Current - Education	37,568,486	37,568,486	40,749,697	(3,181,211)			
Total expenditures	37,568,486	37,568,486	40,749,697	(3,181,211)			
Excess (deficiency) of revenues							
over (under) expenditures	(5,500,000)	(5,500,000)	(8,392,828)	(2,892,828)			
Other financing sources (uses):							
Operating transfers in	5,500,000	5,500,000	5,270,831	(229,169)			
Operating transfers out	-	-	(145,555)	(145,555)			
Proceeds from indebtness	-	-	3,247,997	3,247,997			
Transfer from/(to) primary debt							
Total other financing sources	5,500,000	5,500,000	8,373,273	2,873,273			
Excess (deficiency) of revenues &							
other sources over expenditure							
& other uses	-	-	(19,555)	(19,555)			
Fund balances at beginning of year			(56,921)	(56,921)			
Fund balances at end of year	\$ -	\$ -	\$ (76,476)	\$ (76,476)			

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

	School Food Service Fund								
		Budget		Variance					
	Original	As		From					
D	Budget	Amended	Actual	Amended					
Revenues:	\$ -	\$ -	\$ -	\$ -					
Revenue from use of money Charges for services	588,512	588,512	340,011	(248,501)					
Miscellaneous	300,312	300,312	340,011	(240,301)					
Recovered costs	_	_	_	_					
Intergovernmental:									
Commonwealth	53,000	53,000	42,370	(10,630)					
Federal	1,625,000	1,625,000	2,004,045	379,045					
Total revenues	2,266,512	2,266,512	2,386,426	119,914					
Expenditures:									
Current - Education	2,166,512	2,166,512	2,461,607	(295,095)					
Total expenditures	2,166,512	2,166,512	2,461,607	(295,095)					
Excess (deficiency) of revenues over (under) expenditures	100,000	100,000	(75,181)	(175,181)					
over (under) expenditures	100,000	100,000	(73,101)	(173,101)					
Other financing sources (uses):									
Operating transfers in	-	-	145,555	145,555					
Operating transfers out	(100,000)	(100,000)	-	100,000					
Proceeds from indebtness	-	-	-	-					
Transfer from/(to) primary debt									
Total other financing sources	(100,000)	(100,000)	145,555	245,555					
Excess (deficiency) of revenues &									
other sources over expenditure & other uses	-	-	70,374	70,374					
Fund balances at beginning of year			194,597	194,597					
Fund balances at end of year	\$ -	\$ -	\$ 264,971	\$ 264,971					

County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2020

	School Debt Service								
			Vai	riance					
	Ori	ginal		As			\mathbf{F}_{1}	rom	
	Вι	ıdget	Am	ended	A	ctual	Am	ended	
Revenues:									
Revenue from use of money	\$	-	\$	-	\$	-	\$	-	
Charges for services		-		-		-		-	
Miscellaneous		-		-		-		-	
Recovered costs		-		-		-		-	
Intergovernmental:						-			
Commonwealth		-		-		-		-	
Federal		-		-		-			
Total revenues		-							
Expenditures:									
Current - Education		-		-		-			
Total expenditures		_							
Excess (deficiency) of revenues									
over (under) expenditures		-		-		-		-	
Other financing sources (uses):									
Operating transfers in		-		-		-		-	
Operating transfers out		-		-		-		-	
Proceeds from indebtness		-		-		-		-	
Transfer from/(to) primary debt		-		-		-			
Total other financing sources		-							
Excess (deficiency) of revenues &									
other sources over expenditure & other uses		-		-		-		-	
Fund balances at beginning of year		-							
Fund balances at end of year	\$	_	\$	-	\$		\$		

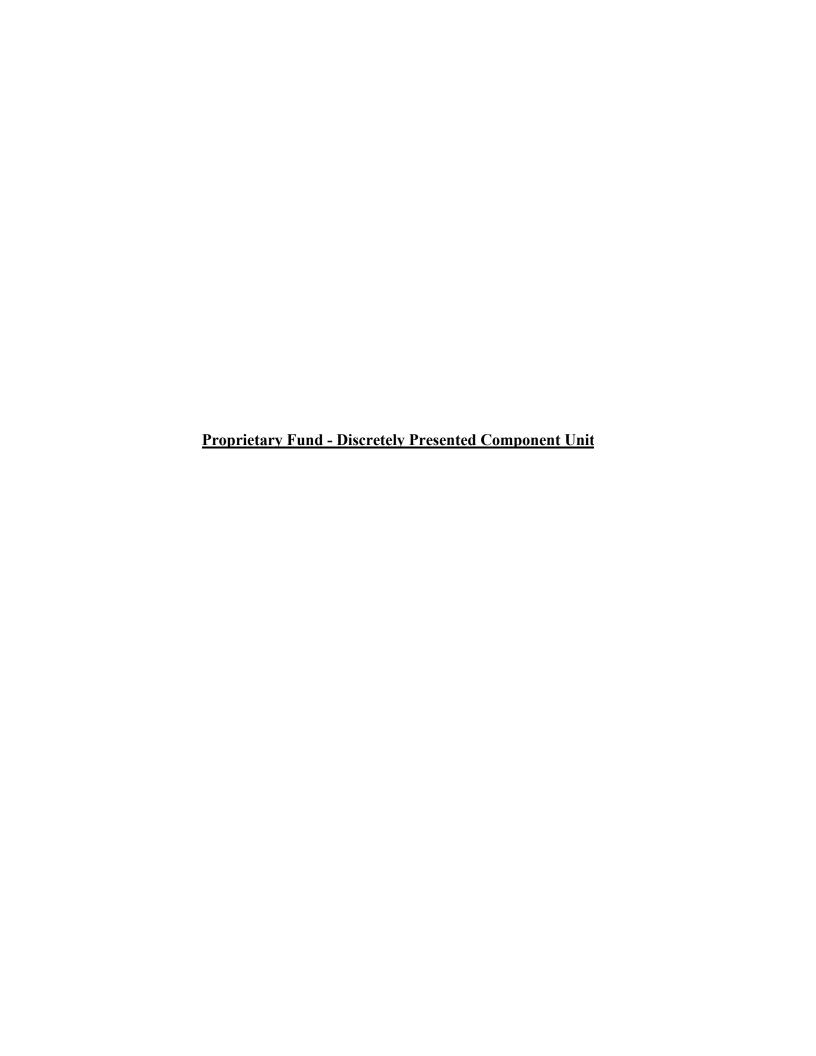
County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	Scott County Head Start								
		Budget		Variance					
	Original	As	A , 1	From					
Revenues:	Budget	Amended	Actual	Amended					
Revenue from use of money	\$ -	\$ -	\$ -	\$ -					
Charges for services	-	_	-	-					
Miscellaneous	430,237	430,237	452,422	22,185					
Recovered costs	-	-	-	-					
Intergovernmental:									
Commonwealth	-	-	-	-					
Federal	1,720,947	1,720,947	2,010,360	289,413					
Total revenues	2,151,184	2,151,184	2,462,782	311,598					
Expenditures:									
Current - Education	2,151,184	2,151,184	2,660,029	(508,845)					
Total expenditures	2,151,184	2,151,184	2,660,029	(508,845)					
Excess (deficiency) of revenues									
over (under) expenditures	-	-	(197,247)	(197,247)					
Other financing sources (uses):									
Operating transfers in	-	-	-	-					
Operating transfers out	-	-	-	_					
Proceeds from indebtness Transfer from/(to) primary debt	-	-	-	-					
Transfer from/(to) primary deor									
Total other financing sources									
Excess (deficiency) of revenues &									
other sources over expenditure			(10-5-5	(10==:=:					
& other uses	-	-	(197,247)	(197,247)					
Fund balances at beginning of year			11,585	11,585					
Fund balances at end of year	\$ -	\$ -	\$ (185,662)	\$ (185,662)					

