

COUNTY
OF
ROCKBRIDGE
VIRGINIA



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COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

COUNTY OF ROCKBRIDGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by

Steven Bolster, Director of Fiscal Services

County of Rockbridge, Virginia

COUNTY OF ROCKBRIDGE, VIRGINIA

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION



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County of Rockbridge

150 South Main Street
Lexington, Virginia 24450

County Board of Supervisors

LESLIE E. AYERS
Buffalo
Magisterial District

DANIEL E. LYONS
Kerrs Creek
Magisterial District

DAVID B. McDANIEL
Natural Bridge
Magisterial District

R.W. DAY
South River
Magisterial District

ALBERT "Jay" LEWIS, II
Walkers Creek
Magisterial District

December 15, 2020

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

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Rockbridge's financial statements for the year ended June 30, 2020. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor's report is located at the front of the financial section of this document.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2020 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors' report related specifically to the single audit is included in the Compliance Section of this report.

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

Profile of Rockbridge County

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

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

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

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

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

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

Local Economy

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

Unemployment in the County of Rockbridge was continuing at lower levels since reaching a peak of 8.7 percent in February 2010. With the onset of national, state, and local responses to the coronavirus pandemic, to include stay-at-home directives, the last three months realized a notable increase in unemployment. Unemployment rates in April 2020 hit a high of 9.6%. May saw an improvement with a drop down to 7.6%, and this trend continued into June (6.6%) and ending in July with a 6.3% unemployment rate. Compared to the Commonwealth of Virginia, which was 6.1 % in July, and the Nation, which was at 11.2%, Rockbridge County is fairing relatively well during an unprecedented global pandemic. Current economic trends forecast higher than average unemployment rates for the foreseeable future until the uncertainty of COVID-19 has passed.

Median household incomes within Rockbridge County are typically lower than the state as a whole. In 2018 dollars, the median household income in Rockbridge County was \$53,413. In the Commonwealth of Virginia, the median household income equaled \$72,600 in 2018 dollars. The Commonwealth of Virginia's population was 8,001,024 in 2010 and 8,535,519 in 2019. Rockbridge County's population was 22,307 in 2010, and 22,500 in 2019. Housing prices in the vicinity of Rockbridge County steadily increased beginning in 2005 until the Great Recession hit in 2008. Through September 2020, the average home sale price was approximately \$170,000 in Rockbridge County, while the median listing price equaled \$212,500.

Rockbridge County has a diverse economy from manufacturing and trucking businesses to retail shops and tourism. Over the past ten plus years, the County's economy has been relatively stable

compared to Virginia as a whole. None of its top employers have closed or experienced significant layoffs.

In the fiscal year ending June 30, 2020, there were 591 building permits issued in Rockbridge County totaling \$37,653,090. While issued building permits increased by 76 over last fiscal year, the assessed value figure is down \$6,768,917 from FYE 2019. Notable developments in FYE 2020 included: 1) Rockbridge County residents initiated the construction of 58 new, single family dwellings at \$13,530,065 (avg. = \$233K+); 2) Quaker Steak and Lube, one of the nation's leading family casual-dining chains, began a \$4,810,034 project to construct a 14,374 square-foot restaurant/antique vehicle museum at the White's Travel Center; 3) Two separate apartment properties began renovation projects totaling \$4,024,206; 4) Rockbridge County Public Service Authority invested \$703,000 to construct a waste water pump station as part of the Route 60E corridor project; and 5) new cell tower construction projects totaled \$443,000. Stable development, access to major interstates and highways, a vast array of outdoor recreation, and historical tourist sites, as well as the proximity to four higher education institutes, makes Rockbridge County a prime location for business and travel.

The top five industries by employment in Rockbridge County are retail trade (1,279), manufacturing (979), local government (948), accommodations and food services (651), and health care and social services (574). Employment in the manufacturing and local government sectors saw a 4% and 6.5% increase respectively. The construction industry realized the most significant decrease of 25.7%, while the accommodations and food services industry saw a notable decline of 9.7%. The top five average weekly wages were in the following sectors: finance and insurance (\$900), construction (\$895), transportation and warehousing (\$862), federal government (\$819), and state government (\$783).

Public School System

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

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

To this end, RCPS continues a transformation of CTE offerings at both the middle school (four programs) and high school level (eighteen programs) to 21st-century programs. RCPS's goal is

for interested students to begin their CTE educational experience at the middle school so they may earn industry certifications earlier during their high school career. These early certifications will, in turn, lead to internship and work-based learning opportunities prior to high school graduation, creating a more prepared workforce for business and industry. Rigorous academic expectations are a standard of RCPS.

Higher Education

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

Long-term financial planning and major initiatives

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

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

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

In accordance with Section 15.2-2239 of the *Code of Virginia*, Rockbridge County prepares and annually updates a Capital Improvement Program (CIP). The CIP is intended to guide the acquisition and construction of the County's capital improvement plans by identifying needed capital projects/purchases, estimating their costs, listing the fiscal year each should begin, and

determining the optimum method of funding them within our fiscal capabilities. The County of Rockbridge CIP for FYE 2020 reflects \$742,203 in capital procurements. Approved capital improvements include: 1) continued efforts in constructing/upgrading three staffed collection centers - \$361,700; 2) replacing seven law enforcement vehicles - \$282,387; 3) replace the Health Department boiler - \$50,000; 4) install a new imaging x-ray machine at the Rockbridge County Courthouse - \$29,116; and 5) purchasing all-terrain vehicle and hauling trailer for the Parks and Recreation Department - \$19,000.

Rockbridge County led a joint effort involving the Cities of Buena Vista and Lexington, and our regional Chamber of Commerce, to apply for a USDA Rural Economic Development Innovation (REDI) initiative. In 2019, the Rockbridge area application was reviewed, scored, and selected on a competitive basis by the USDA and its partners. The REDI initiative provides free technical assistance for up to two years, helping rural towns and regions create and implement economic development plans. Area partners are teaming with the Appalachian Center for Economic Network on this regional enterprise. Due to COVID-19, the grant program deadlines have been extended. Area partners have adjusted to online meetings and will be holding public input sessions virtually to complete the research portion of the grant.

A former railroad trestle bridge that connected the Chessie Trail over the South River was destroyed during Hurricane Isabel in 2003. A combination of regional funding (Rockbridge County; Cities of Buena Vista and Lexington; and the Virginia Military Institute) and Eastern Federal Land Access Program Grant dollars sourced the completion of planning and engineering efforts for a new bridge spanning the South River. The final plans were submitted in October 2019, and construction is underway and projected to be complete in 2021. In a related outdoor activity effort, the General Assembly passed and Governor Northam signed legislation designating the upper section of the Maury River as a Virginia Scenic River in 2020. The Virginia Scenic Rivers Program identifies, recognizes and provides a level of protection to rivers with significant scenic, historic, recreational, and natural values. In addition to its scenic beauty and historic significance, the Maury River is especially unique in Virginia in that it is the only river which begins and ends in the same county.

In 2018, the Virginia Initiative for Growth and Opportunity (GO Virginia) Rockbridge Area Advanced Manufacturing Program (RAAMP) was fully funded, and the program was completed in 2020. Also, in 2020 two programs were initiated with GO Virginia supported by the County's Economic Development Authority. One was a research program for the hemp industry, and the other was the Business Scale-Up Program. The Industrial Hemp Initiative Phase 1 project will allow James Madison University to lead an economic landscape analysis and agricultural data gathering of industrial hemp growing. The project was awarded \$53,630. The Scale-up the Valley project focuses on growing small companies that have grown past the startup stage. The project was awarded \$50,000. Meanwhile, the County approved to support a program in response to the coronavirus pandemic. The Small Business Development Center (SBDC) - Economic Development Organizations (EDO) Program is a partnership between the SBDC and local EDOs to provide technical, expert, and industry advice to help existing businesses navigate and adjust to COVID-19.

Other economic development efforts resulted in the White's Travel Center opening Nathan's Famous Express and Papa John's Pizza eateries at their food court. In addition, the Quaker Steak and Lube franchise completed their 5,000 square foot restaurant at the travel center in Raphine. Furthermore, a transportation museum featuring the developer Bobby Berkstresser's collection

of transportation-related items is under roof, and interior construction is slated to be completed by late 2020. Lastly, Byers Technical Institute (BTI) expanded its operational footprint by purchasing an adjacent property that will be renovated into additional classroom and living space for the school students. BTI provides educational opportunities through curricula in practical technical programs that are designed to prepare a student for direct entry into the welding career field upon successful completion of the program.

Improvements to regional infrastructure were realized in 2020 as well. BARC Electrical Cooperative continued to run fiber broadband infrastructure throughout its service area and received a \$2.2M Virginia Telecommunication Initiative grant to expand into unserved rural regions of the County. The overall project cost is \$4.4M and will result in approximately 111 miles of gigabit last mile fiber infrastructure in Rockbridge County. Additionally, construction of two new telecommunications towers was completed in 2020. These tower efforts occurred in the Raphine area and just south of the City of Lexington in the route 11 corridor. The projects will provide additional coverage and improved data capacity.

The budget process for FY 2021 was the first for the currently seated Board of Supervisors as a group. With only two months remaining prior to the planned budget adoption meeting in late April, the Nation, Commonwealth, and the state's local governments faced the fiscal challenge to adapt their draft budgets in order to meet the newly anticipated, negative impact of the COVID-19 pandemic. Prior to the COVID-19 virus hitting Virginia, the County began the FY 2021 budget cycle with a \$3.1M gap between anticipated revenues and requested expenditures. Some of the budgetary increases were beyond the control of leadership. They include: 1) the Virginia Retirement System (VRS) contribution rate jumped from 12.69% to 15.22%; 2) health insurance cost grew by 12%; and 3) initial school and jail funding requests each exceeded \$1M above the prior year. With the initial budget gap estimated in late February and using the real estate tax as a revenue generator indicator, the County was facing an a potential increase of 11 cents on the real estate tax rate. When COVID-19 struck in March, staff, the Finance Committee, and the Board went into action to adjust down revenues (primarily sales use; meals; lodging; business, professional, occupation license taxes; and parks and recreation user fees). Additionally, operational budget reductions were made across County and Constitutional Officer departments (mainly no employee cost of living increase; 2% cut in discretionary budget lines; 50% cut in travel and training; and a 10% cut in fuel costs). Contributions to outside agencies (unless by formula, mandate, or contract) were lowered by 10%. The resulting reductions in revenue projections and spending cuts helped to determine what level of one-time fund balance would be required to achieve a balanced budget. Ultimately, the amount of general fund unassigned reserves required to balance the adjusted budget was \$406,521. Coupled with this use of reserves, the Board determined to increase the real estate levy by \$0.01 per \$100 assessed value (to \$0.74), raise the personal property tax by \$0.25 per \$100 of assessed value (to \$4.50), and increase the meals tax from 4% to 6% in order to garner a balanced budget.

Areas realizing increases in FY 2021 funding include public safety, public education, and public works. The County cost-share to the Rockbridge Regional Jail facility realized another year of substantial increases in FY 2021, with an additional \$398,243 dedicated to meet increasing operational needs, specifically the rise of inmates housed at other correctional facilities (i.e., emergency housing). We expect this trend to continue into the future. The Fire-Rescue Department budget is higher by \$104,624 compared to FY 2020. Funding toward the Lexington City Fire Department (LFD) cost-share for first-due response into the County, to include EMS, is the primary driver. The Staffing for Adequate Fire and Emergency Response (SAFER) grant dollars which supported LFD positions over the past few years was exhausted, resulting in an

increase of local funding. County funding for the Rockbridge County Public Schools operational budget rose \$342,930 over FY 2020 levels. The additional financial support covers increases to the School's rates for VRS, group life insurance, health insurance, health care credits, and worker's compensation insurance. The County's Recycling and Refuse Collection Department budget increased by \$60,986 mainly due to an increase of tipping fees by the Blue Ridge Resource Authority (landfill). Tipping fees rose from \$54.50 per ton to \$59.50 (up \$5.00).

Relevant financial policies

The County of Rockbridge Fund Balance and Reserve Policy includes the goal to maintain a fund balance for cash liquidity purposes that will provide sufficient cash flow to minimize the possibility of short-term revenue anticipation borrowing. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three (3) years. The County's unassigned fund balance in the General Fund is 30.71% for fiscal ended June 30, 2020.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Rockbridge for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the fifth year that the County of Rockbridge has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Spencer H. Suter, County Administrator



Steven J. Bolster, Fiscal Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

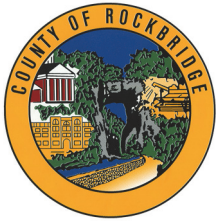
**County of Rockbridge
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

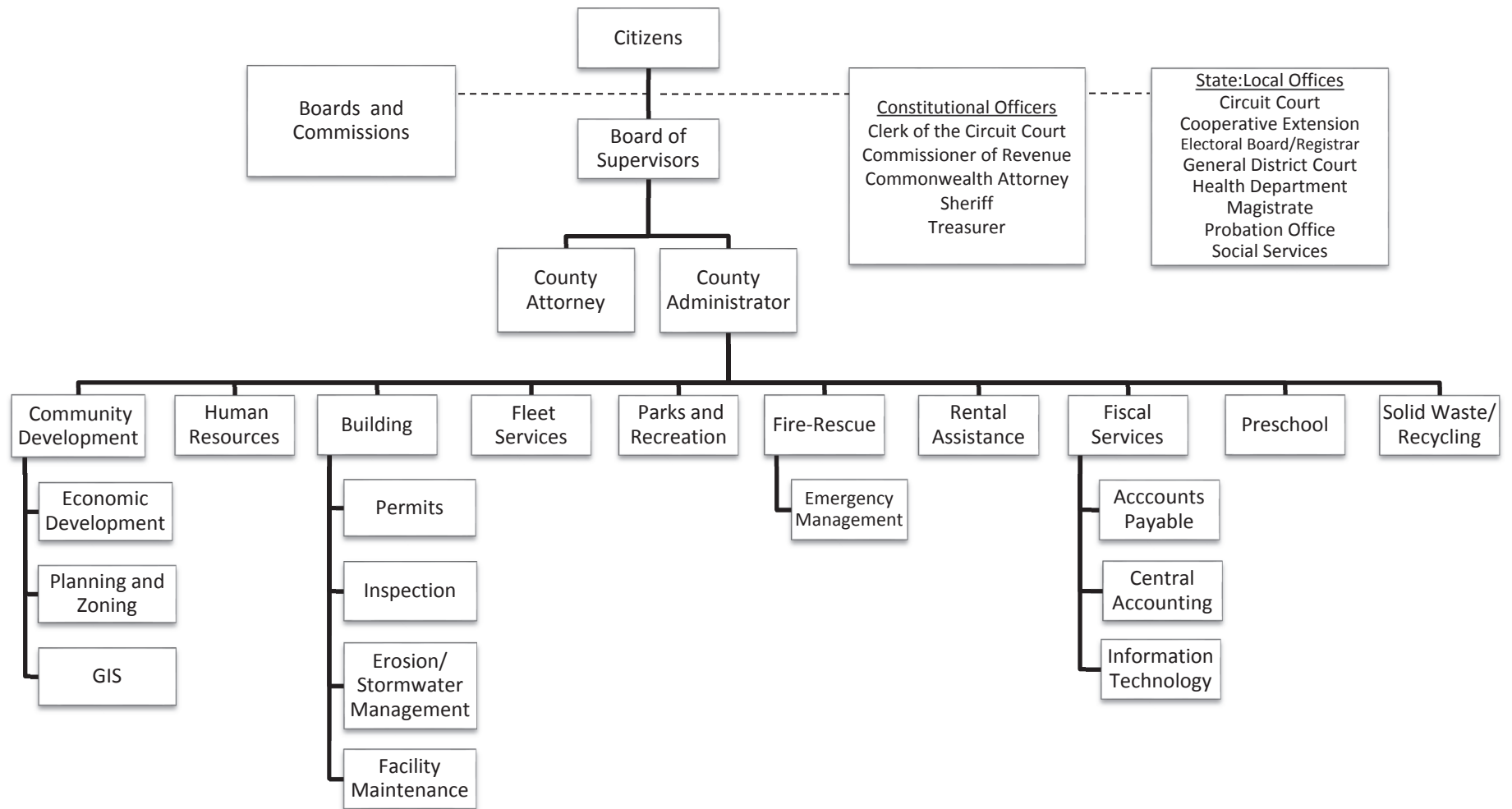
June 30, 2019

Christopher P. Morill

Executive Director/CEO



County of Rockbridge



COUNTY OF ROCKBRIDGE, VA

BOARD OF SUPERVISORS

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

ROCKBRIDGE COUNTY APPOINTED OFFICIALS

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

COUNTY SCHOOL BOARD

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

SCHOOL DIVISION APPOINTED OFFICIALS

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

LEGISLATIVE ELECTION

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

CONSTITUTIONAL OFFICERS

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

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of June 30, 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, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-15, 99, 100-119, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the County of Rockbridge, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Rockbridge, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Rockbridge, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2020

Management's Discussion and Analysis

As management of the County of Rockbridge, Virginia, we offer the readers of the County's financial statements this narrative. The narrative provides an overview and analysis of our financial activities for the fiscal year ending June 30, 2020.