County of Scott, Virgina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2020

	School Insurance Fund								
				ıdget		Variance			
		iginal		As		From			
D	Bı	ıdget	Am	ended	Actual	Amended			
Revenues: Revenue from use of money	\$		\$		\$ -	\$ -			
Charges for services	Φ	_	Φ	_	3,496,347	3,496,347			
Miscellaneous		_		_	-	-			
Recovered costs		_		_	-	-			
Intergovernmental:									
Commonwealth		-		-	-	-			
Federal		-							
Total revenues		-			3,496,347	3,496,347			
Expenditures:									
Current - Education		-	<u> </u>	-	4,446,146	(4,446,146)			
Total expenditures		-			4,446,146	(4,446,146)			
Excess (deficiency) of revenues									
over (under) expenditures		-		-	(949,799)	(949,799)			
Other financing sources (uses):									
Operating transfers in		-		-	-	-			
Operating transfers out		-		-	-	-			
Proceeds from indebtness		-		-	-	-			
Transfer from/(to) primary debt		-	<u> </u>						
Total other financing sources		-		-					
Excess (deficiency) of revenues &									
other sources over expenditure									
& other uses		-		-	(949,799)	(949,799)			
Fund balances at beginning of year		-			1,914,119	1,914,119			
Fund balances at end of year	\$		\$		\$ 964,320	\$ 964,320			



	Discrete	ent Units			
	Economic	Public			
	Development	Service	T 1		
A	Authority	Authority	Total		
Assets:					
Current assets:	¢ 1.042.710	¢ 2.200.402	e 2.052.011		
Cash and cash equivalents	\$ 1,042,719	\$ 2,209,492	\$ 3,252,211		
Accounts receivable, net of allowance	2,626	574,272	576,898		
Prepaid expenses	-	73,705	73,705		
Inventory	-	71,491	71,491		
Notes receivable, current, net of allowance	39,326	-	39,326		
Due from other governments	20,065	144,225	164,290		
Total current assets	1,104,736	3,073,185	4,177,921		
Noncurrent assets:					
Capital assets:					
Land	5,401,835	486,753	5,888,588		
Construction in progress	6,136,680	4,946,056	11,082,736		
Buildings & equipment, net of depreciation	20,304,648	47,442,249	67,746,897		
Notes receivable, noncurrent, net of allowance	157,306		157,306		
Total noncurrent assets	32,000,469	52,875,058	84,875,527		
Other assets:					
Restricted cash in bank	6,916	302,070	308,986		
Total other assets	6,916	302,070	308,986		
Deferred outflows of resources:					
Related to pensions	_	273,301	273,301		
Related to OPEB	-	21,857	21,857		
Total deferred outflows of resources		295,158	295,158		
Total assets	\$ 33,112,121	\$ 56,545,471	\$ 89,657,592		

	Discretely Presented Component Units							
	Economic	Public						
	Development	Service						
	Authority	Authority	Total					
Liabilities:								
Current liabilities:								
Accounts payable & accrued expenses	\$ 106,341	\$ 422,274	\$ 528,615					
Current portion of long-term obligations	4,541,864	3,948,127	8,489,991					
Total current liabilities	4,648,205	4,370,401	9,018,606					
Noncurrent liabilities:								
Compensated absences	21,756	142,017	163,773					
Amounts held for others	-	279,099	279,099					
Other postemployment benefits	-	75,000	75,000					
Net pension liability, long-term	-	363,201	363,201					
Noncurrent portion of long-term obligations	4,974,111	16,768,706	21,742,817					
Total noncurrent liabilities	4,995,867	17,628,023	22,623,890					
Total liabilities	9,644,072	21,998,424	31,642,496					
Deferred inflows of resources:								
Related to pensions	_	45,142	45,142					
Related to OPEB		5,043	5,043					
Total deferred inflows of resources		50,185	50,185					
Net position:								
Invested in capital assets, net of related debt	16,190,508	32,158,225	48,348,733					
Restricted for other purposes	, , , <u>-</u>	302,070	302,070					
Unrestricted	7,277,541	2,036,567	9,314,108					
Total net position	23,468,049	34,496,862	57,964,911					
Total liabilities & net position	\$ 33,112,121	\$ 56,545,471	\$ 89,657,592					

For the Year Ended June 30, 2020

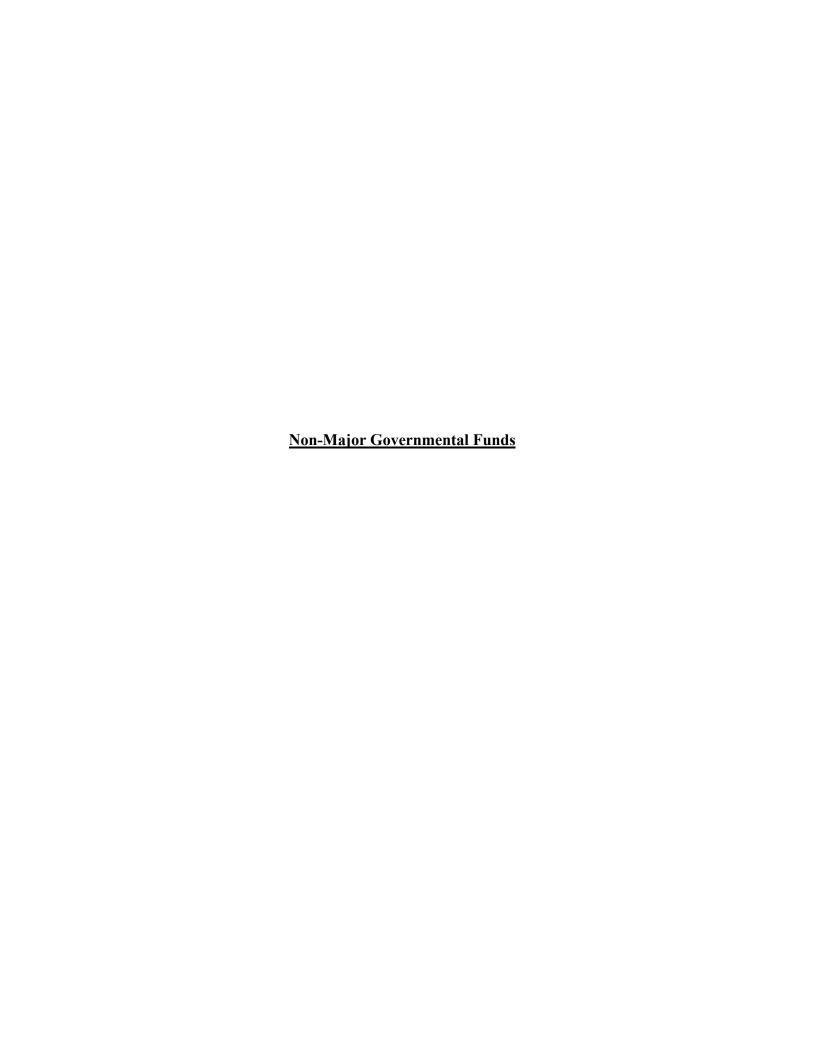
		Discretel	y Pre	sented Compon	ent U	nits
	De	Economic evelopment Authority		Public Service Authority	Total	
Operating revenues:						
Charges for services	\$	-	\$	4,361,604	\$	4,361,604
Rental income		384,226		-		384,226
Grants		550,404		-		550,404
Miscellaneous		6,776		115,654		122,430
Total operating revenue		941,406		4,477,258		5,418,664
Operating expenses:						
Wages and benefits		34,548		1,587,258		1,621,806
Other operating expenses		740,092		3,168,374		3,908,466
Total operating expense		774,640		4,755,632		5,530,272
Operating income (loss)		166,766		(278,374)		(111,608)
Nonoperating revenues (expenses):						
Interest earned		4,023		53,748		57,771
Connection fees		-		56,087		56,087
Interest expense		(148,073)		(311,560)		(459,633)
Bad debt expense		(644)		-		(644)
Total nonoperating revenues (expenses)		(144,694)		(201,725)		(346,419)
Capital contributions				2,205,192		2,205,192
Increase (decrease) in net position		22,072		1,725,093		1,747,165
Net position at beginning of year		23,445,977		32,771,769		56,217,746
Net position at end of year	\$	23,468,049	\$	34,496,862	\$	57,964,911

County of Scott, Virginia Statements of Cash Flows Proprietary Fund - Discretely Presented Component Units For the Year Ended June 30, 2020

		Discretel	ent U	nits	
		conomic velopment	Public Service		
		Authority	 Authority		Total
Cash flows from operating activities:					
Receipts from customers & users	\$	995,641	\$ 4,320,034	\$	5,315,675
Payments to suppliers		(277,536)	(1,317,907)		(1,595,443)
Payments to employees for services and benefits	-	(34,548)	 (1,615,983)		(1,650,531)
Net cash provided (used) by operating activities		683,557	 1,386,144		2,069,701
Cash flows from investing activities:					
Interest earned			 53,748		53,748
Net cash provided (used) by investing activities			53,748		53,748
Cash flows from financing activities:					
Connection fee and other income		-	56,087		56,087
Loans to industries		(75,900)	-		(75,900)
Payments received on loans to industries		51,352	-		51,352
Purchase of fixed assets		(364,920)	(5,414,972)		(5,779,892)
Principal payments made on debt		(341,463)	(1,316,312)		(1,657,775)
Proceeds from indebtness		10,134	3,128,063		3,138,197
Interest on debt		-	(334,488)		(334,488)
Proceeds from grants		-	2,060,967		2,060,967
Net cash provided (used) by financing activities		(720,797)	 (1,820,655)		(2,541,452)
Increase (decrease) in cash & cash equivalents		(37,240)	(380,763)		(418,003)
Cash & cash equivalents at beginning of year		1,086,875	 2,892,325		3,979,200
Cash & cash equivalents at end of year	\$	1,049,635	\$ 2,511,562	\$	3,561,197

County of Scott, Virginia Statements of Cash Flows Proprietary Fund - Discretely Presented Component Units For the Year Ended June 30, 2020

		Discrete	ly Pres	sented Compon	ent Uı	nits
Reconciliation of operating income to net cash provided		conomic velopment uthority	•	Public Service Authority	Total	
(used) by operating activities:						
Operating income (loss)	\$	22,072	\$	(278,374)	\$	(256,302)
Adjustments to reconcile net income (loss) to net cash						
provided (used) by operations:						
Depreciation		563,283		1,819,207		2,382,490
Bad debt expense		644		-		644
Changes in operating assets & liabilities:						
Accounts receivable		50,212		(161,789)		(111,577)
Inventory		-		(60,482)		(60,482)
Accounts payable & accrued expenses		46,069		(5,303)		40,766
Customer deposits		-		4,565		4,565
Accrued leave		1,277		26,524		27,801
Net pension liability		-		114,990		114,990
Net OPEB liabilities		-		5,000		5,000
Deferred outflows of resources		-		(59,830)		(59,830)
Deferred inflows of resources				(18,364)		(18,364)
Total adjustments		661,485		1,664,518		2,326,003
Net cash provided (used) by operating activities	\$	683,557	\$	1,386,144	\$	2,069,701



County of Scott, Virginia Combining Balance Sheet Non-Major Governmental Funds June 30, 2020

						Special Revenue Funds					
	Co	oal Road		Law							
	Imp	rovement]	Library							
		Fund		Fund		Totals					
Assets:											
Cash & cash equivalents	\$	41,754	\$	10,555	\$	52,309					
Accounts receivable				144		144					
Total assets	\$	41,754	\$	10,699	\$	52,453					
Liabilities:											
Accounts payable	\$	-	\$	-	\$	-					
Accrued expenses											
Total liabilities											
Fund balance:											
Restricted		41,754		10,699		52,453					
Total fund balance		41,754		10,699		52,453					
Total liabilities & fund balance	\$	41,754	\$	10,699	\$	52,453					

County of Scott, Virginia Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2020

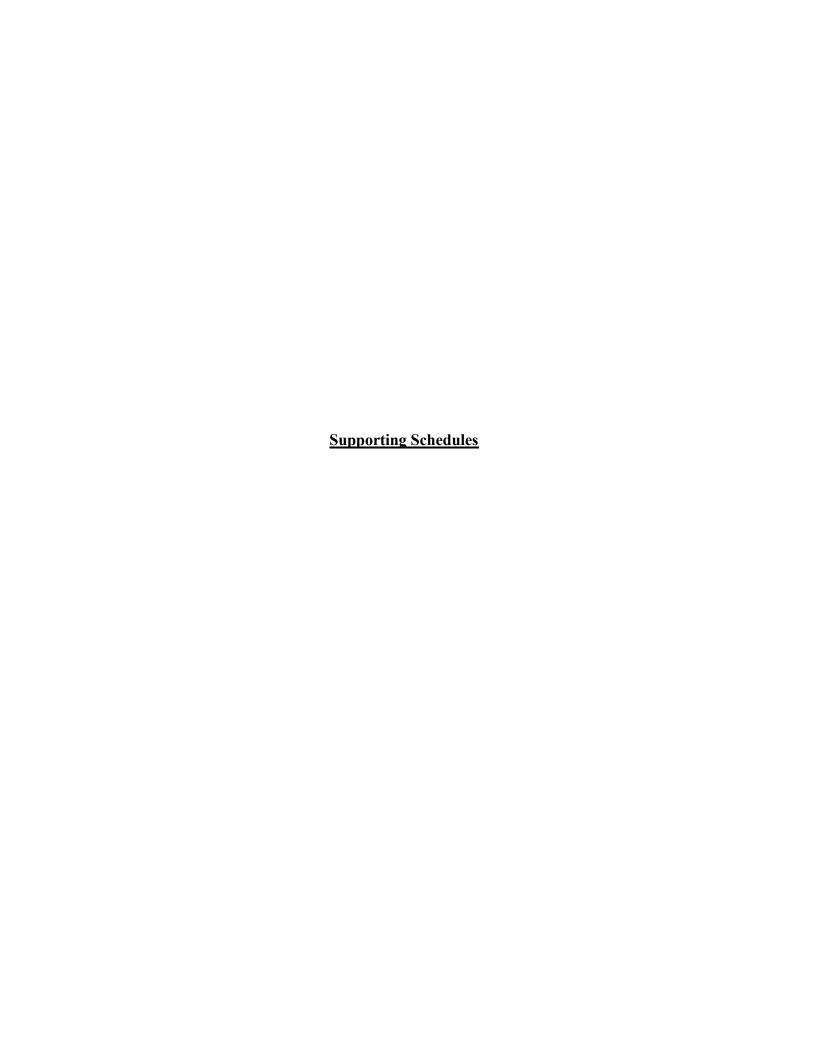
		Sp	Special Revenue Funds				
	Impi	al Road rovement Fund		Law Library Fund	Totals		
Revenues: Revenues from local sources:							
Other taxes	\$	1,284	\$	_	\$	1,284	
Charges for services	Ψ	-	Ψ 	3,403	Ψ 	3,403	
Total revenues		1,284		3,403		4,687	
Expenditures:							
Judicial administration		-		5,873	5,873		
Public safety		-		-	-		
Public works		642				642	
Total expenditures		642		5,873		6,515	
Excess (deficiency) of							
revenues over expenditures		642		(2,470)		(1,828)	
Other financing sources (uses):							
Operating transfers in		-		-		-	
Operating transfers out							
Total other financing sources				-			
Excess (deficiency) of revenues &							
other sources over expenditure							
& other uses		642		(2,470)		(1,828)	
Fund balances at beginning of year		41,112		13,169		54,281	
Fund balances at end of year	\$	41,754	\$	10,699	\$	52,453	