Financial Highlights

Government-wide Financial Statements

The combined total assets of the County of Rockbridge, Virginia exceeded its liabilities by \$38,885,560 (net position) at the close of the most recent fiscal year. Of the total net position, \$38,861,973 is associated with governmental activities and \$23,587 is associated with business-type activities. Of the governmental activities net position, \$25,452,170 may be used to meet the government's ongoing obligations to creditors and citizens. There is \$1,813,786 presented under governmental activities which are restricted to ensure the availability of funds for specific functions, programs and anticipated liabilities (ex., future capital projects, the annual pass-through funding to USDA for Virginia Horse Center debt, \$4 for Life expenditures, fire service program expenses, and the Rental Assistance Program). These restricted accounts are also displayed on the Balance Sheet of Government Funds. For the year ending June 30, 2020, the governmental activities' assets include \$11,525,153 in taxes receivable while \$9,789,028 is reflected as deferred inflows of resources for property taxes. This is shown as part of compliance with GASB requirements. The \$11,525,153 in taxes receivable are booked in the first half of calendar year 2020, but because of twice-a-year tax billing, second half real estate taxes of \$9,789,028 are not due until December 2020, and are shown as a deferred revenue. When compared to the net position at year's end June 30, 2019, the total combined net position decreased by \$443,847 (down 1.13%). The business-type activities net position is down \$2,102,802 compared to FY 2019. The primary reason for the change in net position involves the non-operating expense of \$2,462,942 attributable to the landfill closure/post-closure liability. As a result, the unrestricted net position deficit increased by \$2,493,274 to \$4,196,565.

Fund Financial Statements

As of the close of the fiscal year June 30, 2020, the County's governmental funds reported a combined ending fund balance of \$30,070,621. This is an increase of \$1,840,150 (up 6.52%) compared to the previous fiscal year. The increase in total fund balance is associated with the restriction of \$1,283,916 to support the Rockbridge County Public Service Authority Route 60E project not funded by their 2018 revenue bond. In addition, \$73,891 was restricted to support future Rockbridge Regional Jail capital projects. Lastly, \$282,927 is restricted to source Virginia Horse Center debt service using surplus generated from specific percentages of the County's transient occupancy taxes collected each fiscal year. The total unassigned fund balance is reported as \$19,886,046, or 66.13% of total fund balance, and are available to meet the County's fund balance policy, unanticipated budget requests, costs to manage local emergencies and/or disasters, capital improvement projects, and the government's discretionary spending.

At the fiscal year end, unassigned fund balance for the General Fund was \$19,886,046 or 30.71% of total General Fund expenditures (i.e., General Fund expenditures plus School Fund operating expenditures less County contribution to School Division). This is a 5.31-point decrease in fund balance to expenditure ratio compared to year ending June 30, 2019, but well within the County's fund balance policy, which requires a 20% unassigned fund balance to expenditures ratio.

The County Capital Project Funds were established in FY 2016 to proactively establish dedicated fund sources for capital improvement plan (CIP) projects. This category includes: A) new construction and major upgrades to County facilities; and B) procurement of new vehicles and major equipment. FY 2020 budgeted facility projects involved the following: 1) construct a recycling and refuse collection center (\$226,000); and 2) upgrade joint fire-rescue/911 Center parking lot (\$20,000). Vehicle and equipment replacement efforts involved: 1) Sheriff Office vehicles (\$180,200); 2) replace staffed collection center compactors (\$70,000); 3) Parks and Recreation Department commercial-grade tractor (\$32,875); 4) Courthouse sound system and alarm panel upgrades (\$33,000); and 5) Fire-Rescue vehicle retrofit (\$16,000). The FY 2020 fund balance reflects \$1,104,498 to source ongoing and future CIP projects.

The School Capital Projects Fund ended fiscal year 2020 with a fund balance of \$1,703, no change from the prior fiscal year.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

The *government-wide financial statements* separate *governmental activities* and *business-type activities* of the County. *Governmental activities* are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; community development; and transfers to other funds. *Business-type activities* recover all or a significant portion of their costs through user fees and charges. The County shows the Blue Ridge Resource Authority (BRRRA) as a business-type activity.

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

Fund Financial Statements

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

Governmental funds

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

Proprietary funds

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

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

Fiduciary funds

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

Notes to the financial statements

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

Government-wide Financial Analysis

Net Position

As noted, net position may serve as a useful indicator of a government's financial position. For the County of Rockbridge, combined total assets exceeded liabilities by \$38,885,560 at the end of the fiscal year.

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

COUNTY OF ROCKBRIDGE'S NET POSITION						
June 30, 2020						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 43,867,482	\$ 40,692,823	\$ 5,267,091	\$ 6,649,143	\$ 49,134,573	\$ 47,341,966
Capital Assets	64,658,446	68,201,478	7,989,320	8,475,448	72,647,766	76,676,926
Total Assets	\$ 108,525,928	\$ 108,894,301	\$ 13,256,411	\$ 15,124,591	\$ 121,782,339	\$ 124,018,892
Deferred Outflows of Resources	\$ 2,908,822	\$ 2,012,632	\$ 112,355	\$ 51,970	\$ 3,021,177	\$ 2,064,602
Long-term liabilities	\$ 59,339,893	\$ 61,263,652	\$ 11,904,542	\$ 12,198,802	\$ 71,244,435	\$ 73,462,454
Other liabilities	3,101,844	2,314,765	1,421,067	820,599	4,522,911	3,135,364
Total liabilities	\$ 62,441,737	\$ 63,578,417	\$ 13,325,609	\$ 13,019,401	\$ 75,767,346	\$ 76,597,818
Deferred Inflows of Resources	\$ 10,131,040	\$ 10,125,498	\$ 19,570	\$ 30,771	\$ 10,150,610	\$ 10,156,269
Net Position:						
Net investment in capital assets	\$ 11,596,017	\$ 11,897,277	\$ 3,382,024	\$ 3,005,550	\$ 14,978,041	\$ 14,902,827
Unrestricted (deficit)	25,452,170	25,112,495	(4,196,565)	(1,703,291)	21,255,605	23,409,204
Restricted	1,813,786	193,246	838,128	824,130	2,651,914	1,017,376
Total net position	\$ 38,861,973	\$ 37,203,018	\$ 23,587	\$ 2,126,389	\$ 38,885,560	\$ 39,329,407

Governmental Activities

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related outstanding debt used to acquire those assets is \$11,596,017 which represents 29.84% of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It is also of note that a portion of the capital assets is used to encourage economic development and in turn may produce future revenue for operations in either fees or sale of property.

During the year ending June 30, 2020, total governmental liabilities decreased by \$1,136,680. This reflects a combination of long-term liabilities due in more than one year dropping \$2,083,563 while short-term liabilities (accounts payable, accrued interest payable, etc.) increased by \$946,883. The County did not execute any new financings in FY 2020.

The restricted net position represents resources that are subject to external or internal restrictions based on how the specific funds may be used. The restricted net position for fiscal year 2020 included assets restricted by both constraints. In fiscal year 2020, the Board of Supervisors approved restricting \$1,283,916 to source a water and sewer project along Route 60E and reserving a one-time state reimbursement for a previous jail upgrade (\$73,891), while state code limits local occupancy tax to support Virginia Horse Center debt-service payments (\$282,927 restricted in FY 2020). Staff continued to use restricted accounts to identify and manage state funds for the local fire service programs (\$53,912), the \$4 for Life (rescue) program (\$68,478), and the rental assistance office (\$51,553). This reflects a \$1,813,786 balance in restricted net position.

The unrestricted net position is \$25,452,170, representing 65.49% of total net position, can be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County's governmental activities realized increases in two of the three categories of combined total net

position. These changes in net position changes include a decrease in net investment in capital assets of \$301,260; restricted assets were higher by \$1,620,540; and unrestricted assets were up by \$339,675. For the year ending June 30, 2020, the governmental activity total net position increased by \$1,658,955 from last fiscal year.

Business-type Activities

As identified earlier in the highlights of the government-wide financial statements, the business-type activities/enterprise fund (landfill) net position decreased by \$2,102,802. This results from the upward adjustment in the closure/post-closure liability and Phase 1 cell cap project expenditures discussed in paragraph one.

Changes in Net Position

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

COUNTY OF ROCKBRIDGE'S CHANGES IN NET POSITION						
June 30, 2020						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,740,300	\$ 1,928,101	\$ 2,586,640	2,360,386	\$ 4,326,940	\$ 4,288,487
Operating grants	3,980,032	2,766,029	-	-	3,980,032	2,766,029
Capital grants	75,796	398,342	-	-	75,796	398,342
General Revenues:						
Property taxes	28,273,179	26,812,001	-	-	28,273,179	26,812,001
Other taxes	9,041,689	9,346,038	-	-	9,041,689	9,346,038
Use of money and property	358,087	474,123	59,201	111,965	417,288	586,088
Other	911,861	1,236,036	40,259	21,087	952,120	1,257,123
Grants and contributions not restricted to specific programs	2,844,367	2,833,135	-	-	2,844,367	2,833,135
Total Revenues	\$ 47,225,311	\$ 45,793,805	\$ 2,686,100	\$ 2,493,438	\$ 49,911,411	\$ 48,287,243
Expenses:						
General						
General Govt. Admin	\$ 2,955,095	\$ 2,732,902	\$ -	\$ -	\$ 2,955,095	\$ 2,732,902
Judicial administration	1,803,592	1,571,211	-	-	1,803,592	1,571,211
Public safety	10,807,553	9,924,693	-	-	10,807,553	9,924,693
Public works	3,485,100	3,229,210	4,788,902	3,046,258	8,274,002	6,275,468
Health and welfare	1,968,412	1,822,361	-	-	1,968,412	1,822,361
Education	16,656,304	18,406,357	-	-	16,656,304	18,406,357
Parks, recreation, and culture	1,555,092	1,421,876	-	-	1,555,092	1,421,876
Community development	2,755,834	3,265,388	-	-	2,755,834	3,265,388
Non-departmental	1,930,638	1,913,840	-	-	1,930,638	1,913,840
Interest on long-term debt	1,648,736	2,153,345	-	-	1,648,736	2,153,345
Total expenses	\$ 45,566,356	\$ 46,441,183	\$ 4,788,902	\$ 3,046,258	\$ 50,355,258	\$ 49,487,441
Increase (decrease) in net position before transfers	\$ 1,658,955	\$ (647,378)	\$ (2,102,802)	\$ (552,820)	\$ (443,847)	\$ (1,200,198)
Transfers	-	10,702	-	(10,702)	-	-
Increase (decrease) net position	\$ 1,658,955	\$ (636,676)	\$ (2,102,802)	\$ (563,522)	\$ (443,847)	\$ (1,200,198)
Net position - beginning	37,203,018	37,839,694	2,126,389	2,689,911	39,329,407	40,529,605
Net position - ending	\$ 38,861,973	\$ 37,203,018	\$ 23,587	\$ 2,126,389	\$ 38,885,560	\$ 39,329,407

Governmental Activities

Governmental activities increased the County's net position by \$1,658,955. Key elements relating to FY 2020 activities compared to the prior fiscal year will be discussed below.

Total revenues increased by \$1,431,506 (up 3.13%). The following table provides a breakdown on the various revenues sources as of June 30, 2020.

Type	Overall total %
1. Property taxes (\$28,273,179)	59.87%
2. Other local taxes (\$9,041,689)	19.15%
3. Operating grants (\$3,980,032)	8.43%
4. Non-restricted grants and contributions (\$2,844,367)	6.02%
5. Charges for services (\$1,740,300)	3.69%
6. Other general revenues (\$911,861)	1.93%
7. Use of money and property (\$358,087)	0.76%
8. Capital grants (\$75,796)	0.16%

Component changes from FY 2019 to FY 2020 include:

- The largest source of revenues is property taxes. Property tax collections rose by \$1,461,178 (up 5.45%). Real property, public service corporation, personal property, and machinery and tools tax receipts increased as a result of growth in the assessed values and/or collection levels. A higher real estate tax rate in 2020 (\$0.73 to \$0.74 per \$100 of assessed value) and a reduction of the personal property tax relief level (45% down to 37%) also contributed to greater tax collection totals.
- Other local taxes decreased by \$304,349 (down 3.26%). Over the final four months of FY 2020, state stay-at-home directives due to COVID-19 contributed to notably lower revenues in meals, lodging, utility, and motor vehicle decals. Locally, the vehicle decal due date was extended for two months to the final month of the fiscal year.
- Operating grants rose by \$1,214,003 (up 43.89%). This typically reflects federal and state funding for the rental assistance, fire services, emergency management, soil and water conservation, and victim-witness programs. In FY 2020, Coronavirus Relief Funds supported County, Registrar and Rental Assistance operations.
- Non-restricted grants or contributions increased by \$11,232 (up 0.40%). These receipts are linked to state-shared revenues for rolling stock, mobile home sales, timber sales, motor vehicle rentals, and state recordation fees.
- Charges for services decreased by \$187,801 (down 9.74%) due to lower activities associated with COVID-19 impacts: the School Division ended the academic year in March 2020 (Fleet Services charges for buses and vehicle maintenance), the Parks and Recreation Department's Lake Robertson campground and two County pools were not opened in the Spring of 2020 (user fees), and the court system was also closed over the final months of FY 2020 (court/law enforcement fines).
- Other general revenues were lower by \$324,175 (down 26.23%) resulting from miscellaneous collections (joint services agreement, public transportation cost-share, patron refunds/rebates) coming in less than forecasted.
- Use of money and property decreased by \$116,036 (down 24.47%). A local government investment pool account for closure/post-closure expenses was drawn down to source the landfill's Phase 1 project (closed cell cap) at approximately \$2,500,000. The lower investment level contributed to less interest earned in comparison to FY 2019.
- Capital grants dropped \$322,546 (down 80.97%). The Greenhouse Village subdivision infrastructure project funded by a Commonwealth Department of Housing and Community Development grant was completed in FY 2019.

The following table reflects the distribution of FY 2020 governmental expenditures. Overall expenses decreased by \$874,827 (down 1.88%) over the same period in FY 2019. With the onset of the coronavirus pandemic in March 2020, County leadership instituted a hiring freeze and ended discretionary spending

through the final quarter of FY 2020. This action is a contributing factor to the overall expense reduction. As shown in the table below, education expenses account for 39.63% of total expenditures. When combined with public safety, public works, general government administration, and community development expenditures, these five categories are approximately 81% of the \$45,566,356 in total expenses.

Type	Overall total %
1. Education (\$16,656,304)	36.55%
2. Public Safety (\$10,807,553)	23.72%
3. Public Works (\$3,485,100)	7.65%
4. General Government Administration (\$2,955,095)	6.49%
5. Community Development (\$2,755,834)	6.05%
6. Health and Welfare (\$1,968,412)	4.32%
7. Non-departmental (\$1,930,638)	4.24%
8. Judicial Administration (\$1,803,592)	3.96%
9. Long-term debt interest (\$1,648,736)	3.62%
10. Parks, Recreation, and Cultural (\$1,555,092)	3.41%

Component changes from FY 2019 to FY 2020 include:

- Education expenses decreased by \$1,750,053 (down 9.33%). County funding of School Division operations was less than last fiscal year (down ~\$442,000). During FY 2019, the County fiscally supported School Division projects totaling \$1,250,805 which contributes to the lower funding support.
- Public Safety reflects an increase of \$882,860 (up 8.90%). Expenditure growth in this category comes largely from greater funding for six new positions with the Fire-Rescue Department, implementing a volunteer recruiting and retention program (pay-per-call), and increased funding of the Rockbridge Regional Jail and Consolidated Dispatch operational cost-share. In addition, County and Constitutional Officer personnel received a 3% cost-of-living increase that drove certain fringe benefits higher.
- Public Works increased by \$255,890 (up 7.92%). This category pays the County's cost-share for the landfill operation. The Blue Ridge Resource Authority (Landfill Fund) increased tipping fee rates across all categories of customers, to include members. In addition, County personnel received a 3% cost-of-living adjustment which drove certain fringe benefits higher. Lastly, Fleet Services realized higher expenditures for maintenance, repair, and fuel costs.
- General government administration increased by \$222,193 (up 8.13%). The increase is attributable to the County and Constitutional Officer personnel receiving a 3% cost-of-living increase which also moved certain fringe benefits higher. In addition, the Board of Supervisors incorporated a monthly vehicle allowance in FY 2020.
- Community Development decreased by \$509,554 (down 15.60%). In 2019, Rockbridge County received a community development grant totaling \$476,693. The majority of the expenditures occurred in 2019. The County's contribution to the Maury Express and Tourism Programs were adjusted down for the last quarter of FY 2020.
- Health and Welfare reflects an increase of \$146,051 (up 8.01%) primarily because the County's cost-share funding for the Comprehensive Services Act, the Department of Social Services, the regional State Health Department, and Rockbridge Area Community Services Board was approved at higher levels as requested.
- Non-departmental was up \$16,798 (up 0.88%) resulting from an increase in the Modified Voluntary Settlement of Annexation and Immunity payment from Rockbridge County to Lexington City.
- Judicial Administration increased by \$232,381 (up 14.79%), reflecting a full fiscal year of staffing levels for the Clerk of the Circuit Court and Commonwealth's Attorney Offices which earned the state Compensation Board's approval to authorize and partially fund new positions in order to meet evidenced workload demands. In addition, a 3% compensation increase for both state and locally-funded positions at courthouse offices that moved certain fringe benefits up.
- Long-term debt interest payments are down \$504,609 (down 23.43%) based on debt payment schedules.

- Parks, Recreation and Cultural increased by \$133,216 (up 9.37%) due in part to fund compensation, fringe benefit, utility, maintenance, and transportation costs increases with the Rockbridge Regional Library. In addition, personnel in the Parks and Recreation, and Pre-School Program received a 3% cost-of-living increase which moved certain fringe benefits higher. Lastly, the Board approved contribution increases to the FOR Swimming and Boxerwood programs.

Business-type Activities

The business-type activities/enterprise fund (Landfill Fund) total net position decreased by \$2,102,802. The new, lined landfill cell began operations on July 1, 2017. During FY 2020, there were no further capital projects involved with the lateral landfill expansion effort. As highlighted earlier in the MD&A and later below, non-operating expenses linked to the landfill closure and post-closure liability is the primary driver for this reduction in comparison to FY 2019. Additional details on the impact associated with FY 2020 revenues, expenses, capital, and long-term liabilities are below.

In April 2019, the Authority adopted the FY 2020 master fee table. The tipping fees include: members (Rockbridge County and Lexington City) at \$54.50 (up from \$51.00); member jurisdiction commercial at \$56.50 (up from \$53.00); municipal customer at \$68.18 (up from \$63.75); and non-jurisdictional commercial at \$70.63 (up from \$66.25). Tipping fee operating revenues for FY 2020 increased by \$245,426 (up 10.31%) resulting from higher tipping fee rates.

Operational expenses reflect an increase of \$171,443 compared to FY 2019. The three primary drivers are: 1) contractual services (+\$104,487); 2) personnel services (+\$67,432); and 3) fringe benefits (+\$60,040). These individual categories grew due to the following respective factors: A) unanticipated additional costs to complete ground water monitoring; B) return of one full-time staffing position previously left unfilled in FY 2019; and C) increases to health insurance premiums and retirement rates. The BRRA ended FY 2020 with an operating income of \$435,864 (up \$73,983).

Non-operating expenses of \$2,538,666 include the landfill closure/post-closure liability of \$2,462,942 (up \$1,632,973 versus FY 2019); and interest expense of \$134,925 (down \$39,232 compared to last fiscal year). The combination of operational and non-operational transactions reflects a net decrease of \$2,102,802 in total net position.

Financial Analysis of the Government's Funds

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

Governmental funds

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

At the end of the fiscal year, the County's total governmental funds reported combined ending fund balances of \$30,070,621, an increase of \$1,840,150 over the prior fiscal year (up 6.52%). The combined change is primarily linked to activities in the General Fund which is discussed below.

The General Fund is the primary operating fund of the County. As of June 30, 2020, unassigned fund balance of the General Fund was \$19,886,046. This is a decrease in unassigned fund balance of \$3,201,879 (down 13.87%) compared with the previous fiscal year. The primary driver in this unassigned balance reduction is the new classification of advances to other entities as a non-spendable fund balance (a total of \$4,111,765). The total fund balance of the General Fund is \$28,991,154. This is an increase over the previous year of \$2,195,933 (up 8.20%). General Fund revenues exceeded expenditures by \$2,557,124 in FY 2020. Factors contributing to the additional revenues includes the following: 1) the Board approved a one cent increase to the real estate levy which generated approximately \$128,000 in additional collections for the June 2020 billing cycle; 2) public service corporation billing exceeded the approved budget by nearly \$340,000; 3) personal property and machinery & tools taxes realized approximately

\$112,000 in excess receipts; 4) local sales tax exceeded \$3,000,000 in collections for the first time in County history, resulting in \$339,608 in additional revenue; 5) other local revenues grew by \$338,083, reflecting positive growth in business licenses, bank franchises, occupancy, recordation tax, permitting, use of money, miscellaneous revenues and recovered costs receipts; 6) revenue from the Commonwealth of Virginia increased by \$52,394 in support of Compensation Board positions within Constitutional Officer departments. In addition, at the onset of COVID-19 in March 2020, County administration directed an end to discretionary spending for the remainder of FY 2020.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures (General Fund and School Operating Fund = "General Fund"). Unassigned fund balance represents 30.71% of total "General Fund" expenditures which deducts the local transfer to the School Board component unit of \$13,753,080 for operational support. The Board of Supervisors financial policy is to maintain a minimum of 20% unassigned fund balance to expenditures ratio. Total fund balance represents 46.44% of total General Fund expenditures.

The County Capital Projects Fund reflects the accounting for the Construction Projects and Capital Purchases Funds, both of which align with our 5-year CIP. The net change in fund balance, down \$355,783, results from the use of reserves to source projects identified earlier in the fund financial statement highlights. In addition, the School Capital Projects Fund remains \$1,703 compared to FY 2019.

Proprietary funds

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

The BRRA owns, maintains, and operates a permitted landfill. The previously active, unlined landfill cell was limited to construction and debris fill on December 31, 2017 in accordance with the VA DEQ approval of the landfill's second extension request. Based on previously-agreed to terms and conditions, the Authority submitted the required engineering documents to the VA DEQ that permitted the unlined facility to remain open until June 30, 2019. The Phase 1 project to cap this section of the formerly active cell began in FY 2020 with actual expenditures at approximately \$2,500,000. Restricted fund balance previously set aside in prior fiscal years was used to meet landfill closure requirements. In addition, the closure/post-closure liability on the active cell (Cell 1) is up \$450,699 based on the June 30, 2020 capacity used percentage (51%). The Landfill Fund net position decreased \$2,102,802 compared to FY 2019 as a result of these two activities. Additional information is provided in a separate BRRA financial report.

General Fund Budgetary Highlights

The difference between the originally budgeted appropriations and the final, amended-budget appropriations was a \$1,097,549 increase. This is 2.39% of the total original budget. The actual expenditures were \$2,108,578 below the final appropriation total. This total is 4.49% below the final budget. The major components of these appropriation changes are:

- The Board of Supervisors appropriated \$376,483 in unassigned reserves to source the County's cost-share for the Rockbridge Regional Jail. Higher prisoner days drove operational expenses above the adopted budget. This scenario, combined with a greater percentage of prisoners housed at other locations (emergency housing) contributed to this fund action.
- The Board appropriated \$363,500 from assigned reserves to fund jointly-approved School Division capital improvement projects from the school carryover account.
- The County received a \$476,693 Community Development Block Grant from the Virginia Department of Housing and Community Development in FY 2019. The grant funding supports Phase 2 of the Greenhouse Village Development which includes constructing residential sites, streets, driveways, utility infrastructure, landscaping, and walking trails. The Board appropriated \$119,661 in carryover funding to source continued work on the project.
- The Board of Supervisors authorized the appropriation of \$100,000 from the Rockbridge County Economic Development Authority's (EDA) restricted cash account to source a new Community Foundation for Rockbridge, Bath, and Alleghany (CFRBA) COVID-19 Relief Fund Grant.

Applications were reviewed by the EDA and then referred to the CFRBA COVID-19 Relief Fund Distribution Committee for approval.

- The Board approved \$35,164 in unassigned reserves to fund 55% of the Rockbridge Area Network Authority data center uninterruptible power supply remediation/upgrade project (\$63,934).
- The Board of Supervisors authorized \$18,068 in unassigned reserves to source a 50% cost-share on the Town of Glasgow's new event center.

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2020 was \$64,658,446 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, and machinery and equipment. This is a decrease of \$3,543,032 from the previous fiscal year, or -5.19%. The primary change in capital assets is the building and systems category, down \$3,415,872. This results from County depreciation expense (\$1,674,408) and the allocation of debt-financed school assets based on current year repayments (\$2,568,236). Machinery and equipment revenue are down \$126,763 compared to 2019.

The County's investment in capital assets for its business-type activities is \$7,989,320, a decrease of \$486,128 (down 5.74%) from the previous year. In FY 2020, the primary change in total capital assets is the result of depreciation.

COUNTY OF ROCKBRIDGE'S CAPITAL ASSETS						
Net of Depreciation						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,790,211	\$ 1,790,211	\$ 531,037	\$ 531,037	\$ 2,321,248	\$ 2,321,248
Buildings and systems	61,915,303	65,331,175	6,518,129	6,793,003	68,433,432	72,124,178
Machinery & equipment	894,148	1,020,911	940,154	1,151,408	1,834,302	2,172,319
Construction in progress	58,784	59,181	-	-	58,784	59,181
Total	\$ 64,658,446	\$ 68,201,478	\$ 7,989,320	\$ 8,475,448	\$ 72,647,766	\$ 76,676,926

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

Long-term debt

At the end of fiscal year 2020, the County had the following outstanding debt (see table on next page):

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COUNTY OF ROCKBRIDGE'S LONG-TERM OBLIGATIONS						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 33,706,337	\$ 35,991,654	\$ -	\$ -	\$ 33,706,337	\$ 35,991,654
Revenue bonds	15,420,000	16,005,000	5,246,275	5,902,133	20,666,275	21,907,133
Literary loans	360,000	540,000	-	-	360,000	540,000
Capital leases	4,724,000	4,984,644	199,149	391,895	4,923,149	5,376,539
Compensated absences	431,990	412,744	49,368	29,724	481,358	442,468
Net pension liability	4,011,141	2,719,530	243,321	165,308	4,254,462	2,884,838
Net OPEB liability	686,425	610,080	34,318	28,330	720,743	638,410
Landfill closure liability	-	-	6,132,111	5,681,412	6,132,111	5,681,412
Total long-term obligations	\$ 59,339,893	\$ 61,263,652	\$ 11,904,542	\$ 12,198,802	\$ 71,244,435	\$ 73,462,454

The County's total long-term debt includes the Rockbridge County School Board debt and the business-type activities debt (BRRRA). For the year, the total, combined long-term debt decreased by \$3,706,175 to a total of \$54,732,612. The reduction reflects payments made to existing, long-term obligations for governmental and business-type activities. There were no financing efforts completed in FY 2020. The governmental and business-type activities' compensated absences, net pension liability, and net OPEB liability and are included in the long-term debt to meet GASB requirements. These categories changed as follows: 1) compensated absences (rose \$38,890); 2) net pension liability (increased \$1,369,624); and 3) net OPEB liability (up \$82,333). For the net pension liability, the Virginia Retirement System Board changed the discount rate from 7.00% to 6.75% which increased the liability by \$1,081,319. The remaining increase is linked to the difference between the expected experience and actuals. Lastly, the landfill's closure/post-closure liability increased by \$450,699 from FY 2019 levels as result of the latest capacity estimate of 51.0%, up from 33.5%, on the first of five planned, lateral-expansion cells. Cell 1's life-cycle estimate is approximately six years. The balance of the landfill closure liability includes the actual contract costs to complete the Phase 1 cap project and to conduct thirty years of its post-closure monitoring. In FY 2020, the BRRRA is set aside \$231,028 to meet the projected liability of a combined system that approaches a 42-year life cycle.

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

Economic Factors and Next Year's Budgets and Rates

- As the Board of Supervisors looked into the future, much remained unknown: how long would the COVID-19 pandemic go on, how soon would a vaccine be developed to curb the coronavirus spread in the months ahead, and to what degree would lives return to a pre COVID-19 environment? A summary of information and action is provided below to frame the FY 2021 budget.
- The Rockbridge County population was 22,307 as of the April 1, 2010 U.S. Census. The Weldon Cooper Institute's July 1, 2019 population estimate reflects 22,500, an increase of 193 (up 0.87%). Minimal change in population has occurred over the past two decades and no substantial shift is anticipated in the next fiscal year.
- For the fiscal year ending June 30, 2020, the unemployment rate for the Commonwealth and Rockbridge County were 8.2% and 6.6% respectively, both down from highs of 10.8% and 9.6% in April 2020. During the progress of this management discussion and analysis report, the October 2020 unemployment rate dropped to 5.1% for the state and 3.9% in the County. Present trends indicate a leveling off of unemployment rates for the immediate future with uncertainty to how quickly the national, state, and local economies will recovery in the aftermath of the coronavirus pandemic.
- The Board of Supervisors fiscal year 2021 budget priorities include meeting legal and moral obligations to fund debt-service payments, mandated services, and other legal commitments. Additionally, the Board's goals involve limiting overall expenditures on all areas except education, "safety net" programs, public safety, solid waste management, and economic development. These activities may require increased funding compared to previous fiscal years.

- In order to garner a balanced budget in a year impacted by COVID-19, the Board approved a real property tax rate of \$0.74 per \$100.00 of assessed valuation for tax year 2020. This rate reflects a one-cent increase from calendar year 2019. With the latest assessed values, the County's penny rate is estimated at \$256,000. The personal property rate was increased by twenty-five cents, to \$4.50, the first increase since 2007.
- In FY 2021 the Board of Supervisors continued its annual support of the School Division. The Board committed to increase the local School Fund transfer for operations by \$342,930 to source increases to the School Division's retirement, group life insurance, health care credit, health insurance, and property, casualty, and workers' compensation insurance rates/premiums. The local School Fund transfer for debt dropped by \$9,361. The School Division oversees four elementary schools, one middle school, and one high school (this includes students from Lexington City).
- When compared to FY 2020, other notable increases adopted in the FY 2021 budget cycle include: funding for the regional jail operational cost-share (+\$398,243); Sheriff Office planned expenditures (+\$111,603); Fire-Rescue operations, to include the County's cost-share for Lexington City Fire Department's calls into the County (+\$104,624); and the Recycling/Refuse Collection Program, which include the County's tipping fees for landfill operations (+\$60,9860).
- The Board approved transferring \$282,387 (down \$78,804) to the Capital Purchases Fund. This funding will support the procurement of Sheriff Office vehicles and the purchase of a hauling trailer and all-terrain vehicle for the Parks and Recreation Department.
- The Board of Supervisors elected to use \$424,915 in restricted accounts to fund the following efforts: the County's targeted transition to cross-trained fire and EMS career staff will continue to be funded at \$100,000 from the EMS revenue recovery account. This funding mechanism mirrors the action begun in FY 2015 for the previously contracted ambulance service. In addition, EMS revenue recovery will source the County's payment to a third-party vendor (\$19,600), which bills and collects this revenue stream. Furthermore, this account will fund the annual stipend for the Operational Medical Director (\$10,000). Lastly, the EMS revenue recovery will source the funding methodology for fire and EMS agencies (\$65,000) to continue the second year of a pay-per-call program for volunteers. Other activities from restricted accounts involve: managing the \$4 for Life reserves to fund the procurement of training, equipment, and supplies for approved volunteer EMS squads (\$20,000). A final use of a restricted accounts involves funding the PSA's Route 60 East infrastructure debt-service payments (\$210,723) from sale of property accounts.
- Lastly, the Board approved the use of \$416,524 in unassigned reserves to balance the FY 2021 budget due to the anticipated negative impacts from the coronavirus pandemic. This action served as an interim solution to offset deep reductions in local revenues in the following areas: sales tax, occupancy receipts, and charges for services.