County of Scott, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Coal Road Improvement Fund							
	Original Budget			Budget As mended		Actual		ariance From mended
Revenues:		<u> </u>						
Revenues from local sources:								
Other taxes	\$	-	\$	-	\$	1,284	\$	1,284
Charges for services								
Total revenues				-		1,284		1,284
Expenditures:								
Judicial administration		-		-		-		-
Public works		41,045		41,045		642		40,403
Total expenditures		41,045		41,045		642		40,403
Excess (deficiency) of								
revenues over expenditures		(41,045)		(41,045)		642		(41,687)
Other financing sources (uses):								
Operating transfers in		_		-		_		-
Operating transfers out		-		-		-		-
Prior year surplus (deficit)		41,045		41,045		-		41,045
Total other financing sources		41,045		41,045				41,045
Excess (deficiency) of revenues &								
other sources over expenditure								
& other uses		-		-		642		(642)
Fund balances at beginning of year						41,112		41,112
Fund balances at end of year	\$	-	\$		\$	41,754	\$	40,470

County of Scott, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Non-Major Governmental Funds
For the Year Ended June 30, 2020

	Law Library Fund										
	Budget							ariance			
	Original			As		1		From			
Daviania		Budget	<u>A</u>	mended		Actual	A	mended			
Revenues: Revenues from local sources:											
Other taxes	\$	_	\$	_	\$	_	\$	_			
Charges for services	Ψ	_	Ψ	_	Ψ	3,403	Ψ	3,403			
Total revenues						3,403		3,403			
Expenditures:											
Judicial administration		12,854		12,854		5,873		6,981			
Public works		-		-		-		-			
Total expenditures		12,854		12,854		5,873		6,981			
Excess (deficiency) of											
revenues over expenditures		(12,854)		(12,854)		(2,470)		(10,384)			
Other financing sources (uses):											
Operating transfers in		_		_		_		_			
Operating transfers out		_		_		_		_			
Prior year surplus (deficit)		12,854		12,854		-		12,854			
Total other financing sources		12,854		12,854		_		12,854			
Total other intalients sources		12,031		12,031				12,031			
Excess (deficiency) of revenues &											
other sources over expenditure											
& other uses		-		-		(2,470)		2,470			
Fund balances at beginning of year						13,169		13,169			
Fund balances at end of year	\$		\$		\$	10,699	\$	15,639			



Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended	
Primary Government:					
General Fund:					
Revenue from local sources:					
General property taxes:					
Real property taxes	\$ 9,573,950	\$ 9,573,950	\$ 9,570,471	\$ (3,479)	
Real & personal public service					
corporation property taxes	910,000	910,000	1,003,553	93,553	
Personal property taxes	1,442,975	1,442,975	1,477,942	34,967	
Machinery and tools taxes	315,020	315,020	165,376	(149,644)	
Merchants capital	215,285	215,285	224,727	9,442	
Mobile home taxes	80,601	80,601	89,667	9,066	
Penalties	152,000	152,000	200,840	48,840	
Interest	100,000	100,000	139,658	39,658	
TOTAL GENERAL PROPERTY TAXES	12,789,831	12,789,831	12,872,234	82,403	
Other local taxes:					
Local sales & use taxes	1,726,213	1,726,213	1,684,505	(41,708)	
Consumer utility tax	380,000	380,000	397,788	17,788	
Local cell phone tax	672,000	672,000	639,121	(32,879)	
Gross receipts - utility	75,000	75,000	64,986	(10,014)	
Motor vehicle licenses	439,497	439,497	442,824	3,327	
Bank franchise taxes	-	-	27,628	27,628	
Transient lodging tax	2,500	2,500	854	(1,646)	
Tax on wills	4,000	4,000	5,351	1,351	
Recordation tax	50,000	50,000	102,761	52,761	
Coal severance tax	3,200	3,200	2,325	(875)	
TOTAL OTHER LOCAL TAXES	3,352,410	3,352,410	3,368,143	15,733	
Permits, privilege fees & regulatory license:					
Animal licenses	1,300	1,300	595	(705)	
Transfer fees	800	800	879	79	
Building and related permits	18,750	18,750	21,963	3,213	
Weapons permits	-	16,270	17,946	1,676	
Permits and other licenses	5,300	5,300	29,006	23,706	
TOTAL PERMITS, PRIVILEGE FEES					
& REGULATORY LICENSES	26,150	42,420	70,389	27,969	
Fines and forfeitures:					
Court fines and forfeitures	446,103	494,734	286,854	(207,880)	
TOTAL FINES & FORFEITURES	446,103	494,734	286,854	(207,880)	
Revenue from use of money & property:					
Revenue from use of money	6,500	6,500	7,715	1,215	
Revenue from use of property	95,400	95,400	110,890	15,490	
TOTAL REVENUE FROM USE OF	75,400	75,400	110,070	13,470	
MONEY & PROPERTY	101,900	101,900	118,605	16,705	
MONET & INOTENTI	101,700	101,700	110,003	10,703	

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended	
Charges for services:					
Charges for recreation	\$ 42,000	\$ 44,591	\$ 52,669	\$ 8,078	
Charges for NARF collections	-	-	10	10	
Charges for waste collection & disposal	40,000	40,000	41,404	1,404	
Room and board animals	500	500	1,290	790	
TOTAL CHARGES FOR SERVICES	82,500	85,091	95,373	10,282	
Miscellaneous revenue:					
Miscellaneous	53,288	69,582	55,113	(14,469)	
Payments in lieu of taxes	91,800	91,800	187,263	95,463	
TOTAL MISCELLANEOUS REVENUE	145,088	161,382	242,376	80,994	
Recovered costs:					
Other recovered cost	351,691	415,411	379,523	(35,888)	
TOTAL RECOVERED COSTS	351,691	415,411	379,523	(35,888)	
TOTAL REVENUE FROM LOCAL SOURCES	17,295,673	17,443,179	17,433,497	(9,682)	
Revenue from the Commonwealth:					
Noncategorical aid:					
Mobile home titling taxes	35,000	35,000	96,089	61,089	
Tax on deeds	16,414	16,414	24,020	7,606	
Rolling stock tax	130,000	130,000	129,712	(288)	
Personal property tax relief	734,025	734,025	734,026	1	
TOTAL NONCATAGORICAL AID	915,439	915,439	983,847	68,408	
Categorical aid:					
Shared expenses:					
Commonwealth's attorney	464,043	464,043	458,865	(5,178)	
Sheriff	1,480,973	1,480,973	1,432,490	(48,483)	
Commissioner of the Revenue	109,587	109,587	108,757	(830)	
Treasurer	111,237	111,237	107,062	(4,175)	
Clerk of the Circuit Court	329,720	354,634	352,065	(2,569)	
Registrar/electoral board	39,566	39,974	59,044	19,070	
Office of emergency services	20,000	20,000		(20,000)	
TOTAL SHARED EXPENSES	2,555,126	2,580,448	2,518,283	(62,165)	