All of these factors were considered in preparing the County's budget for the 2021 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 23,817,267	\$ 1,830,613	\$ 25,647,880
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	11,525,153	-	11,525,153
Accounts receivable	734,932	187,133	922,065
Internal balances	(92,693)	92,693	-
Due from component units	2,608,733	-	2,608,733
Due from other governmental units	1,000,581	-	1,000,581
Inventories	161,744	-	161,744
Advances to other entities	4,111,765	-	4,111,765
Prepaid items	-	-	-
Restricted assets:			
Cash and cash equivalents	-	3,156,652	3,156,652
Net pension asset	-	-	-
Capital assets (net of accumulated depreciation):			
Land	1,790,211	531,037	2,321,248
Buildings and improvements	61,915,303	6,518,129	68,433,432
Machinery and equipment	894,148	940,154	1,834,302
Utility plant and equipment	-	-	-
Construction in progress	58,784	-	58,784
Total assets	\$ 108,525,928	\$ 13,256,411	\$ 121,782,339
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	\$ 1,147,908	\$ -	\$ 1,147,908
Pension related items	1,628,977	105,467	1,734,444
OPEB related items	131,937	6,888	138,825
Total deferred outflows of resources	\$ 2,908,822	\$ 112,355	\$ 3,021,177
LIABILITIES			
Accounts payable	\$ 856,274	\$ 1,017,283	\$ 1,873,557
Capital advances from Rockbridge County	-	350,000	350,000
Accrued interest payable	779,070	53,784	832,854
Due to primary government	-	-	-
Performance deposits	17,580	-	17,580
Due to other governments	629,554	-	629,554
Unearned revenue	819,366	-	819,366
Deposits payable	-	-	-
Long-term liabilities:			
Due within one year	3,589,307	815,087	4,404,394
Due in more than one year	55,750,586	11,089,455	66,840,041
Total liabilities	\$ 62,441,737	\$ 13,325,609	\$ 75,767,346
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue-property taxes	\$ 9,789,028	\$ -	\$ 9,789,028
Pension related items	283,846	16,958	300,804
OPEB related items	58,166	2,612	60,778
Total deferred inflows of resources	\$ 10,131,040	\$ 19,570	\$ 10,150,610
NET POSITION			
Net investment in capital assets	\$ 11,596,017	\$ 3,382,024	\$ 14,978,041
Restricted			
Fire funds	53,912	-	53,912
Rental assistance	51,553	-	51,553
Capital projects	1,356,916	-	1,356,916
Four for life	68,478	-	68,478
Virginia Horse Center debt service	282,927	-	282,927
Debt service	-	838,128	838,128
Unrestricted	25,452,170	(4,196,565)	21,255,605
Total net position	\$ 38,861,973	\$ 23,587	\$ 38,885,560

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

Exhibit 1

Component Unit School Board	Component Unit Rockbridge Area Social Services	Component Unit Rockbridge Regional Jail Commission	Component Unit Rockbridge Public Service Authority
\$ 76,297	\$ 833,337	\$ 200	\$ 6,411,967
-	-	-	2,061,085
-	-	-	-
193,419	22,410	6,453	706,273
-	-	-	-
-	-	-	-
791,646	1,324,497	430,870	-
54,273	-	-	70,046
-	-	-	-
683,715	-	-	-
-	-	-	75,570
18,417	506,749	-	6,279
117,555	-	-	410,596
22,574,060	-	2,586,229	49,434
2,638,709	4,368	112,421	37,749
-	-	-	22,765,386
164,017	-	-	791,080
<u>\$ 27,312,108</u>	<u>\$ 2,691,361</u>	<u>\$ 3,136,173</u>	<u>\$ 33,385,465</u>
\$ -	\$ -	\$ -	\$ -
6,021,956	75,362	473,677	63,545
998,764	21,886	44,449	6,238
<u>\$ 7,020,720</u>	<u>\$ 97,248</u>	<u>\$ 518,126</u>	<u>\$ 69,783</u>
\$ 117,781	\$ 1,062,635	\$ 91,924	\$ 1,037,419
-	-	-	-
-	-	-	20,080
1,528,890	1,052,994	26,849	-
-	-	-	-
-	64,615	-	-
-	-	-	-
-	-	-	75,570
88,449	22,620	64,121	999,799
37,677,460	166,505	1,617,572	11,751,196
<u>\$ 39,412,580</u>	<u>\$ 2,369,369</u>	<u>\$ 1,800,466</u>	<u>\$ 13,884,064</u>
\$ -	\$ -	\$ -	\$ -
2,724,169	196,018	108,892	21,149
757,430	13,493	21,529	2,000
<u>\$ 3,481,599</u>	<u>\$ 209,511</u>	<u>\$ 130,421</u>	<u>\$ 23,149</u>
\$ 25,494,341	\$ 4,368	\$ 2,698,650	\$ 11,408,636
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(34,055,692)	205,361	(975,238)	8,139,399
<u>\$ (8,561,351)</u>	<u>\$ 209,729</u>	<u>\$ 1,723,412</u>	<u>\$ 19,548,035</u>

County of Rockbridge, Virginia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,955,095	\$ -	\$ 270,432	\$ -
Judicial administration	1,803,592	738,368	876,504	-
Public safety	10,807,553	39,728	2,576,957	-
Public works	3,485,100	576,959	-	-
Health and welfare	1,968,412	-	-	-
Education	16,656,304	-	-	-
Parks, recreation, and cultural	1,555,092	83,961	-	-
Community development	2,755,834	301,284	256,139	75,796
Nondepartmental	1,930,638	-	-	-
Interest on long-term debt	1,648,736	-	-	-
Total governmental activities	\$ 45,566,356	\$ 1,740,300	\$ 3,980,032	\$ 75,796
Business-type activities:				
Blue Ridge Resource Authority	\$ 4,788,902	\$ 2,586,640	\$ -	\$ -
Total business-type activities	\$ 4,788,902	\$ 2,586,640	\$ -	\$ -
Total primary government	\$ 50,355,258	\$ 4,326,940	\$ 3,980,032	\$ 75,796
COMPONENT UNITS:				
Governmental activities:				
School Board	\$ 37,173,415	\$ 2,019,595	\$ 18,928,823	\$ -
Rockbridge Area Social Services Board	9,259,934	-	9,366,910	-
Rockbridge Regional Jail Commission	4,986,776	3,007,770	2,002,612	-
Business-type activities:				
Rockbridge Public Service Authority	3,856,904	3,439,860	-	1,193,400
Total component units	\$ 55,277,029	\$ 8,467,225	\$ 30,298,345	\$ 1,193,400
General revenues:				
General property taxes				
Local sales tax				
Consumers utility tax				
Business license tax				
Meals tax				
Motor vehicle licenses				
Lodging tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Unit	Component Unit	Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	School Board	Rockbridge Area Social Services	Rockbridge Regional Jail Commission	Rockbridge Public Service Authority
\$ (2,684,663)	\$ -	\$ (2,684,663)	\$ -	\$ -	\$ -	\$ -
(188,720)	-	(188,720)	-	-	-	-
(8,190,868)	-	(8,190,868)	-	-	-	-
(2,908,141)	-	(2,908,141)	-	-	-	-
(1,968,412)	-	(1,968,412)	-	-	-	-
(16,656,304)	-	(16,656,304)	-	-	-	-
(1,471,131)	-	(1,471,131)	-	-	-	-
(2,122,615)	-	(2,122,615)	-	-	-	-
(1,930,638)	-	(1,930,638)	-	-	-	-
(1,648,736)	-	(1,648,736)	-	-	-	-
<u>\$ (39,770,228)</u>	<u>\$ -</u>	<u>\$ (39,770,228)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (2,202,262)	\$ (2,202,262)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (2,202,262)	\$ (2,202,262)	\$ -	\$ -	\$ -	\$ -
<u>\$ (39,770,228)</u>	<u>\$ (2,202,262)</u>	<u>\$ (41,972,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (16,224,997)	\$ -	\$ -	\$ -
-	-	-	-	106,976	-	-
-	-	-	-	-	23,606	-
-	-	-	-	-	-	776,356
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,224,997)</u>	<u>\$ 106,976</u>	<u>\$ 23,606</u>	<u>\$ 776,356</u>
\$ 28,273,179	\$ -	\$ 28,273,179	\$ -	\$ -	\$ -	\$ -
3,039,608	-	3,039,608	-	-	-	-
1,374,527	-	1,374,527	-	-	-	-
942,041	-	942,041	-	-	-	-
1,398,932	-	1,398,932	-	-	-	-
469,104	-	469,104	-	-	-	-
1,335,612	-	1,335,612	-	-	-	-
481,865	-	481,865	-	-	-	-
358,087	59,201	417,288	230	-	62	122,515
911,861	40,259	952,120	262,961	-	2,406	203,964
2,844,367	-	2,844,367	16,572,920	-	-	210,723
<u>\$ 41,429,183</u>	<u>\$ 99,460</u>	<u>\$ 41,528,643</u>	<u>\$ 16,836,111</u>	<u>\$ -</u>	<u>\$ 2,468</u>	<u>\$ 537,202</u>
1,658,955	(2,102,802)	(443,847)	611,114	106,976	26,074	1,313,558
37,203,018	2,126,389	39,329,407	(9,172,465)	102,753	1,697,338	18,234,477
<u>\$ 38,861,973</u>	<u>\$ 23,587</u>	<u>\$ 38,885,560</u>	<u>\$ (8,561,351)</u>	<u>\$ 209,729</u>	<u>\$ 1,723,412</u>	<u>\$ 19,548,035</u>

FUND FINANCIAL STATEMENTS

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

Exhibit 3

	General Fund	County Capital Projects Fund	Nonmajor School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 22,711,066	\$ 1,104,498	\$ 1,703	\$ 23,817,267
Receivables (net of allowance for uncollectibles):				
Taxes receivable	11,525,153	-	-	11,525,153
Accounts receivable	734,932	-	-	734,932
Advances to other entities	4,111,765	-	-	4,111,765
Due from component units	2,608,733	-	-	2,608,733
Due from other governmental units	1,000,581	-	-	1,000,581
Inventories	161,744	-	-	161,744
Total assets	<u>\$ 42,853,974</u>	<u>\$ 1,104,498</u>	<u>\$ 1,703</u>	<u>\$ 43,960,175</u>
LIABILITIES				
Accounts payable	\$ 829,540	\$ 26,734	\$ -	\$ 856,274
Due to other governments	629,554	-	-	629,554
Due to other funds	92,693	-	-	92,693
Performance deposits	17,580	-	-	17,580
Unearned revenue	819,366	-	-	819,366
Total liabilities	<u>\$ 2,388,733</u>	<u>\$ 26,734</u>	<u>\$ -</u>	<u>\$ 2,415,467</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 11,474,087	\$ -	\$ -	\$ 11,474,087
FUND BALANCES				
Nonspendable:				
Inventories	\$ 161,744	\$ -	\$ -	\$ 161,744
Advances to other entities	4,111,765	-	-	4,111,765
Total nonspendable	<u>\$ 4,273,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,273,509</u>
Restricted:				
Virginia Horse Center debt service	\$ 282,927	\$ -	\$ -	\$ 282,927
Capital projects	1,356,916	-	-	1,356,916
Rental assistance	51,553	-	-	51,553
Four for life	68,478	-	-	68,478
Fire program	53,912	-	-	53,912
Total restricted	<u>\$ 1,813,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,813,786</u>
Assigned:				
Garage	\$ 143,974	\$ -	\$ -	\$ 143,974
Industrial property	176,499	-	-	176,499
School carryover	678,921	-	-	678,921
Convenience centers	12,075	-	-	12,075
Partnership	82,097	-	-	82,097
Recreation	25,000	-	-	25,000
Revenue recovery	1,279,426	-	-	1,279,426
Economic development	445,930	-	-	445,930
Reassessment	100,000	-	-	100,000
Capital projects funds	73,891	1,077,764	1,703	1,153,358
Total assigned	<u>\$ 3,017,813</u>	<u>\$ 1,077,764</u>	<u>\$ 1,703</u>	<u>\$ 4,097,280</u>
Unassigned	\$ 19,886,046	\$ -	\$ -	\$ 19,886,046
Total unassigned	<u>\$ 19,886,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,886,046</u>
Total fund balances	<u>\$ 28,991,154</u>	<u>\$ 1,077,764</u>	<u>\$ 1,703</u>	<u>\$ 30,070,621</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 42,853,974</u>	<u>\$ 1,104,498</u>	<u>\$ 1,703</u>	<u>\$ 43,960,175</u>

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

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

Exhibit 4

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	30,070,621
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	1,790,211	
Buildings and improvements		61,915,303	
Machinery and equipment		894,148	
Construction in progress		<u>58,784</u>	
			64,658,446
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenue - property taxes	\$	<u>1,685,059</u>	
			1,685,059
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	1,147,908	
Pension related items		1,628,977	
OPEB related items		<u>131,937</u>	
			2,908,822
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds	\$	(31,060,353)	
Revenue bonds		(15,420,000)	
Capital leases		(4,724,000)	
Bond premium		(2,645,984)	
Literary loan funds		(360,000)	
Compensated absences		(431,990)	
Net pension liability		(4,011,141)	
Net OPEB liability		(686,425)	
Accrued interest payable		<u>(779,070)</u>	
			(60,118,963)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(283,846)	
OPEB related items		<u>(58,166)</u>	
			<u>(342,012)</u>
Net position of governmental activities		\$	<u><u>38,861,973</u></u>

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

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

Exhibit 5

	General Fund	County Capital Projects Fund	Nonmajor School Capital Projects Fund	Total
REVENUES				
General property taxes	\$ 27,975,985	\$ -	\$ -	\$ 27,975,985
Other local taxes	9,041,689	-	-	9,041,689
Permits, privilege fees, and regulatory licenses	273,100	-	-	273,100
Fines and forfeitures	558,259	-	-	558,259
Revenue from the use of money and property	358,087	-	-	358,087
Charges for services	908,941	-	-	908,941
Miscellaneous	911,861	-	-	911,861
Recovered costs	455,639	-	-	455,639
Intergovernmental:				
Commonwealth	5,331,069	-	-	5,331,069
Federal	1,569,126	-	-	1,569,126
Total revenues	<u>\$ 47,383,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,383,756</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,159,442	\$ -	\$ -	\$ 2,159,442
Judicial administration	1,738,139	-	-	1,738,139
Public safety	10,577,209	-	-	10,577,209
Public works	3,399,588	-	-	3,399,588
Health and welfare	1,968,785	-	-	1,968,785
Education	13,836,464	-	-	13,836,464
Parks, recreation, and cultural	1,523,038	-	-	1,523,038
Community development	2,749,528	-	-	2,749,528
Nondepartmental	1,932,141	-	-	1,932,141
Capital projects	-	716,974	-	716,974
Debt service:				
Principal retirement	3,108,090	-	-	3,108,090
Interest and other fiscal charges	1,834,208	-	-	1,834,208
Total expenditures	<u>\$ 44,826,632</u>	<u>\$ 716,974</u>	<u>\$ -</u>	<u>\$ 45,543,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,557,124</u>	<u>\$ (716,974)</u>	<u>\$ -</u>	<u>\$ 1,840,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 361,191	\$ -	\$ 361,191
Transfers out	(361,191)	-	-	(361,191)
Total other financing sources (uses)	<u>\$ (361,191)</u>	<u>\$ 361,191</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 2,195,933	\$ (355,783)	\$ -	\$ 1,840,150
Fund balances - beginning	26,795,221	1,433,547	1,703	28,230,471
Fund balances - ending	<u>\$ 28,991,154</u>	<u>\$ 1,077,764</u>	<u>\$ 1,703</u>	<u>\$ 30,070,621</u>

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

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

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 1,840,150
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 699,612	
Depreciation expense	(1,674,408)	
Allocation of debt financed school assets based on current year repayments	<u>(2,568,236)</u>	(3,543,032)

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

Property taxes	\$ <u>297,194</u>	297,194
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments	\$ 3,108,090	
Amortization of deferred charge on refunding	(69,189)	
Amortization of premium on general obligation bonds	202,871	
Accrued interest	<u>51,790</u>	3,293,562

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

Change in compensated absences	\$ (19,246)	
Pension expense	(223,154)	
OPEB expense	<u>13,481</u>	<u>(228,919)</u>

Change in net position of governmental activities	\$ <u><u>1,658,955</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Rockbridge, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit 7