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended	
Other categorical aid: Welfare administration and assistance	\$ 1,496,043	\$ 1,496,043	\$ 1,376,658	\$ (119,385)	
CMPT	658,962	658,962	408,910	(250,052)	
Domestic Violence	45,000	45,000	69,073	24,073	
Litter control	11,000	12,500	11,133	(1,367)	
Fire programs	543,000	548,982	68,982	(480,000)	
Wireless E911 grant	-	16,923	79,249	62,326	
Asset forfeiture grant	-	-	27,152	27,152	
Friend of SWVA	133,120	133,120	133,130	10	
Other aid	<u> </u>		(9,266)	(9,266)	
TOTAL OTHER CATEGORICAL AID	2,887,125	2,911,530	2,165,021	(746,509)	
TOTAL CATEGORICAL AID	5,442,251	5,491,978	4,683,304	(808,674)	
TOTAL REVENUE FROM THE					
COMMONWEALTH	6,357,690	6,407,417	5,667,151	(740,266)	
Revenue from the Federal Government:					
Categorical aid:					
Welfare public assistance	2,171,087	2,171,087	1,997,833	(173,254)	
VAW outreach grant	27,544	27,544	18,783	(8,761)	
Community Development Block Grant	250,000	250,000	-	(250,000)	
Victim/witness grant	96,292	96,292	72,219	(24,073)	
CARES Act		13,066	1,881,550	1,868,484	
TOTAL CATEGORICAL AID	2,544,923	2,557,989	3,970,385	1,412,396	
TOTAL REVENUE FROM FEDERAL					
GOVERNMENT	2,544,923	2,557,989	3,970,385	1,412,396	
TOTAL GENERAL FUND	\$ 26,198,286	\$ 26,408,585	\$ 27,071,033	\$ 662,448	
Special Revenue Fund: Law Library					
Revenue from local sources:					
Charges for services					
Law library fees	\$ -	\$ -	\$ 3,403	\$ 3,403	
Coal Road Improvement Fund Revenue from local sources: Other taxes					
Coal road tax			1,284	1,284	
TOTAL SPECIAL REVENUE FUNDS	\$ -	\$ -	\$ 4,687	\$ 4,687	
GRAND TOTAL REVENUES, ALL PRIMARY GOVERNMENTAL FUNDS	\$ 26,198,286	\$ 26,408,585	\$ 27,075,720	\$ 667,135	

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended	
Component Unit - School Board: Special Revenue Funds: School Operating Fund: Revenue from local sources: Revenue from use of money & property:					
Revenue from use of property	\$ 5,000	\$ 5,000	\$ 2,754	\$ (2,246)	
Charges for services:					
Transportation	35,000	35,000	42,176	7,176	
Miscellaneous revenue:					
Miscellaneous	280,675	280,675	51,229	(229,446)	
Recovered costs:					
Other	12,000	12,000	30,076	18,076	
TOTAL REVENUE FROM LOCAL					
SOURCES	332,675	332,675	126,235	(206,440)	
Revenue from the Commonwealth: Categorical aid:					
Share of state sales tax	3,487,232	3,487,232	3,560,712	73,480	
Basic school aid	13,910,737	13,910,737	14,054,262	143,525	
Primary class size	564,781	564,781	563,289	(1,492)	
Medicaid	300,000	300,000	335,846	35,846	
GED funding	8,355	8,355	8,387	32	
Foster care	23,336	23,336	3,021	(20,315)	
Early intervention	91,862	91,862	121,582	29,720	
Gifted & talented children	135,483	135,483	137,116	1,633	
SOL	74,064	74,064	78,052	3,988	
At - risk	886,924	886,924	897,869	10,945	
Special education	2,370,631	2,370,631	2,352,189	(18,442)	
English second language	5,438	5,438	10,332	4,894	
Preschool initiative Vocational education	245,439	245,439	245,439	-	
Fringe benefits	751,264 2,915,598	751,264	758,099	6,835	
		2,915,598	2,950,744	35,146	
Remedial education/summer school	608,019	608,019	546,962	(61,057)	
Textbooks	272,836 414,000	272,836 414,000	276,125 588,156	3,289 174,156	
VPSA technology grant Alternative education	409,432	409,432	666,038	256,606	
Textbook lottery	995,639	995,639	1,003,719	8,080	
Other revenue	876,844	876,844	797,907		
TOTAL REVENUE FROM THE	070,044	0/0,044	191,901	(78,937)	
COMMONWEALTH	29,347,914	29,347,914	29,955,846	607,932	

Fund, Major and Minor Revenue Source	Original Budget		Budget As Amended		Actual			Variance From Amended
Revenue from the federal government:								
Categorical aid:	Φ.	505.505	•	505.505	Φ.	010.111	•	21.510
Title I	\$	797,595	\$	797,595	\$	819,144	\$	21,549
Title II		126,000		126,000		117,630		(8,370)
Title IV - A		55,595		55,595		6,714		(48,881)
Title IV - B		477,987		477,987		396,390		(81,597)
Title VI - B		791,289		791,289		797,595		6,306
Preschool handicapped allocation		32,079		32,079		32,079		-
Vocational education		63,124		63,124		59,521		(3,603)
Forest reserve		44,128		44,128		45,715		1,587
Other revenue		100		100				(100)
TOTAL REVENUE FROM THE FEDERAL								
GOVERNMENT		2,387,897		2,387,897		2,274,788		(113,109)
TOTAL SCHOOL OPERATING FUND	\$	32,068,486	\$	32,068,486	\$	32,356,869	\$	288,383
School Food Service Fund:								
Revenue from local sources:								
Charges for services:								
Cafeteria sales		588,512		588,512		340,011		(248,501)
TOTAL REVENUE FROM LOCAL SOURCES		588,512		588,512		340,011		(248,501)
Revenue from the government:								
Categorical aid:								
Federal funds		1,625,000		1,625,000		2,004,045		379,045
State funds		53,000		53,000		42,370		(10,630)
TOTAL REVENUE FROM THE								
GOVERNMENT		1,678,000		1,678,000		2,046,415		368,415
TOTAL SCHOOL FOOD SERVICE FUND	\$	2,266,512	\$	2,266,512	\$	2,386,426	\$	119,914
School Insurance Fund:								
Charges for services:								
Insurance premiums	\$	-	\$	-	\$	3,496,347	\$	3,496,347
Scott County Headstart:								
Revenue from local sources:								
Miscellaneous		430,237		430,237		452,422		22,185
Revenue from the federal government:								
Categorical aid:								
Headstart grant		1,720,947		1,720,947		2,010,360		289,413
TOTAL SPECIAL REVENUE FUNDS	\$	2,151,184	\$	2,151,184	\$	2,462,782	\$	311,598
CDAND TOTAL DEVENIES COMPONENT IN UT								
GRAND TOTAL REVENUES - COMPONENT UNIT - SCHOOL BOARD	\$	36,486,182	\$	36,486,182	\$	40,702,424	\$	4,216,242

	Original	Budget As		Variance From	
Fund, Function, Activities and Elements	Budget	Amended	Actual	Amended	
Primary Government:					
General Fund:					
General government administration:					
Legislative:					
Board of supervisors	\$ 592,593	\$ 553,645	\$ 495,343	58,302	
General & financial administration:					
County administrator	187,347	187,347	185,597	1,750	
Legal services & assessment	176,119	176,119	162,527	13,592	
Independent auditors report	60,000	60,000	56,800	3,200	
Commissioner of revenue	211,568	214,015	213,945	70	
Treasurer	243,909	243,909	237,278	6,631	
Info Systems Manager	161,272	161,272	154,027	7,245	
Central accounting	102,668	116,139	116,139	-	
Purchasing	124,424	125,823	125,675	148	
CARES Act expenditures	- -	13,066	10,252	2,814	
TOTAL GENERAL & FINANCIAL					
ADMINISTRATION	1,267,307	1,297,690	1,262,240	35,450	
Board of elections:					
Electoral board & officials	204,513	205,683	183,052	22,631	
TOTAL GENERAL GOVERNMENT					
ADMINISTRATION	2,064,413	2,057,018	1,940,635	116,383	
Judicial administration:					
Courts:					
Clerk of the circuit court	481,979	485,073	458,831	26,242	
Circuit court	84,045	88,017	87,998	19	
General district court	8,231	8,231	7,775	456	
Magistrate	2,025	2,025	1,815	210	
IT funds from comp board	25,671	50,585	8,592	41,993	
Juvenile & domestic relations	202,695	202,695	202,677	18	
TOTAL COURTS	804,646	836,626	767,688	68,938	
Commonwealth's attorney:					
Commonwealth's attorney	714,960	714,960	570,293	144,667	
TOTAL JUDICIAL ADMINISTRATION	1,519,606	1,551,586	1,337,981	213,605	