	Enterprise Fund
	Landfill Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,830,613
Accounts receivable	187,133
Due from other funds	92,693
Total current assets	<u>\$ 2,110,439</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 3,156,652
Total restricted assets	<u>\$ 3,156,652</u>
Capital assets, net of accumulated depreciation:	
Land	\$ 531,037
Buildings and improvements	6,518,129
Machinery and equipment	940,154
Total capital assets	<u>\$ 7,989,320</u>
Total noncurrent assets	<u>\$ 11,145,972</u>
Total assets	<u>\$ 13,256,411</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 105,467
OPEB related items	6,888
Total deferred outflows of resources	<u>\$ 112,355</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,017,283
Capital advances from Rockbridge County	350,000
Accrued interest payable	53,784
Bonds payable - current portion	685,858
Capital lease payable - current portion	112,790
Compensated absences-current portion	16,439
Total current liabilities	<u>\$ 2,236,154</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 32,929
Net OPEB liability	34,318
Net pension liability	243,321
Closure and post-closure liability	6,132,111
Bonds payable - net of current portion	4,560,417
Capital lease payable - net of current portion	86,359
Total noncurrent liabilities	<u>\$ 11,089,455</u>
Total liabilities	<u>\$ 13,325,609</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 16,958
OPEB related items	2,612
Total deferred intflows of resources	<u>\$ 19,570</u>
NET POSITION	
Net investment in capital assets	\$ 3,382,024
Restricted for debt service	838,128
Unrestricted	(4,196,565)
Total net position	<u>\$ 23,587</u>

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

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

Exhibit 8

	Enterprise Fund Landfill Fund
OPERATING REVENUES	
Charges for services:	
Landfill Rockbridge County	\$ 931,525
Landfill City of Lexington	189,189
Landfill City of Buena Vista	267,710
Commercial and noncommercial customers	1,198,216
Miscellaneous	40,259
Total operating revenues	\$ 2,626,899
OPERATING EXPENSES	
Personal services	\$ 456,343
Fringe benefits	181,713
Contractual services	820,312
Other charges	228,539
Depreciation	504,128
Total operating expenses	\$ 2,191,035
Operating income (loss)	\$ 435,864
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenue	
Investment income	\$ 59,201
Interest expense	(134,925)
Landfill closure costs and post-closure liability	(2,462,942)
Total nonoperating revenues (expenses)	\$ (2,538,666)
Change in net position	\$ (2,102,802)
Total net position - beginning	2,126,389
Total net position - ending	\$ 23,587

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

County of Rockbridge, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 9

	Enterprise Fund Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 2,650,248
Payments to suppliers	(1,290,421)
Payments to employees	(605,997)
Net cash provided by (used for) operating activities	<u>\$ 753,830</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (18,000)
Principal paid on capital debt	(752,746)
Interest expense	(237,533)
Landfill closure costs	<u>(1,163,455)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (2,171,734)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>\$ 59,201</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,358,703)
Cash and cash equivalents - beginning - including restricted	<u>6,345,968</u>
Cash and cash equivalents - ending - including restricted	<u><u>\$ 4,987,265</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 435,864
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	504,128
(Increase) decrease in accounts receivable	116,042
(Increase) decrease in due from other funds	(92,693)
(Increase) decrease in deferred outflows of resources	(60,385)
Increase (decrease) in accounts payable	(241,570)
Increase (decrease) in compensated absences	19,644
Increase (decrease) in net OPEB liability	5,988
Increase (decrease) in net pension liability	78,013
Increase (decrease) in deferred inflows of resources	(11,201)
Net cash provided by (used for) operating activities	<u><u>\$ 753,830</u></u>
Schedule of non-cash capital and related financing activities:	
Landfill closure and post-closure costs	\$ 450,699
Total non-cash capital and related financing activities	<u><u>\$ 450,699</u></u>

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

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

Exhibit 10

	Primary Government Agency Funds
ASSETS	
Cash and cash equivalents	\$ 172,936
Accounts receivable	11,966
Total assets	<u>\$ 184,902</u>
LIABILITIES	
Accounts payable	\$ 89,371
Amounts held for payroll deductions	(77,655)
Amounts held for veterans memorial	9,347
Amounts held for drug enforcement	125,102
Amounts held for employee benefits	2,164
Amounts held for commonwealth attorney forfeitures	<u>36,573</u>
Total liabilities	<u>\$ 184,902</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

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

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

Discretely Presented Component Units:

Rockbridge County School Board:

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

Rockbridge County Regional Jail Commission:

The Rockbridge County Regional Jail Commission is a regional board organized to manage and confine prisoners from the localities of Lexington City, Buena Vista City and Rockbridge County. The Rockbridge County Board of Supervisors appoints two (2) members to the Commission, while the City of Lexington and the City of Buena Vista each appoint one member, respectively. The County of Rockbridge serves as the fiscal agent for the Jail Commission. The Jail Commission is included in these financial statements because of the County's ability to designate the management and exercise significant control over the operations of the entity. The financial statements of the Commission are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2020. Complete financial statements of the Rockbridge County Regional Jail Commission are available at the Rockbridge County Jail, 258 Greenhouse Road, Lexington, Virginia 24450.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

A. Financial Reporting Entity (continued)

Discretely Presented Component Units: (continued)

Rockbridge County Public Service Authority:

The Rockbridge County Public Service Authority is organized to provide water and sewer services to customers located in the County. The Authority is a legally separate entity from the County. The County is financially accountable for the Authority in that the County appoints the Authority's five member Board of Directors and has a financial indebtedness burden related to the Authority. The financial statements of the Authority are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2020. Complete financial statements of the Rockbridge County Public Service Authority are available at the Authority's office: 150 South Main Street, Lexington, Virginia 24450.

Rockbridge Area Social Services Board:

The Rockbridge Area Social Services Board is a regional board organized to provide social services to Rockbridge County, and the Cities of Lexington and Buena Vista. All three participating entities appoint members of the Board. The Rockbridge County Treasurer serves as the fiscal agent for the Rockbridge Area Department of Social Services. The services provided to Rockbridge County and its residents amount to approximately 64% of the Rockbridge Area Social Services Board's annual operations. The Board is a legally separate organization, however the Board is included in the reporting entity because of the nature and significance of its relationship with the County of Rockbridge, Virginia. The financial statements of the Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2020. Complete financial statements of the Rockbridge Area Social Services Board are available at the Rockbridge Area Social Services office: 20 East Preston Street, Lexington, Virginia 24450.

B. Other Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

Rockbridge County Economic Development Authority:

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

Rockbridge Area Community Services Board:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

B. Other Organizations (continued)

Maury Service Authority:

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

Rockbridge Regional Public Safety Communications Center:

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

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

C. Government-wide and fund financial statements

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

The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expenses – the cost of “using up” capital assets – in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

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

C. Government-wide and fund financial statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

The government reports the following major governmental funds:

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

Special revenue funds account for and report the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The County does not have any special revenue funds to report for fiscal year 2020.

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Fiduciary (Trust and Agency) funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Payroll Deduction, Drug, Veterans Memorial, Employee Benefit, Commonwealth Attorney Forfeitures, and Rockbridge Area Net Authority Funds.

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

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

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

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

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

1. *Cash and cash equivalents*

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

2. *Receivables and payables*

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

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

3. *Inventories and prepaid items*

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

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

4. *Property taxes*

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property taxes are due and collectible annually on October 5th. The County bills and collects its own property taxes. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$355,489 at June 30, 2020 and is comprised solely of property taxes.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

5. *Restricted assets*

The governmental funds maintain restricted cash for debt service, garage, fire funds, industrial property, and the discretely presented component unit-school board. The Landfill fund maintains restricted assets invested in the Local Government Investment Pool. \$2,318,524 is restricted for the payment of future closure and post-closure costs associated with the County's landfill. Additionally, the Landfill fund has restricted unspent bond proceeds of \$838,128. The Discretely Presented Component Unit Rockbridge Public Service Authority maintains restricted assets that are limited by applicable bond covenants.

6. *Capital assets*

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

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

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

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

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

7. *Compensated absences*

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

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

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

8. Long-term obligations

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

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

9. Fund equity

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

9. Fund equity (continued)

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

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

10. Net position

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

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

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

11. Reclassifications

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

F. Investments

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

G. Use of Estimates

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

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Primary Government has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County and School Board Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary information

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

A. Budgetary information (continued)

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

B. Excess of expenditures over appropriations:

For the year ended June 30, 2020, the following funds had expenditures exceeding appropriations:

Fund	Excess of Expenditures over Appropriations
Component Unit School Cafeteria	\$ 164,895
Total	\$ 164,895

C. Deficit fund equity

At June 30, 2020, there were no funds that showed deficit equity.

NOTE 3—JOINT VENTURES:

As described in Note 1-B, the following boards are construed as operating as joint ventures between the Cities of Lexington and Buena Vista, and the County of Rockbridge. Summary financial information for the Boards at June 30, 2020 is provided below:

	Maury Service Authority (1)	Rockbridge Area Community Services Board	Rockbridge Regional Public Safety Communications Center
Total assets and deferred outflows of resources	\$ 37,777,967	\$ 7,986,767	\$ 6,551,372
Total liabilities and deferred inflows of resources	11,634,329	4,818,184	6,369,107
Total net position	\$ 26,143,638	\$ 3,168,583	\$ 182,265
For the year ended June 30, 2020			
Operating revenue	\$ 3,963,802	\$ 4,398,477	\$ 248,168
Operating expenses	(4,103,284)	(8,084,867)	(1,482,583)
Nonoperating income (expense)	215,013	4,135,253	1,354,363
Change in net position	\$ 75,531	\$ 448,863	\$ 119,948
Net position at beginning of year	26,068,107	2,719,720	62,317
Net position at end of year	\$ 26,143,638	\$ 3,168,583	\$ 182,265

(1) Maury Service Authority June 30, 2020 summary financial data was not available at the time of report issuance. June 30, 2019 data is presented above.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

Due from other governments consists of payments due from federal, state, and local governmental units at June 30, 2020 as follows:

	Governmental Activities	Component Unit School Board	Component Unit Jail Commission	Component Unit Rockbridge Area Social Services Board
Commonwealth of Virginia:				
State sales taxes	\$ -	\$ 423,850	\$ -	\$ -
Local sales taxes	532,042	-	-	-
Public assistance grants	-	-	-	65,174
Comprehensive services act	-	-	-	1,146,146
Communications tax	126,833	-	-	-
Shared expenses	197,532	-	129,148	-
Other	124,129	240,420	69,644	-
Federal Government:				
DHCD	14,903	-	-	-
Other	5,142	127,376	-	113,177
Other Governmental Units:				
City of Lexington	-	-	19,369	-
City of Buena Vista	-	-	75,093	-
County of Rockbridge	-	-	137,616	-
Totals	\$ 1,000,581	\$ 791,646	\$ 430,870	\$ 1,324,497

NOTE 5—INTERFUND OBLIGATIONS:

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

Fund	Due From Component Unit/Primary Government	Due To Component Unit/Primary Government
General	\$ 2,608,733	\$ -
Component Unit Rockbridge		
Regional Jail Commission	-	26,849
Component Unit Rockbridge		
Area Social Services	-	1,052,994
Component Unit School Board	-	1,528,890
Total	\$ 2,608,733	\$ 2,608,733

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 6—LONG-TERM OBLIGATIONS:

Primary Government – Governmental Activities Indebtedness:

Changes in Long-Term Obligations:

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

	Balance July 1, 2019	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Governmental Activities:				
Direct borrowings and direct placements				
General obligation bonds	\$ 33,142,799	\$ -	\$ 2,082,446	\$ 31,060,353
Revenue bonds	16,005,000	-	585,000	15,420,000
Bond premium	2,848,855	-	202,871	2,645,984
Literary loan funds	540,000	-	180,000	360,000
Total direct borrowings and direct placements	<u>\$ 52,536,654</u>	<u>\$ -</u>	<u>\$ 3,050,317</u>	<u>\$ 49,486,337</u>
Other long-term obligations				
Capital leases	4,984,644	-	260,644	4,724,000
Compensated absences	412,744	328,804	309,558	431,990
Net pension liabilities	2,719,530	3,816,623	2,525,012	4,011,141
Net OPEB liability	610,080	185,707	109,362	686,425
Total other long-term obligations	<u>\$ 8,726,998</u>	<u>\$ 4,331,134</u>	<u>\$ 3,204,576</u>	<u>\$ 9,853,556</u>
Total Governmental Activities	<u>\$ 61,263,652</u>	<u>\$ 4,331,134</u>	<u>\$ 6,254,893</u>	<u>\$ 59,339,893</u>
Business-type Activities:				
Direct borrowings and direct placements				
Revenue bonds	\$ 5,230,000	\$ -	\$ 560,000	\$ 4,670,000
Bond premium	672,133	-	95,858	576,275
Total direct borrowings and direct placements	<u>\$ 5,902,133</u>	<u>\$ -</u>	<u>\$ 655,858</u>	<u>\$ 5,246,275</u>
Other long-term obligations				
Capital leases	\$ 391,895	\$ -	\$ 192,746	\$ 199,149
Compensated absences	29,724	41,937	22,293	49,368
Net OPEB liabilities	28,330	11,116	5,128	34,318
Net pension liability	165,308	231,521	153,508	243,321
Landfill closure and post-closure care	5,681,412	2,462,942	2,012,243	6,132,111
Total other long-term obligations	<u>\$ 6,296,669</u>	<u>\$ 2,747,516</u>	<u>\$ 2,385,918</u>	<u>\$ 6,658,267</u>
Total Business-type Activities	<u>\$ 12,198,802</u>	<u>\$ 2,747,516</u>	<u>\$ 3,041,776</u>	<u>\$ 11,904,542</u>
Total Long-Term Obligations	<u>\$ 73,462,454</u>	<u>\$ 7,078,650</u>	<u>\$ 9,296,669</u>	<u>\$ 71,244,435</u>

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)

June 30, 2020

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

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

Year Ending June 30,	Direct Borrowings and Direct Placements							
	Revenue Bonds		General Obligation Bonds		Literary Loans		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 650,000	\$ 657,024	\$ 2,154,438	\$ 1,286,916	\$ 180,000	\$ 13,635	\$ 294,000	\$ 111,770
2022	675,000	629,695	2,227,270	1,195,869	180,000	4,545	309,000	104,814
2023	705,000	601,008	2,195,254	1,106,851	-	-	325,000	97,503
2024	735,000	565,683	2,183,391	1,025,326	-	-	316,000	89,813
2025	775,000	530,233	1,950,000	957,604	-	-	324,000	82,337
2026	805,000	494,946	2,005,000	899,189	-	-	340,000	74,671
2027	840,000	458,236	1,780,000	844,779	-	-	357,000	66,627
2028	880,000	419,599	1,835,000	787,088	-	-	375,000	58,180
2029	925,000	379,421	1,895,000	723,456	-	-	382,000	49,307
2030	960,000	337,817	1,160,000	681,125	-	-	396,000	40,269
2031	1,010,000	293,811	1,185,000	498,036	-	-	415,000	30,900
2032	1,055,000	247,152	815,000	314,185	-	-	435,000	21,081
2033	1,095,000	199,370	840,000	288,946	-	-	456,000	10,789
2034	1,145,000	151,894	865,000	262,945	-	-	-	-
2035	1,190,000	103,741	890,000	236,181	-	-	-	-
2036	1,240,000	53,574	920,000	208,579	-	-	-	-
2037	360,000	21,119	950,000	180,061	-	-	-	-
2038	375,000	7,134	980,000	150,629	-	-	-	-
2039	-	-	1,010,000	119,650	-	-	-	-
2040	-	-	1,040,000	87,106	-	-	-	-
2041	-	-	1,075,000	53,531	-	-	-	-
2042	-	-	1,105,000	18,233	-	-	-	-
Total	\$ 15,420,000	\$ 6,151,457	\$ 31,060,353	\$ 11,926,285	\$ 360,000	\$ 18,180	\$ 4,724,000	\$ 838,061