County of Scott, Virginia Governmental Funds and Discretely Presented Component Units Statement of Expenditures - Budget and Actual For the Year Ended June 30, 2020

Fund, Function, Activities and Elements		Original Budget		Budget As Amended		Actual		Variance From Amended	
Public safety:									
Law enforcement & traffic control:									
Sheriff	\$	2,318,124	\$	2,442,839	\$	2,288,124	\$	154,715	
VAW outreach		34,709		34,709		32,044		2,665	
Criminal investigation		27,800		21,401		11,866		9,535	
Mental Health Transport		10,000		10,000		3,741		6,259	
Victim witness		96,292		96,292		95,966		326	
Class Action on VA Laws		242,861		256,543		256,543		-	
E-911 grant		30,704		44,627		40,355		4,272	
Domestic violence grant		50,151		50,651		37,410		13,241	
Community work program		236,753		236,753		170,636		66,117	
Central dispatcher		711,360		714,360		644,042		70,318	
TOTAL LAW ENFORCEMENT &									
TRAFFIC CONTROL		3,758,754		3,908,175		3,580,727		327,448	
Fire & rescue services:									
Volunteer fire department		456,500		462,482		462,482		-	
Ambulance & rescue services		235,000		239,178		239,176		2	
Southwest Virginia EMS, Inc.		3,300		3,300		3,300		-	
Forest fire service		20,000		20,000		19,728		272	
TOTAL FIRE & RESCUE SERVICES		714,800		724,960		724,686		274	
Correction and detention:									
Sheriff - jail		3,432,083		3,419,400		1,944,076		1,475,324	
Inspections:									
Board of building appeals		95,284		95,284		90,505		4,779	
Other protection:									
Emergency services		24,072		37,882		33,497		4,385	
Medical examiner		500		500		380		120	
Concealed weapon		6,762		23,032		14,562		8,470	
Litter control		56,152		57,652		57,047		605	
Animal control		87,568		87,568		80,305		7,263	
TOTAL OTHER PROTECTION		175,054		206,634		185,791		20,843	
TOTAL PUBLIC SAFETY		8,175,975		8,354,453		6,525,785		1,828,668	

County of Scott, Virginia Governmental Funds and Discretely Presented Component Units Statement of Expenditures - Budget and Actual For the Year Ended June 30, 2020

For the Year Ended June 30, 2020 Fund, Function, Activities and Elements	Original Budget		Budget As Amended		Actual		Variance From Amended	
Public works: Sanitation & waste removal:								
Refuse collection	\$	309,044	\$	309,895	\$	238,798	\$	71,097
Refuse disposal	Ψ	879,573	Ψ	890,481	Ψ	874,541	Ψ	15,940
Manned solid waste sites		246,507		246,507		221,176		25,331
TOTAL SANITATION & WASTE REMOVAL		1,435,124		1,446,883		1,334,515		112,368
Maintenance of general buildings & grounds:								
General properties		597,844		586,936		494,659		92,277
Capital Outlays		597,150		597,150		36,434		560,716
TOTAL PUBLIC WORKS		2,630,118		2,630,969		1,865,608		765,361
Health & welfare:								
Health: Supplement of local health department		250,408		250,408		309,842		(59,434)
		<u> </u>	-					, , ,
Mental health & mental retardation: Chapter X board		154,310		154,310		154,310		-
State & local hospitalization:								
Older American program		30,000		30,000		30,000		-
Welfare:								
Welfare administration		2,382,404		2,382,404		2,444,711		(62,307)
Public assistance		1,687,881		1,687,881		1,257,609		430,272
CMPT		985,250		985,250		777,240		208,010
Other social services		173,000		173,000		5,000		168,000
CARES Act reimbursement		_				4,379		(4,379)
TOTAL WELFARE		5,228,535		5,228,535		4,488,939		739,596
TOTAL HEALTH & WELFARE		5,663,253		5,663,253		4,983,091		680,162
Education:								
Community colleges:								
Contributions to community colleges		28,019		28,019		28,019		-
Parks, recreation & cultural:								
Parks & recreation:		221 727		224 220		206.400		27.020
Recreation centers & playgrounds		231,737		234,328		206,498		27,830
Non-park recreation TOTAL PARKS & RECREATION		96,664 328,401		96,664 330,992		87,056 293,554		9,608 37,438
Library:								
Lonesome Pine Regional Library		209,330		209,330		209,330		-
TOTAL PARK, RECREATION								
& CULTURAL		537,731		540,322		502,884		37,438

County of Scott, Virginia Governmental Funds and Discretely Presented Component Units Statement of Expenditures - Budget and Actual For the Year Ended June 30, 2020

Fund, Function, Activities and Elements	Original Budget		Budget As Amended		Actual		Variance From Amended	
Community development:								
Planning & community development:	Ф	20.424	Φ	40 174	Φ	42 174	Ф	
LENOWISCO	\$	38,424	\$	42,174	\$	42,174	\$	210
Planning district commission Economic Development Authority		1,700 921,247		1,700 921,247		1,490 685,452		210 235,795
Chamber of commerce		7,500		7,500		7,431		233,793 69
Tourism		200,953		201,496		196,921		4,575
CARES Act reimbursement		200,733		201,470		100,521		(103)
TOTAL PLANNING & COMMUNITY					_	105		(103)
DEVELOPMENT		1,169,824		1,174,117		933,571		240,546
Environmental management:								
Soil and water conservation								
district		40,800		40,800		40,800		
Cooperative extension program:		(2.051		(2.051		52.720		11 212
VPI extension		63,951		63,951		52,739		11,212
TOTAL COMMUNITY DEVELOPMENT		1,274,575		1,278,868		1,027,110		251,758
Debt service:								
Principal retirement		-		-		198,431		(198,431)
Interest & fiscal charges		-				12,088		(12,088)
TOTAL DEBT SERVICE		-		-		210,519		(210,519)
TOTAL GENERAL FUND	\$	21,893,690	\$	22,104,488	\$	18,421,632	\$	3,682,856
Special Revenue Fund:								
Law Library Fund:								
Judicial administration:								
Courts:	•	10.054	Φ.	10051		. o.=o	•	6.004
Law library	\$	12,854	\$	12,854	\$	5,873	\$	6,981
Coal Road Improvement Fund: Public works:								
Maintenance of highways, streets, bridges, sidewalks:								
Coal road		41,045		41,045		642		40,403
TOTAL SPECIAL REVENUE FUND	\$	53,899	\$	53,899	\$	6,515	\$	47,384
GRAND TOTAL EXPENDITURES, ALL PRIMARY GOVERNMENTAL FUNDS	•	21 047 590	•	22 159 297	D	18,428,147	C	3,730,240
I KIMAKI GOVEKNIMENTAL FUNDS	ψ.	21,947,589	Ф	22,158,387	\$	10,420,14/	\$	3,730,240

Fund, Function, Activities and Elements	Original Budget	Budget As Amended	Actual	Variance From Amended
Component unit - School Board				
Special revenue funds:				
School Operating Fund:				
Education:				
Administration & health services	\$ 1,681,955	\$ 1,681,955	\$ 1,693,081	\$ (11,126)
Instruction costs:				
Instructional costs	29,439,143	29,439,143	29,231,758	207,385
Operating costs:				
Pupil transportation	1,692,925	1,692,925	1,643,468	49,457
Operation & maintenance of school plant	4,754,463	4,754,463	8,175,542	(3,421,079)
CARES Act expenditures	-	-	5,848	(5,848)
TOTAL OPERATING COSTS	6,447,388	6,447,388	9,824,858	(3,377,470)
TOTAL SCHOOL OPERATING FUND	\$ 37,568,486	\$ 37,568,486	\$ 40,749,697	\$ (3,181,211)
School Food Service Fund:				
Education				
Cafeteria operation	\$ 2,166,512	\$ 2,166,512	\$ 2,461,607	\$ (295,095)
School Debt Fund:				
Education				
Construction	\$ -	\$ -	\$ -	\$ -
School Health Insurance:				
Education				
Insurance cost	\$ -	\$ -	\$ 4,446,146	\$ (4,446,146)
Scott County Headstart Fund:				
Education				
Instruction costs	\$ 2,151,184	\$ 2,151,184	\$ 2,660,029	\$ (508,845)
GRAND TOTAL EXPENDITURES - COMPONENT UNIT				
- SCHOOL BOARD	\$ 41,886,182	\$ 41,886,182	\$ 50,317,479	\$ (8,431,297)

Fiscal Year Ending	R	ntractually equired ntribution	Ro Co:	cributions in elation to ntractually Required ntribution	Contribution Deficiency / Excess	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Pension							
Primary Gov	vernm	ent:					
6/30/2015	\$	750,270	\$	750,270	-	\$ 5,479,756	13.69%
6/30/2016		783,453		783,453	-	5,433,100	14.42%
6/30/2017		689,936		689,936	-	5,481,934	12.59%
6/30/2018		712,516		712,516	-	5,663,894	12.58%
6/30/2019		697,098		697,098	-	5,870,616	11.87%
6/30/2020		717,233		717,233	-	6,112,503	11.73%
Component	Unit S	chool Board	l - Nor	n-Professiona	ıl:		
6/30/2015	\$	199,237	\$	199,237	-	\$ 2,321,227	8.58%
6/30/2016		195,934		195,934	-	2,118,205	9.25%
6/30/2017		155,619		155,619	-	2,178,285	7.14%
6/30/2018		151,520		151,520	-	2,174,214	6.97%
6/30/2019		115,979		115,979	-	2,233,030	5.19%
6/30/2020		114,780		114,780	-	2,326,127	4.93%
Other Poster	nploy	ment Benefi	ts_				
Primary Gov	vernm	ent:					
6/30/2015	\$	-	\$	-	-	\$ 4,686,262	0.00%
6/30/2016		83,253		83,253	-	4,686,262	1.78%
6/30/2017		83,254		83,254	-	4,686,262	1.78%
6/30/2018		86,543		86,543	-	5,663,894	1.53%
6/30/2019		30,226		30,226	-	5,888,413	0.51%
6/30/2020		31,486		31,486	-	6,162,900	0.51%
Component	Unit S	chool Board	l:				
6/30/2015	\$	383,223	\$	383,223	-	\$ 22,509,776	1.70%
6/30/2016		421,545		421,545	-	22,509,776	1.87%
6/30/2017		369,801		369,801	-	22,509,776	1.64%
6/30/2018		99,010		99,010	-	22,624,219	0.44%
6/30/2019		361,151		361,151	-	23,022,584	1.57%
6/30/2020		376,518		376,518	-	23,753,745	1.59%

Notes to Schedule:

Schedule is intended to show information for 10 years.
 Since 2015 was the first year for this presentation, no prior data is available.
 Additional years will be included as they become available.

Federal Granting Agency / Recipient State Agency /	Federal Catalogue		
Grant Program / Grant Number	Number	Ev	penditures
Grant Program / Grant Number	Number		penditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Child and Adult Care Food Program	10.558	\$	109,806
Water and Waste Disposal Systems for Rural Communities	10.760	*	1,485,769
Pass Through Payments:			
State Department of Agriculture:			
Child Nutrition Cluster:			
Food Distribution - Schools	10.555		127,239
Fresh Fruit and Vegetables	10.582		1,080
Department of Social Services:			
Administrative Grant for Food Stamps	10.561		374,449
D. A. CEL C			
Department of Education:			
Child Nutrition Cluster:	10.555	*	1 215 024
National School Lunch Program (SL-11)	10.555	*	1,315,024
National School Breakfast Program (SL-4)	10.553		215,511
Supper Program	10.559		345,191
Forest Reserve Funds	10.665		45,715
TOTAL AGRICULTURE		\$	4,019,784
DEDARTMENT OF HEALTH & HUMAN CEDVICES.			
DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Direct Payments: Administration to Children, Youth and Families Head Start	93.600	* \$	1,900,554
rammistration to emission, Touth and Lammes fread Start	73.000	Ψ	1,700,334
Pass Through Payments:			
CARES Act	21.019		20,582
Department of Social Services:			
Family Preservation	93.556		5,079
Temporary Assistance to Needy Families	93.558		283,277
Child Care and Development Fund	93.596		53,557
Chafee Education & Training	93.599		1,622
Child Welfare Services	93.645		749
Foster Care - Title IV - E	93.658		329,523
Adoption Assistance	93.659		280,094
-			

Federal Granting Agency / Recipient State Agency / Grant Program / Grant Number	Federal Catalogue Number	; 	Ея	kpenditures
DEPARTMENT OF HEALTH & HUMAN SERVICES (CONTINUED):				
Pass Through Payments (continued):				
Department of Social Services (continued):				
Social Service Block Grant	93.667			212,210
Independent Living	93.674			6,054
State Children's Insurance Program	93.767			6,335
State Administered Program:				·
Refugee and Entrant Assistance	93.566			392
Low - Income Home Energy Assistance	93.568			53,800
Medicaid Assistance	93.778			390,692
		-		_
TOTAL HEALTH & HUMAN SERVICES		i	\$	3,544,520
DEPARTMENT OF EDUCATION:				
Pass Through Payments:				
Department of Education:				
Title I:				
Educationally Deprived Children's - LEA	84.010	*	\$	819,144
Title II: Improving Teacher Quality	84.367			117,630
Title IV-A: Student Support and Academic Enrichment	84.424			6,714
Title IV-B: 21st Century Community Learning Centers	84.287			396,390
Title VI-B:				
Assistance to States for Education of Handicapped Children:				
Handicapped State Grants (5-E002581) (6-E002585)	84.027	*		797,595
Title VI-D:				
Vocational Education:				
Basic Grant to States	84.048			59,521
Preschool Handicapped	84.173			32,079
		-		
TOTAL EDUCATION		,	\$	2,229,073

Federal Granting Agency /	Federal		
Recipient State Agency /	Catalogue		
Grant Program / Grant Number	Number	Ex	penditures
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Woman Grant	16.588	\$	18,783
VOCA Victim Assistance	16.575		72,219
TOTAL JUSTICE		\$	91,002
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$	9,884,379

County of Scott, Virginia Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Federal Granting Agency /	Federal	
Recipient State Agency /	Catalogue	
Grant Program / Grant Number	Number	Expenditures

Notes to Schedule:

1) * Denotes major program.

2) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Scott County, Virginia under programs of the federal government for the year ended June 30, 2020. 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 Scott County, it is not intended to and does not present the financial position, changes in nets position, or cash flows of the County.

3) Summary of Significant Accounting Policies

- a) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Pass-through entity identifying numbers are presented where available.
- c) Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.
- 4) The County did not have any subrecipients for the year ended June 30, 2020.

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's opinion issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiencies in internal control were disclosed by the

audit of the financial statements:

None Reported

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs: No

Material weakness(es) identified?

None Reported

Significant deficiencies in internal control were disclosed by the audit of the financial statements:

Unmodified

Type of auditor's opinion issued on compliance for major programs:

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

No

Major programs identified:	CFDA
Water and Waste Disposal for Rural Communities	10.760
National School Lunch Program (SL-11)	10.535
Administration to Children, Youth and Families Head Start	93.600
Educationally Deprived Children's - LEA	84.010
Handicapped State Grants	84.027

Dollar threshold used to distinguish between Type A and Type B \$ 750,000

Auditee qualified as low risk under 2 CFR§200.520?