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$11,760,000, issued June 5, 2013 at a premium of \$1,771,014, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 4.261%-4.823% through April 1, 2036	\$ 10,570,000	\$ 475,000
\$4,985,000, issued May 25, 2016 at a premium of \$835,950, payable in semi-annual installments of principal and interest on October 1, and April 1, variable interest at 3.796%-5.125%, through April 1, 2038	<u>4,850,000</u>	<u>175,000</u>
Total revenue bonds	<u>\$ 15,420,000</u>	<u>\$ 650,000</u>
General obligation bonds:		
\$1,500,000 issue dated May 17, 2001, payable in various annual principal installments, interest payable semi-annually at 4.79% on January 15, and July 15, through January 2022	\$ 225,000	\$ 110,000
\$1,000,000 issue dated October 1, 2002 due in various annual principal installments, interest payable semi-annually at rates varying from 2.6% to 4.95% through January 15, 2023	210,000	65,000
\$10,625,000 issued October 6, 2003 at a premium of \$378,615, due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through July 15, 2028	5,660,000	510,000
\$5,514,484 issued October 6, 2003 at a premium of \$360,006 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.35% through January 15, 2024	1,175,353	289,438
\$3,590,000 issued May 12, 2005 at a premium of \$213,677 due in various annual principal installments, interest payable semi-annually at interest rates varying from 3.1% to 5.1% through July 15, 2025	1,470,000	215,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General obligation bonds: (continued)		
\$7,500,000 School tax credit bonds issued December 15, 2011 due in various annual principal installments, interest payable semi-annually at an interest rate of 4.25% through June 30, 2031	4,345,000	395,000
\$20,460,000 VPSA bonds issued November 15, 2012 at a premium of \$540,453, due in various annual principal installments, interest payable semi-annually at variable interest rates through November 15, 2042	<u>17,975,000</u>	<u>570,000</u>
Total general obligation bonds	\$ <u>31,060,353</u>	\$ <u>2,154,438</u>
Literary loans:		
\$1,435,000 issue dated May 9, 2013, payable in various annual principal and interest installments, interest rates varying from 3.05%-4% through January 15, 2021	\$ <u>360,000</u>	\$ <u>180,000</u>
Total literary loans	\$ <u>360,000</u>	\$ <u>180,000</u>
Total direct borrowings and direct placements	\$ <u>46,840,353</u>	\$ <u>2,984,438</u>
Other long-term obligations:		
Capital leases:		
\$5,236,000 in lease revenue bonds issued September 29, 2017 payable in annual installments ranging from \$329,601 to \$466,789, with interest at 2.366%, through June 30, 2033	\$ <u>4,724,000</u>	\$ <u>294,000</u>
Total capital lease obligations	\$ <u>4,724,000</u>	\$ <u>294,000</u>
Unamortized bond premium	\$ <u>2,645,984</u>	\$ <u>202,871</u>
Net pension liability (payable from the General Fund)	\$ <u>4,011,141</u>	\$ <u>-</u>
Net OPEB liabilities (payable from the General Fund)	\$ <u>686,425</u>	\$ <u>-</u>
Compensated absences (payable from the General Fund)	\$ <u>431,990</u>	\$ <u>107,998</u>
Total other long-term obligations	\$ <u>12,499,540</u>	\$ <u>604,869</u>
Total long-term obligations	\$ <u><u>59,339,893</u></u>	\$ <u><u>3,589,307</u></u>

The County had no outstanding in-substance defeased debt as of June 30, 2020.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

Year Ending June 30,	Landfill Fund			
	Direct Borrowings and Direct Placements			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2021	\$ 590,000	\$ 200,019	\$ 112,790	\$ 3,979
2022	625,000	168,959	54,275	1,870
2023	655,000	136,259	32,084	931
2024	120,000	116,425	-	-
2025	130,000	110,019	-	-
2026	135,000	103,378	-	-
2027	140,000	96,731	-	-
2028	150,000	90,000	-	-
2029	155,000	83,359	-	-
2030	160,000	76,338	-	-
2031	170,000	68,756	-	-
2032	180,000	60,537	-	-
2033	185,000	52,484	-	-
2034	140,000	45,957	-	-
2035	145,000	40,503	-	-
2036	150,000	34,868	-	-
2037	155,000	29,053	-	-
2038	160,000	23,056	-	-
2039	170,000	16,775	-	-
2040	175,000	10,209	-	-
2041	180,000	3,439	-	-
Total	\$ 4,670,000	\$ 1,567,124	\$ 199,149	\$ 6,780

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
VRA 2012A Revenue Bond totaling \$655,000. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.625% to 5.125% beginning October 1, 2012 through April 1, 2033.	\$ 495,000	\$ 30,000
VRA 2016A Revenue Bond totaling \$5,710,000, issued at a premium of \$856,329. The obligation is due in varying annual principal installments, and semi-annual interest payments with interest from 3.792% to 5.125% beginning October 1, 2017 through April 1, 2041.	4,175,000	560,000
Total direct borrowings and direct placements	\$ <u>4,670,000</u>	\$ <u>590,000</u>
Other long-term obligations:		
Capital leases:		
\$681,832 issued December 15, 2015 for a vehicle and an excavator, due in monthly payments of \$12,125 through November 25, 2020, interest at 2.67%.	\$ 60,222	\$ 60,222
\$259,100 issued December 15, 2017 for the purchase of a bulldozer, due in monthly payments of \$4,679 through November 20, 2022, interest at 3.2%.	138,927	52,568
Total capital leases	\$ <u>199,149</u>	\$ <u>112,790</u>
Unamortized bond premium	\$ 576,275	\$ 95,858
Landfill closure and post-closure liability	\$ 6,132,111	\$ -
Net pension liability	\$ 243,321	\$ -
Net OPEB liabilities	\$ 34,318	\$ -
Compensated absences	\$ 49,368	\$ 16,439
Total other long-term obligations	\$ <u>7,234,542</u>	\$ <u>225,087</u>
Total long-term obligations	\$ <u><u>11,904,542</u></u>	\$ <u><u>815,087</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	Balance June 30, 2019	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and direct placements:				
Revenue bonds	\$ 9,634,006	\$ 441,615	\$ 937,992	\$ 9,137,629
Total direct borrowings and direct placements	\$ 9,634,006	\$ 441,615	\$ 937,992	\$ 9,137,629
Other long-term obligations:				
Advances	\$ 3,279,263	\$ 228,717	\$ -	\$ 3,507,980
Net OPEB liabilities	45,000	12,614	5,952	51,662
Compensated absences	48,646	41,563	36,485	53,724
Total other long-term obligations	\$ 3,372,909	\$ 282,894	\$ 42,437	\$ 3,613,366
Totals	\$ 13,006,915	\$ 724,509	\$ 980,429	\$ 12,750,995

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

Year Ending June 30,	Direct Borrowings and Direct Placements Revenue Bonds	
	Principal	Interest
2021	\$ 946,075	\$ 129,850
2022	957,216	120,853
2023	893,388	111,411
2024	898,576	105,349
2025	904,794	99,130
2026	912,040	92,719
2027	573,255	86,083
2028	234,497	79,255
2029	241,827	72,233
2030	249,186	64,985
2031-2035	934,391	215,030
2036-2040	381,164	136,876
2041-2045	424,425	93,255
2046-2050	388,385	46,182
2051-2055	113,577	19,863
2056-2059	84,833	4,063
Total	\$ 9,137,629	\$ 1,477,137

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and direct placements:		
Revenue bonds:		
\$940,000 Infrastructure Revenue Bonds (Series 2002A) issued through the Virginia Resources Authority, dated June 6, 2002, payable annually through April 1, 2022, interest payable semi-annually at rates ranging from 3.1% to 5.35%.	\$ 135,000	\$ 65,000
\$14,700,000 Sewer System Revenue Bonds, Series 2005 issued through the Virginia Revolving Loan Fund payable through December 31, 2027 in equal installments with no interest. Amount advanced and outstanding at year-end.	4,485,759	690,117
\$2,081,000 Water System Revenue Bonds (Series 2012) issued through the United States Department of Agriculture, dated June 28, 2012, payable annually through June 28, 2052, stated interest rate of 2.0%.	1,688,050	43,563
\$2,461,000 Bank Qualified Sewer System Revenue Bonds, Series 2018 payable through April 1, 2033, with interest at .290% payable in semi-annual installments.	2,198,000	138,000
\$637,000 Water System Revenue Bonds, Series 2018 issued October 30, 2018 issued through the United States Department of Agriculture, payable annually through October 30, 2028, stated interest rate of 2.75%.	630,820	9,395
Total direct borrowings and direct placements	\$ <u>9,137,629</u>	\$ <u>946,075</u>
Other long-term obligations:		
Advances (payable from the Water Fund):		
Loan from Rockbridge County, dated September 1, 2010. No agreed upon repayment terms.	\$ 3,507,980	\$ -
Compensated absences	53,724	53,724
Net OPEB liabilities	51,662	-
Total other long-term obligations	\$ <u>3,613,366</u>	\$ <u>53,724</u>
Total long-term obligations	\$ <u><u>12,750,995</u></u>	\$ <u><u>999,799</u></u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	Balance June 30, 2019	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Net OPEB liability (payable from Rockbridge County Regional Jail Commission)	\$ 221,590	\$ 55,729	\$ 43,625	\$ 233,694
Net pension liability (payable from Rockbridge County Regional Jail Commission)	754,542	1,175,443	738,470	1,191,515
Compensated Absences (payable from Rockbridge County Regional Jail Commission)	249,192	69,590	62,298	256,484
Total Long-Term Obligations	<u>\$ 1,225,324</u>	<u>\$ 1,300,762</u>	<u>\$ 844,393</u>	<u>\$ 1,681,693</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability	\$ 1,191,515	\$ -
Net OPEB liability	\$ 233,694	\$ -
Compensated absences	\$ 256,484	\$ 64,121
Total obligations	<u>\$ 1,681,693</u>	<u>\$ 64,121</u>

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

	Balance July 1, 2019	Additions/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Net OPEB liability (payable from Rockbridge Regional Social Services Board)	\$ 78,000	\$ 45,610	\$ 24,966	\$ 98,644
Compensated Absences (payable from Rockbridge Area Social Services Board)	83,673	69,563	62,755	90,481
Total Long-Term Obligations	<u>\$ 161,673</u>	<u>\$ 115,173</u>	<u>\$ 87,721</u>	<u>\$ 189,125</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	Total Amount	Amount Due Within One Year
Net OPEB liability	\$ 98,644	\$ -
Compensated absences	90,481	22,620
Total obligations	<u>\$ 189,125</u>	<u>\$ 22,620</u>

Component Unit-School Board:

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

	Balance July 1, 2019	Additions/ Issuances	Deductions/ Retirements	Balance June 30, 2020
Net pension liability	\$ 24,112,808	\$ 9,776,660	\$ 6,423,362	\$ 27,466,106
Net OPEB liabilities	9,110,000	1,485,980	649,973	9,946,007
Compensated absences	293,915	236,230	176,349	353,796
Total	<u>\$ 33,516,723</u>	<u>\$ 11,498,870</u>	<u>\$ 7,249,684</u>	<u>\$ 37,765,909</u>

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Net pension liability (payable from the School Fund)	\$ 27,466,106	\$ -
Net OPEB liabilities	9,946,007	-
Compensated absences (payable from the School Fund)	353,796	88,449
Total long-term obligations	<u>\$ 37,765,909</u>	<u>\$ 88,449</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	105	103
Inactive members:		
Vested inactive members	23	18
Non-vested inactive members	34	28
Inactive members active elsewhere in VRS	46	19
Total inactive members	103	65
Active members	150	68
Total covered employees	358	236

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Contributions

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

The Primary Government's contractually required employer contribution rate for the year ended June 30, 2020 was 12.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$759,952 and \$703,568 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit Rockbridge Regional Jail Commission's contractually required employer contribution rate for the year ended June 30, 2020 was 12.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit Rockbridge Regional Jail Commission were \$205,930 and \$197,043 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 6.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$78,259 and \$79,542 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Primary Government's, Component Unit Rockbridge Regional Jail Commission's and Component Unit School Board's (nonprofessional) net pension liabilities (asset) were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities (asset) were 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Primary Government's, Component Unit Rockbridge Regional Jail Commission's, and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study, and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of 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 - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

* 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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 28,348,017	\$ 25,463,179	\$ 2,884,838
Changes for the year:			
Service cost	\$ 771,889	\$ -	\$ 771,889
Interest	1,904,325	-	1,904,325
Differences between expected and actual experience	509,632	-	509,632
Changes of assumptions	844,739	-	844,739
Impact of change in proportion	(409,875)	(368,164)	(41,711)
Contributions - employer	-	703,406	(703,406)
Contributions - employee	-	275,440	(275,440)
Net investment income	-	1,657,963	(1,657,963)
Benefit payments, including refunds	(1,467,013)	(1,467,013)	-
Administrative expenses	-	(16,511)	16,511
Other changes	-	(1,048)	1,048
Net changes	\$ 2,153,697	\$ 784,073	\$ 1,369,624
Balances at June 30, 2019	\$ 30,501,714	\$ 26,247,252	\$ 4,254,462

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

	Component Unit Rockbridge Regional Jail Commission		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 7,414,545	\$ 6,660,003	\$ 754,542
Changes for the year:			
Service cost	\$ 216,177	\$ -	\$ 216,177
Interest	533,329	-	533,329
Differences between expected and actual experience	142,729	-	142,729
Changes of assumptions	236,580	-	236,580
Impact of change in proportion	409,875	368,164	41,711
Contributions - employer	-	196,997	(196,997)
Contributions - employee	-	77,140	(77,140)
Net investment income	-	464,333	(464,333)
Benefit payments, including refunds	(410,855)	(410,855)	-
Administrative expenses	-	(4,624)	4,624
Other changes	-	(293)	293
Net changes	\$ 1,127,835	\$ 690,862	\$ 436,973
Balances at June 30, 2019	\$ 8,542,380	\$ 7,350,865	\$ 1,191,515

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset) (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 7,625,422	\$ 7,607,614	\$ 17,808
Changes for the year:			
Service cost	\$ 135,316	\$ -	\$ 135,316
Interest	513,796	-	513,796
Differences between expected and actual experience	(238,076)	-	(238,076)
Assumption changes	178,774	-	178,774
Contributions - employer	-	79,673	(79,673)
Contributions - employee	-	61,641	(61,641)
Net investment income	-	490,205	(490,205)
Benefit payments, including refunds	(570,968)	(570,968)	-
Administrative expenses	-	(5,178)	5,178
Other changes	-	(306)	306
Net changes	\$ 18,842	\$ 55,067	\$ (36,225)
Balances at June 30, 2019	\$ 7,644,264	\$ 7,662,681	\$ (18,417)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability	\$ 8,038,681	\$ 4,254,462	\$ 1,225,360
Component Unit Rockbridge Regional Jail Commission Net Pension Liability	\$ 2,251,332	\$ 1,191,515	\$ 343,177
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 765,586	\$ (18,417)	\$ (650,107)

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2020, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) recognized pension expense of \$993,527, \$252,802 and \$80,893, respectively. At June 30, 2020, the Primary Government, Component Unit Rockbridge Regional Jail Commission and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Regional Jail Commission		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 359,740	\$ 60,936	\$ 100,750	\$ 18,308	\$ -	\$ 92,017
Change in assumptions	596,287	18,550	166,997	5,653	69,097	-
Net difference between projected and actual earnings on pension plan investments	-	221,318	-	66,466	-	64,573
Impact of change in proportional allocation	18,465	-	-	18,465	-	-
Employer contributions subsequent to the measurement date	759,952	-	205,930	-	78,259	-
Total	\$ 1,734,444	\$ 300,804	\$ 473,677	\$ 108,892	\$ 147,356	\$ 156,590

\$759,952 \$205,930 and \$78,259 reported as deferred outflows of resources related to pensions resulting from the Primary Government's, Component Unit Regional Jail Commission's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board (nonprofessional)
2021	\$ 328,216	\$ 72,384	\$ (20,144)
2022	185,655	27,966	(71,649)
2023	143,620	53,969	(1,118)
2024	16,197	4,536	5,418

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (Professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,722,770 and \$2,673,769 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$27,466,106 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .20870% as compared to .20489% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,803,460. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,758,770
Change in assumptions	2,719,788	-
Net difference between projected and actual earnings on pension plan investments	-	603,091
Changes in proportion and differences between employer contributions and proportionate share of contributions	432,042	205,718
Employer contributions subsequent to the measurement date	<u>2,722,770</u>	<u>-</u>
Total	<u>\$ 5,874,600</u>	<u>\$ 2,567,579</u>

\$2,722,770 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ (31,980)
2022	(508,354)
2023	317,378
2024	548,455
2025	258,752

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 7—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 41,348,422	\$ 27,466,106	\$ 15,988,002

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 1,734,444	\$ 300,804	\$ 4,254,462	\$ 993,523
Component Unit School Board				
School Board Nonprofessional	147,356	156,590	(18,417)	80,893
School Board Professional	5,874,600	2,567,579	27,466,106	2,803,460
Total Component Unit School Board	\$ 6,021,956	\$ 2,724,169	\$ 27,447,689	\$ 2,884,353
Total VRS Pension Plans	\$ 7,756,400	\$ 3,024,973	\$ 31,702,151	\$ 3,877,876

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Primary Government contributions to the Group Life Insurance Plan were \$31,887 and \$29,432 for the years ended June 30, 2020 and June 30, 2019, respectively. Component Unit Rockbridge Regional Jail Commission contributions to the Group Life Insurance Plan were \$8,930 and \$8,244 for the years ended June 30, 2020 and June 30, 2019, respectively. School Board contributions to the Group Life Insurance Plan for nonprofessional employees were \$6,730 and \$6,742, for the years ended June 30, 2020 and June 30, 2019, respectively. School Board contributions to the Group Life Insurance Plan for professional employees were \$92,378 and \$90,624, for the years ended June 30, 2020 and June 30, 2019 respectively.