Yes

Section II - Financial Statement Findings

None Reported

Section III - Federal Awards Findings and Questioned Costs

None Reported

Prior Year Findings

None Reported



Table 1

Fiscal	General Adminis-	Judicial Adminis-	Public	Public	Health and		Recreation and	Community Develop-	Debt	
Year	tration	tration	Safety	Works	Welfare	Education	Cultural	ment	Service	Total
2010-11	1,720,085	1,142,159	5,074,851	2,288,840	4,559,638	40,642,270	603,510	424,745	67,875	56,523,973
2011-12	1,528,028	1,145,352	4,980,802	2,448,139	4,518,977	39,867,234	594,934	498,724	15,800	55,597,990
2012-13	1,582,006	1,142,076	5,509,866	2,403,108	4,301,356	41,270,451	646,309	1,135,319	-	57,990,491
2013-14	1,648,455	1,163,964	5,503,599	2,239,556	4,291,851	43,611,343	576,080	601,965	96,706	59,733,519
2014-15	1,755,280	1,302,035	5,675,137	2,227,647	4,109,408	41,643,575	531,985	441,873	602,794	58,289,734
2015-16	1,848,598	1,372,808	5,969,416	1,993,743	4,413,669	41,474,323	520,613	465,292	197,063	58,289,734
2016-17	1,935,305	1,353,712	6,527,005	2,335,041	4,522,147	43,367,620	518,862	1,446,435	275,305	58,255,525
2017-18	1,917,215	1,369,616	5,906,279	2,077,353	4,597,897	46,990,301	501,347	742,627	294,746	64,397,381
2018-19	1,907,891	1,313,811	7,123,849	1,999,959	5,243,861	49,321,529	498,299	1,204,173	302,086	68,915,458
2019-20	1,940,635	1,343,854	6,525,785	1,866,250	4,983,091	50,345,498	502,884	1,027,110	210,519	68,745,626

⁽¹⁾ Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

	General	Other	Permit Privilege Fees &	Fines &	Revenues from the Use of	Charges			Inter-	
Fiscal	Property	Local	Regulatory	Forfei-	Money &	for	Miscell-	Recovered	govern-	
Year	Taxes	Taxes	Licenses	tures	Property	Services	aneous	Costs	mental	Total
2010-11	10,048,135	3,190,210	57,986	139,181	104,685	4,390,092	513,576	145,582	37,484,945	57,869,790
2011-12	10,385,555	3,158,479	71,233	122,300	101,870	4,927,846	777,389	201,067	36,941,261	56,074,392
2012-13	10,328,263	3,237,175	85,239	193,027	104,025	5,861,257	800,162	207,854	37,236,030	56,687,000
2013-14	10,484,330	3,170,027	71,939	207,646	100,348	5,096,716	609,109	201,090	36,849,405	58,053,032
2014-15	10,768,184	3,134,530	61,121	202,900	98,042	4,771,809	896,774	713,887	37,625,174	56,790,610
2015-16	10,805,616	3,140,302	72,092	199,654	98,088	5,267,550	683,993	405,993	37,548,062	58,272,421
2016-17	11,907,890	3,262,651	67,099	215,584	112,743	4,244,690	235,362	473,862	38,194,440	58,221,350
2017-18	11,706,326	3,301,761	72,744	215,765	106,768	4,638,469	802,274	475,787	40,815,533	62,135,427
2018-19	11,791,257	3,291,038	75,281	199,723	102,277	4,150,416	765,405	423,009	43,972,066	64,770,472
2019-20	12,872,234	3,369,427	70,389	286,854	121,359	3,977,310	746,027	409,599	45,924,945	67,778,144

⁽¹⁾ Includes general, special revenue funds and capital project funds of the primary government and its discretely presented component units.

Fiscal Year	Total (1) Tax Levy	Current Tax (1)(4) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1,3) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2010-11	10,021,408	9,463,614	94.43%	342,130	9,805,744	97.85%	781,142	7.79%
2011-12	10,835,570	9,646,437	89.03%	484,311	10,130,748	93.50%	1,078,013	9.95%
2012-13	11,030,367	9,557,872	86.65%	549,373	10,107,245	91.63%	1,170,192	10.61%
2013-14	11,157,307	9,809,688	87.92%	464,866	10,274,554	92.09%	1,149,449	10.30%
2014-15	11,071,423	9,994,974	90.28%	489,003	10,483,977	94.69%	1,200,771	10.85%
2015-16	11,019,480	10,019,545	90.93%	492,442	10,511,987	95.39%	1,234,448	11.20%
2016-17	12,272,869	10,922,956	89.00%	556,300	11,479,256	93.53%	1,181,403	9.63%
2017-18	12,231,360	10,815,916	88.43%	552,705	11,368,621	92.95%	1,171,569	9.58%
2018-19	11,801,705	10,977,998	93.02%	454,922	11,432,920	96.88%	1,181,771	10.01%
2019-20	12,138,819	12,046,205	99.24%	485,531	12,531,736	103.24%	1,337,387	11.02%

⁽¹⁾ Exclusive of penalties and interest.

⁽²⁾ Does not include land redemptions.

⁽³⁾ Includes three years taxes.

⁽⁴⁾ Includes revenue from the commonwealth for personal property tax relief act.

			Public S		
Fiscal	Real	Personal	Real	Personal	
Year	Estate	Property	Estate	Property	Total
2010-11	1,158,959,900	151,617,277	101,854,725	408,747	1,412,840,649
2011-12	1,169,659,723	179,697,295	103,281,813	433,082	1,453,071,913
2012-13	1,180,192,223	190,142,164	101,691,872	507,706	1,472,533,965
2013-14	1,186,258,823	190,246,489	114,327,136	807,472	1,491,639,920
2014-15	1,193,119,123	197,694,447	84,131,357	907,258	1,475,852,185
2015-16	1,194,843,423	189,039,770	129,914,602	808,603	1,514,606,398
2016-17	1,230,983,823	193,464,087	135,928,447	605,499	1,514,606,398
2017-18	1,224,046,823	189,872,988	126,744,090	605,499	1,541,269,400
2018-19	1,105,352,532	244,177,009	121,792,968	400,164	1,471,722,673
2019-20	1,169,383,316	261,769,088	130,618,545	400,164	1,562,171,113

^{(1) 100%} fair market value.

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2010-11	0.69	1.40	0.69	0.72	0.72
2011-12	0.69	1.40	0.69	0.72	0.72
2012-13	0.69	1.40	0.69	0.72	0.72
2013-14	0.69	1.40	0.69	0.72	0.72
2014-15	0.69	1.40	0.69	0.72	0.72
2015-16	0.69	1.40	0.69	0.72	0.72
2016-17	0.74	1.40	0.74	0.72	0.72
2017-18	0.74	1.40	0.74	0.72	0.72
2018-19	0.74	1.40	0.74	0.72	0.72
2019-20	0.69	1.40	0.69	0.72	0.72

⁽¹⁾ Per \$100 of assessed value.

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010 11			1,7,000	0.000/	0.65
2010-11	23,177	1,412,840,649	15,000	0.00%	0.65
2011-12	23,177	1,453,071,913	-	0.00%	-
2012-13	23,177	1,472,533,965	-	-	-
2013-14	23,177	1,491,639,920	-	-	-
2014-15	23,177	1,514,606,398	-	-	-
2015-16	23,177	1,514,606,398	-	-	-
2016-17	23,177	1,560,981,856	-	-	-
2017-18	23,177	1,541,269,400	-	-	-
2018-19	23,177	1,471,722,673	-	-	-
2019-20	23,177	1,562,171,113	-	-	-

⁽¹⁾ Bureau of the Census.

⁽²⁾ From Table 4.

⁽³⁾ Includes all long-term general obligation bonded debt, and Literary Fund Loans. Excludes revenue bonds, capital leases, and compensated absences.