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

At June 30, 2020, the Primary Government reported a liability of \$476,743 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI 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 participating employer's proportion was .02930% as compared to 0.02734% at June 30, 2018.

At June 30, 2020, the Component Unit Rockbridge Regional Jail Commission reported a liability of \$124,694 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2019, the participating employer's proportion was .00766% as compared to 0.00833% at June 30, 2018.

At June 30, 2020, the School Board reported liability of \$107,725 for nonprofessional employees and \$1,446,640 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2019 the participating employer's proportion for nonprofessional employees was 0.00662% as compared to 0.00693% at June 30, 2018. At June 30, 2018, the participating employer's proportion for School Board professional employees was 0.08890% as compared to 0.08712% at June 30, 2018.

For the year ended June 30, 2020, the Primary Government recognized GLI OPEB expense of \$15,287, while the Component Unit Rockbridge Regional Jail recognized GLI OPEB expense of \$3,998. The School Board recognized GLI OPEB expense of (\$1,381), and \$36,044 for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

	Primary Government		Component Unit Rockbridge Regional Jail Commission	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,706	\$ 6,184	\$ 8,293	\$ 1,617
Net difference between projected and actual earnings on GLI OPEB plan investments	-	9,793	-	2,561
Change in assumptions	30,099	14,376	7,872	3,760
Changes in proportion	19,879	-	5,200	-
Employer contributions subsequent to the measurement date	31,887	-	8,930	-
Total	<u>\$ 113,571</u>	<u>\$ 30,353</u>	<u>\$ 30,295</u>	<u>\$ 7,938</u>

\$31,887 and \$8,930 for the Primary Government and Component Unit Rockbridge Regional Jail Commission, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government		Component Unit Rockbridge Regional Jail Commission	
Year Ended June 30,		Year Ended June 30,	
2021	\$ 5,957	2021	\$ 1,558
2022	5,957	2022	1,558
2023	10,104	2023	2,643
2024	13,204	2024	3,454
2025	12,535	2025	3,279
Thereafter	3,574	Thereafter	935

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,164	\$ 1,397	\$ 96,210	\$ 18,764
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,213	-	29,715
Change in assumptions	6,801	3,248	91,332	43,623
Changes in proportion	-	16,037	23,747	7,094
Employer contributions subsequent to the measurement date	6,730	-	92,378	-
Total	\$ 20,695	\$ 22,895	\$ 303,667	\$ 99,196

\$6,730 and \$92,378 for the School Board nonprofessional and professional employees, respectively were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit School Board			
Nonprofessional Employees		Professional Employees	
Year Ended June 30,		Year Ended June 30,	
2021	\$ (3,489)	2021	\$ 7,732
2022	(3,489)	2022	7,733
2023	(2,552)	2023	20,318
2024	(706)	2024	32,544
2025	946	2025	34,011
Thereafter	360	Thereafter	9,755

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

NET GLI OPEB Liability

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

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

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

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COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of 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 - Multi-Asset Public Strate	6.00%	3.52%	0.21%
PIP - Private Investment Partners	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

*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 GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Primary Government's proportionate share of the GLI Plan Net OPEB Liability	\$ 626,308	\$ 476,743	\$ 355,450
Regional Jail's proportionate share of the GLI Plan Net OPEB Liability	\$ 163,814	\$ 124,694	\$ 92,969
School Board's proportionate share of the GLI Plan Net OPEB Liability-nonprofessional employees	\$ 141,521	\$ 107,725	\$ 80,317
School Board's proportionate share of the GLI Plan Net OPEB Liability-professional employees	\$ 1,900,484	\$ 1,446,640	\$ 1,078,585

GLI Program Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$213,181 and \$208,029 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$2,705,642 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was .20668% as compared to 0.20318% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$224,842. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,326
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	171	-
Change in assumptions	62,973	18,800
Change in proportion	39,077	18,213
Employer contributions subsequent to the measurement date	213,181	-
Total	\$ 315,402	\$ 52,339

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

\$213,181 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ 4,728
2022	4,725
2023	5,911
2024	5,514
2025	7,872
Thereafter	21,132

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of 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 - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

*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.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	3,028,073	\$ 2,705,642	\$ 2,431,737

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Plan Description

In addition to the pension benefits described in Note 8, the Primary Government administers a single-employer defined benefit healthcare plan, the County of Rockbridge OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

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

Benefits Provided

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

Plan Membership

At July 1, 2019 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board
Total active employees with coverage	104	32	385
Total retirees with coverage	1	2	20
Total	105	34	405

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$7,000. The amount paid by the Component Unit Rockbridge Regional Jail Commission during the year ended June 30, 2020 under the County plan was \$6,000.

The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$100,000.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Total OPEB Liability

The County's and School Board's total OPEB liabilities were measured as of July 1, 2019. The total OPEB liabilities were determined by actuarial valuations as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.50% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.13%
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

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

Discount Rate

The discount rate has been set to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2019. The final equivalent single discount rate used for this year's valuation is 7.00% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit Rockbridge Regional Jail Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at July 1, 2018	\$ 223,000	\$ 95,000	\$ 5,102,000
Changes for the year:			
Service cost	15,000	8,000	183,000
Interest	7,000	4,000	190,000
Difference between expected and actual experience	11,000	5,000	96,000
Changes in assumptions	13,000	3,000	215,000
Change in proportionate share	(18,000)	-	-
Benefit payments	(7,000)	(6,000)	(100,000)
Net changes	21,000	14,000	584,000
Balances at July 1, 2019	\$ 244,000	\$ 109,000	\$ 5,686,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

The following amounts present the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Primary Government		
\$ 269,556	\$ 244,000	\$ 220,878
Component Unit Rockbridge Regional Jail Commission		
\$ 120,416	\$ 109,000	\$ 98,671
Component Unit School Board		
\$ 6,158,000	\$ 5,686,000	\$ 5,248,000

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

The following presents the total OPEB liabilities of the Primary Government, Component Unit Rockbridge Regional Jail Commission, and Component Unit School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
Primary Government		
\$ 214,793	\$ 244,000	\$ 278,683
Component Unit Rockbridge Regional Jail Commission		
\$ 95,953	\$ 109,000	\$ 124,494
Component Unit School Board		
\$ 5,020,000	\$ 5,686,000	\$ 6,468,000

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

For the year ended June 30, 2020, the Primary Government recognized OPEB expense in the amount of \$22,000. The Component Unit Rockbridge Regional Jail recognized OPEB expense in the amount of \$10,000. The School Board recognized OPEB expense in the amount of \$285,000. At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to Pay as You Go OPEB plan are as follows:

	Primary Government		Component Unit Regional Jail Commission		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,127	\$ 20,689	\$ 4,077	\$ 9,242	\$ 80,000	\$ 258,000
Changes in assumptions	9,127	9,736	4,077	4,349	179,000	325,000
Employer contributions subsequent to the measurement date	7,000	-	6,000	-	100,000	-
Total	<u>\$ 25,254</u>	<u>\$ 30,425</u>	<u>\$ 14,154</u>	<u>\$ 13,591</u>	<u>\$ 359,000</u>	<u>\$ 583,000</u>

\$7,000, \$6,000, and \$100,000 reported as deferred outflows of resources related to OPEB resulting from the Primary Government's, Rockbridge Regional Jail Commission's, and School Board's respective contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pay as You Go OPEB Plan will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Rockbridge Regional Jail Commission	Component Unit School Board (nonprofessional)
2021	\$ (5,476)	\$ (2,446)	\$ (93,000)
2022	(5,476)	(2,446)	(93,000)
2023	(5,476)	(2,446)	(93,000)
2024	606	270	(93,000)
2025	3,651	1,631	48,000
Thereafter	-	-	-

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

Deferred revenue / unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred and unavailable revenue in the government-wide and fund financial statements totaling \$9,789,028 and \$11,474,087 respectively, is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 1,685,059
2nd half assessments due in December	9,329,249	9,329,249
Prepaid property taxes due after June 30 but paid in advance by taxpayers	459,779	459,779
Total unavailable/deferred revenue	\$ 9,789,028	\$ 11,474,087

Unearned revenue of the Primary Government is comprised of prepaid Department of Motor Vehicle fees in the amount of \$1,409, and \$817,957 in Coronavirus Relief Funds unspent as of June 30, 2020.

NOTE 12—CONTINGENT LIABILITIES:

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

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

NOTE 13—DEPOSITS AND INVESTMENTS:

Deposits:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 13—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments:

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

Credit Risk of Debt Securities

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

The County and its discretely presented component units rated debt investments as of June 30, 2020 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 20,143,501
SNAP External Investment Pool	838,128
Total	<u>\$ 20,981,629</u>

External Investment Pool

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

Interest Rate Risk

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

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity</u>
		<u>Less than 1 year</u>
Local Government Investment Pool	\$ 20,143,501	\$ 20,143,501
SNAP External Investment Pool	838,128	838,128
Total	<u>\$ 20,981,629</u>	<u>\$ 20,981,629</u>

NOTE 14—RISK MANAGEMENT:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 15—CAPITAL ASSETS:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,790,211	\$ -	\$ -	\$ 1,790,211
Construction in progress	59,181	397,940	(398,337)	58,784
Total capital assets not being depreciated	\$ 1,849,392	\$ 397,940	\$ (398,337)	\$ 1,848,995
Capital assets being depreciated:				
Buildings and improvements	\$ 81,815,834	\$ 522,337	\$ (2,568,236)	\$ 79,769,935
Machinery and equipment	3,941,548	177,672	-	4,119,220
Total capital assets being depreciated	\$ 85,757,382	\$ 700,009	\$ (2,568,236)	\$ 83,889,155
Accumulated depreciation:				
Buildings and improvements	\$ (16,484,659)	\$ (1,369,973)	\$ -	\$ (17,854,632)
Machinery and equipment	(2,920,637)	(304,435)	-	(3,225,072)
Total accumulated depreciation	\$ (19,405,296)	\$ (1,674,408)	\$ -	\$ (21,079,704)
Total capital assets being depreciated, net	\$ 66,352,086	\$ (974,399)	\$ (2,568,236)	\$ 62,809,451
Governmental activities capital assets, net	\$ 68,201,478	\$ (576,459)	\$ (2,966,573)	\$ 64,658,446
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 531,037	\$ -	\$ -	\$ 531,037
Total capital assets not being depreciated	\$ 531,037	\$ -	\$ -	\$ 531,037
Capital assets being depreciated:				
Buildings and improvements	\$ 8,274,321	\$ -	\$ -	\$ 8,274,321
Machinery and equipment	2,048,816	18,000	-	2,066,816
Total capital assets being depreciated	\$ 10,323,137	\$ 18,000	\$ -	\$ 10,341,137
Accumulated depreciation:				
Buildings and improvements	\$ (1,481,318)	\$ (274,874)	\$ -	\$ (1,756,192)
Machinery and equipment	(897,408)	(229,254)	-	(1,126,662)
Total accumulated depreciation	\$ (2,378,726)	\$ (504,128)	\$ -	\$ (2,882,854)
Total capital assets being depreciated, net	\$ 7,944,411	\$ (486,128)	\$ -	\$ 7,458,283
Business-type activities capital assets, net	\$ 8,475,448	\$ (486,128)	\$ -	\$ 7,989,320

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

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

Governmental activities:

General government administration	\$	1,068,916
Judicial administration		9,386
Public safety		229,674
Public works		97,003
Parks, recreation, and cultural		17,825
Education		251,604
Total depreciation expense-governmental activities	\$	<u>1,674,408</u>

Business-type activities:

Blue Ridge Resource Authority	\$	<u>504,128</u>
Total depreciation expense-business-type activities	\$	<u>504,128</u>

Discretely Presented Component Unit-School Board:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 117,555	\$ -	\$ -	\$ 117,555
Construction in progress	<u>83,248</u>	<u>80,769</u>	<u>-</u>	<u>164,017</u>
Total capital assets not being depreciated	\$ <u>200,803</u>	\$ <u>80,769</u>	\$ <u>-</u>	\$ <u>281,572</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 44,588,312	\$ 2,587,774	\$ -	\$ 47,176,086
Machinery and equipment	<u>8,207,466</u>	<u>678,088</u>	<u>(17,995)</u>	<u>8,867,559</u>
Total capital assets being depreciated	\$ <u>52,795,778</u>	\$ <u>3,265,862</u>	\$ <u>(17,995)</u>	\$ <u>56,043,645</u>
Accumulated depreciation:				
Buildings and improvements	\$ (22,872,872)	\$ (1,729,154)	\$ -	\$ (24,602,026)
Machinery and equipment	<u>(5,555,318)</u>	<u>(683,747)</u>	<u>10,215</u>	<u>(6,228,850)</u>
Total accumulated depreciation	\$ <u>(28,428,190)</u>	\$ <u>(2,412,901)</u>	\$ <u>10,215</u>	\$ <u>(30,830,876)</u>
Total capital assets being depreciated, net	\$ <u>24,367,588</u>	\$ <u>852,961</u>	\$ <u>(7,780)</u>	\$ <u>25,212,769</u>
School Board capital assets, net	\$ <u>24,568,391</u>	\$ <u>933,730</u>	\$ <u>(7,780)</u>	\$ <u>25,494,341</u>

Depreciation expense for the year ended June 30, 2020 was \$2,412,901.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 15—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit-School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Under the law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Rockbridge, Virginia for the year ended June 30, 2020, is that school financed assets in the amount of \$36,428,610 are reported in the Primary Government for financial reporting purposes. During fiscal year 2020, debt financed assets in the amount of \$2,568,236 were removed from the governmental activities building and improvements and added to the School Board building and improvements as the result of principal payments on the related debt.

Discretely Presented Component Unit—Rockbridge Area Social Services Board:

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

	Beginning Balance	Additions	Ending Balance
Capital assets being depreciated:			
Equipment and vehicles	\$ 203,326	\$ -	\$ 203,326
Total capital assets being depreciated	\$ 203,326	\$ -	\$ 203,326
Accumulated depreciation:			
Equipment and vehicles	\$ (194,591)	\$ (4,367)	\$ (198,958)
Total accumulated depreciation	\$ (194,591)	\$ (4,367)	\$ (198,958)
Net capital assets	\$ 8,735	\$ (4,367)	\$ 4,368

Depreciation expense for the year ended June 30, 2020 was \$4,367.

Component Unit—Rockbridge Regional Jail Commission:

A summary of capital assets is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	\$ 6,000,623	\$ 36,175	\$ -	\$ 6,036,798
Machinery and equipment	614,618	58,610	(319,292)	353,936
Total capital assets being depreciated	\$ 6,615,241	\$ 94,785	\$ (319,292)	\$ 6,390,734
Accumulated depreciation:				
Buildings and improvements	\$ (3,295,677)	\$ (154,892)	\$ -	\$ (3,450,569)
Machinery and equipment	(530,216)	(30,591)	319,292	(241,515)
Total accumulated depreciation	\$ (3,825,893)	\$ (185,483)	\$ 319,292	\$ (3,692,084)
Total capital assets being depreciated, net	\$ 2,789,348	\$ (90,698)	\$ -	\$ 2,698,650
Jail Commission capital assets, net	\$ 2,789,348	\$ (90,698)	\$ -	\$ 2,698,650

Depreciation expense for the year ended June 30, 2020 totaled \$185,483.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

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

A summary of changes in capital assets for the year ended June 30, 2020 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 410,596	\$ -	\$ -	\$ 410,596
Construction in progress	1,462,296	1,740,912	(2,412,128)	791,080
Total capital assets not being depreciated	<u>\$ 1,872,892</u>	<u>\$ 1,740,912</u>	<u>\$ (2,412,128)</u>	<u>\$ 1,201,676</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 176,866	\$ -	\$ -	\$ 176,866
Machinery and equipment	762,629	-	-	762,629
Utility plant and equipment	37,016,960	2,466,011	-	39,482,971
Capital assets being depreciated	<u>\$ 37,956,455</u>	<u>\$ 2,466,011</u>	<u>\$ -</u>	<u>\$ 40,422,466</u>
Accumulated depreciation				
Buildings and improvements	\$ (122,432)	\$ (5,000)	\$ -	\$ (127,432)
Machinery and equipment	(694,101)	(30,779)	-	(724,880)
Utility plant and equipment	(15,795,753)	(921,832)	-	(16,717,585)
Total accumulated depreciation	<u>\$ (16,612,286)</u>	<u>\$ (957,611)</u>	<u>\$ -</u>	<u>\$ (17,569,897)</u>
Capital assets being depreciated, net	<u>\$ 21,344,169</u>	<u>\$ 1,508,400</u>	<u>\$ -</u>	<u>\$ 22,852,569</u>
Capital assets, net Public Service Authority	<u>\$ 23,217,061</u>	<u>\$ 3,249,312</u>	<u>\$ (2,412,128)</u>	<u>\$ 24,054,245</u>

Depreciation expense for the fiscal year totaled \$957,611.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 16—ADVANCES TO/FROM PARTICIPATING ENTITIES:

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

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

	Balance July 1, 2019	Increase (Decrease)	Balance June 30, 2020
Rockbridge County	\$ 350,000	\$ -	\$ 350,000
Total	\$ 350,000	\$ -	\$ 350,000

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

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

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

The landfill began operation during 1972 and reached capacity during fiscal year 2018. The Authority constructed a new landfill cell that began operations on July 1, 2017. The \$6,132,111 reported as accrued closure and post-closure liability at June 30, 2020 represents the cumulative amount reported for closure and post closure of the landfill which has reached full capacity(\$3,871,598), and the estimated closure and post closure liability for the new landfill cell based on the estimated use of capacity as of June 30, 2020 (approximately 51.00%, or \$2,260,513). The estimated total current cost of the landfill closure and post-closure care of \$8,303,976 is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Blue Ridge Resource Authority intends to fund these costs from tipping revenues and from any funds derived and accumulated for this purpose in the upcoming years.

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 18—DUE TO OTHER GOVERNMENTS:

During fiscal year 2013 the County entered into an agreement with the City of Buena Vista, Virginia and the City of Lexington, Virginia in order to fund certain renovation improvements to the Rockbridge County Regional Jail. The agreement stipulates that each locality shall be responsible for a portion of the debt issued to finance the project. The City of Lexington serves as fiscal agent for the project and as such, will pay the annual debt service through April 2028. The participating localities will reimburse the City of Lexington for the debt service. As of June 30, 2020, the portion of the debt allocable to the County of Rockbridge, Virginia amounted to \$629,554.

The Component Unit Rockbridge Area Social Services Board reported a balance due to the Cities of Buena Vista and Lexington of \$64,615 as of June 30, 2020, which represents the net balance owed to the two Cities. The balance due to the Cities consists of administrative costs due from the Cities of \$1,713 and CSA pool reimbursements due to the Cities of \$66,328.

NOTE 19—SURETY BONDS:

The County had the following surety bonds on hand at June 30, 2020:

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

NOTE 20—INTERFUND TRANSFERS:

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

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ -	\$ 361,191
County Capital Projects Fund	361,191	-
Total	\$ 361,191	\$ 361,191

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 21—SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES:

	Enterprise Fund
	Landfill
	Fund
Operating revenue	\$ 2,626,899
Depreciation and amortization	504,128
Operating income (loss)	435,864
Property, plant and equipment additions	18,000
Net working capital	(125,715)
Total assets	13,256,411
Long-term liabilities	11,089,455
Net position	23,587

NOTE 22—CAPITAL LEASES:

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

The assets acquired through capital leases are as follows:

	Governmental	Business-type
	Activities	Activities
Assets:		
Machinery and equipment	\$ -	\$ 936,931
Construction in progress-School energy project	5,236,000	-
Accumulated depreciation	(218,999)	(502,842)
Total	\$ 5,017,001	\$ 434,089

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, are as follows:

Year Ended June 30,	Governmental	Business-type
	Activities	Activities
2021	\$ 405,770	\$ 116,769
2022	413,814	56,145
2023	422,503	33,015
2024	405,813	-
2025	406,337	-
Thereafter	3,507,824	-
Amount representing interest	(838,061)	(6,780)
Present value of minimum lease payments	\$ 4,724,000	\$ 199,149

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 23—COMMITMENTS AND CONTINGENCIES:

The County and the City of Lexington entered into a modified voluntary settlement of Annexation and Immunity Agreement on May 6, 1986. This agreement is based on real estate assessed values and on non-property local taxes. The amount due the City of Lexington is payable on January 1 of each year. Included in these financial statements is the payment for the year ended June 30, 2019 in the amount of \$1,930,638. The amount to be paid on January 1, 2021, and which is not included in the financial statements, totals \$1,923,796 for the fiscal year ended June 30, 2020.

The County has guaranteed debt issued by the Maury Service Authority (MSA) for the construction and upgrades of its current wastewater treatment plant. The MSA's debt totaled \$3,553,094 as of June 30, 2020 and is scheduled to be completely retired by June 2031. The County paid \$161,504 to the MSA in fiscal year 2020 for half of the debt service, the City of Lexington pays an equal assessment. The annual assessment will remain the same for fiscal years 2021 to 2031.

The County along with the Cities of Lexington and Buena Vista, have entered into an agreement with the Rockbridge Regional Public Safety Communications Center, for the purpose of providing contributions for the payment of debt associated with its radio upgrade project through June 30, 2030. Each locality will contribute a percentage of the total cost of the upgrade based upon its annual assessed value of real estate. The amount owed by the Rockbridge Regional Public Safety Communications Center on the capital lease obligations at June 30, 2020 was \$5,549,795 and an annual payment of \$757,744 will be paid by the Center through June 2030.

NOTE 24—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 24—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

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

NOTE 25—CONSTRUCTION CONTRACTS OUTSTANDING:

The Primary Government had the following material construction contract outstanding as of June 30, 2020:

Project	Contractor	Original Contract Amount	Amount Spent to Date	Amount of Contract Remaining at Year End
Primary Government:				
Phase 1 Closure - Landfill Permit 75	F. Clayton Plecker & Sons, Inc.	\$ 2,784,421	\$ 1,572,884	\$ 1,211,537
Total Primary Government		\$ 2,784,421	\$ 1,572,884	\$ 1,211,537

NOTE 26—LITIGATION:

At June 30, 2020, there were no matters of litigation involving the County for which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

COUNTY OF ROCKBRIDGE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2020

NOTE 27—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Rockbridge, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County Rockbridge, Virginia, received the second round of CRF funds in the amount of \$1,969,407 on August 19, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

NOTE 28—AGGREGATION OF OPEB PLANS:

Primary Government				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 8):				
County	\$ 113,571	\$ 30,353	\$ 476,743	\$ 15,287
County Stand-Alone Plan (Note 10)	25,254	30,425	244,000	22,000
Totals	\$ 138,825	\$ 60,778	\$ 720,743	\$ 37,287
Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 8):				
School Board Nonprofessional	\$ 20,695	\$ 22,895	\$ 107,725	\$ (1,381)
School Board Professional	303,667	99,196	1,446,640	36,044
Teacher Health Insurance Credit Program (Note 9)	315,402	52,339	2,705,642	224,842
School Stand-Alone Plan (Note 10)	359,000	583,000	5,686,000	285,000
Totals	\$ 998,764	\$ 757,430	\$ 9,946,007	\$ 544,505

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

General Fund

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

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 27,077,644	\$ 27,031,954	\$ 27,975,985	\$ 944,031
Other local taxes	9,107,900	9,107,900	9,041,689	(66,211)
Permits, privilege fees, and regulatory licenses	223,550	223,550	273,100	49,550
Fines and forfeitures	600,500	600,500	558,259	(42,241)
Revenue from the use of money and property	297,000	297,000	358,087	61,087
Charges for services	912,094	912,094	908,941	(3,153)
Miscellaneous	1,166,873	1,166,873	911,861	(255,012)
Recovered costs	463,926	463,926	455,639	(8,287)
Intergovernmental:				
Commonwealth	5,328,062	5,328,062	5,331,069	3,007
Federal	163,623	163,623	1,569,126	1,405,503
Total revenues	<u>\$ 45,341,172</u>	<u>\$ 45,295,482</u>	<u>\$ 47,383,756</u>	<u>\$ 2,088,274</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,080,809	\$ 2,106,295	\$ 2,159,442	\$ (53,147)
Judicial administration	1,754,724	1,794,996	1,738,139	56,857
Public safety	10,401,149	10,689,014	10,577,209	111,805
Public works	3,391,688	3,500,771	3,399,588	101,183
Health and welfare	1,777,295	1,777,295	1,968,785	(191,490)
Education	14,523,094	14,886,594	13,836,464	1,050,130
Parks, recreation, and cultural	1,550,066	1,558,553	1,523,038	35,515
Community development	2,914,874	3,179,332	2,749,528	429,804
Nondepartmental	2,184,884	2,183,282	1,932,141	251,141
Debt service:				
Principal retirement	3,108,091	3,108,090	3,108,090	-
Interest and other fiscal charges	2,150,987	2,150,988	1,834,208	316,780
Total expenditures	<u>\$ 45,837,661</u>	<u>\$ 46,935,210</u>	<u>\$ 44,826,632</u>	<u>\$ 2,108,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (496,489)</u>	<u>\$ (1,639,728)</u>	<u>\$ 2,557,124</u>	<u>\$ 4,196,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (361,191)</u>	<u>\$ (361,191)</u>	<u>\$ (361,191)</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (361,191)</u>	<u>\$ (361,191)</u>	<u>\$ (361,191)</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (857,680)</u>	<u>\$ (2,000,919)</u>	<u>\$ 2,195,933</u>	<u>\$ 4,196,852</u>
Fund balances - beginning	<u>857,680</u>	<u>2,000,919</u>	<u>26,795,221</u>	<u>24,794,302</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,991,154</u>	<u>\$ 28,991,154</u>

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017
Total pension liability			
Service cost	\$ 771,889	\$ 698,294	\$ 654,412
Interest	1,904,325	1,853,927	1,753,002
Differences between expected and actual experience	509,632	(14,255)	(437,725)
Impact of change in proportion	(409,875)	898,819	(18,739)
Changes in assumptions	844,739	-	(147,979)
Benefit payments, including refunds of employee contributions	(1,467,013)	(1,349,242)	(1,208,237)
Net change in total pension liability	\$ 2,153,697	\$ 2,087,543	\$ 594,734
Total pension liability - beginning	28,348,017	26,260,474	25,665,740
Total pension liability - ending (a)	<u>\$ 30,501,714</u>	<u>\$ 28,348,017</u>	<u>\$ 26,260,474</u>
Plan fiduciary net position			
Contributions - employer	\$ 703,406	\$ 683,864	\$ 638,526
Contributions - employee	275,440	263,176	251,702
Impact of change in proportion	(368,164)	797,653	(15,398)
Net investment income	1,657,963	1,779,935	2,565,014
Benefit payments, including refunds of employee contributions	(1,467,013)	(1,349,242)	(1,208,237)
Administrative expense	(16,511)	(15,375)	(14,829)
Other	(1,048)	(1,581)	(2,278)
Net change in plan fiduciary net position	\$ 784,073	\$ 2,158,430	\$ 2,214,500
Plan fiduciary net position - beginning	25,463,179	23,304,749	21,090,249
Plan fiduciary net position - ending (b)	<u>\$ 26,247,252</u>	<u>\$ 25,463,179</u>	<u>\$ 23,304,749</u>
County's net pension liability - ending (a) - (b)	\$ 4,254,462	\$ 2,884,838	\$ 2,955,725
Plan fiduciary net position as a percentage of the total pension liability	86.05%	89.82%	88.74%
Covered payroll	\$ 5,692,685	\$ 5,337,294	\$ 5,026,772
County's net pension liability as a percentage of covered payroll	74.74%	54.05%	58.80%

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

Exhibit 12

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 619,348	\$ 621,092	\$ 574,316
1,679,621	1,589,147	1,511,082
(76,498)	56,853	-
128,010	-	-
-	-	-
(1,102,628)	(1,102,599)	(837,782)
\$ 1,247,853	\$ 1,164,493	\$ 1,247,616
24,417,887	23,253,394	22,005,778
\$ 25,665,740	\$ 24,417,887	\$ 23,253,394
\$ 671,338	\$ 646,121	\$ 615,640
237,691	229,869	230,640
109,171	-	-
363,336	921,330	2,750,491
(1,102,628)	(1,102,599)	(837,782)
(12,951)	(12,651)	(14,663)
(153)	(194)	145
\$ 265,804	\$ 681,876	\$ 2,744,471
20,824,445	20,142,569	17,398,098
\$ 21,090,249	\$ 20,824,445	\$ 20,142,569
\$ 4,575,491	\$ 3,593,442	\$ 3,110,825
82.17%	85.28%	86.62%
\$ 4,811,564	\$ 4,611,013	\$ 4,613,775
95.09%	77.93%	67.42%

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability and Related Ratios

Component Unit Rockbridge Regional Jail Commission

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017
Total pension liability			
Service cost	\$ 216,177	\$ 182,642	\$ 199,421
Interest	533,329	484,903	534,198
Differences between expected and actual experience	142,729	(3,728)	(133,390)
Impact of change in proportion	409,875	(898,819)	18,739
Changes in assumptions	236,580	-	(45,094)
Benefit payments, including refunds of employee contributions	(410,855)	(352,900)	(368,190)
Net change in total pension liability	\$ 1,127,835	\$ (587,902)	\$ 205,684
Total pension liability - beginning	7,414,545	8,002,447	7,796,763
Total pension liability - ending (a)	<u>\$ 8,542,380</u>	<u>\$ 7,414,545</u>	<u>\$ 8,002,447</u>
Plan fiduciary net position			
Contributions - employer	\$ 196,997	\$ 178,867	\$ 194,580
Contributions - employee	77,140	68,835	76,702
Impact of change in proportion	368,164	(797,653)	15,398
Net investment income	464,333	465,550	781,646
Benefit payments, including refunds of employee contributions	(410,855)	(352,900)	(368,190)
Administrative expense	(4,624)	(4,022)	(4,519)
Other	(293)	(413)	(694)
Net change in plan fiduciary net position	\$ 690,862	\$ (441,736)	\$ 694,923
Plan fiduciary net position - beginning	6,660,003	7,101,739	6,406,816
Plan fiduciary net position - ending (b)	<u>\$ 7,350,865</u>	<u>\$ 6,660,003</u>	<u>\$ 7,101,739</u>
Commission's net pension liability - ending (a) - (b)	\$ 1,191,515	\$ 754,542	\$ 900,708
Plan fiduciary net position as a percentage of the total pension liability	86.05%	89.82%	88.74%
Covered payroll	\$ 1,552,742	\$ 1,445,076	\$ 1,506,551
County's net pension liability as a percentage of covered payroll	76.74%	52.21%	59.79%

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

Exhibit 13

2016		2015		2014	
\$	188,146	\$	192,921	\$	178,392
	510,237		493,614		469,366
	(23,239)		17,662		-
	(128,010)		-		-
	-		-		-
	(334,957)		(342,487)		(260,228)
\$	212,177	\$	361,710	\$	387,530
	7,584,586		7,222,876		6,835,346
\$	<u>7,796,763</u>	\$	<u>7,584,586</u>	\$	<u>7,222,876</u>
\$	203,940	\$	200,696	\$	191,228
	72,206		71,401		71,641
	(109,171)		-		-
	110,374		286,180		854,346
	(334,957)		(342,487)		(260,228)
	(3,934)		(3,929)		(4,555)
	(48)		(59)		45
\$	(61,590)	\$	211,802	\$	852,477
	6,468,406		6,256,604		5,404,127
\$	<u>6,406,816</u>	\$	<u>6,468,406</u>	\$	<u>6,256,604</u>
\$	1,389,947	\$	1,116,180	\$	966,272
	82.17%		85.28%		86.62%
\$	1,453,599	\$	1,430,478	\$	1,433,493
	95.62%		78.03%		67.41%

County of Rockbridge, Virginia

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Component Unit School Board (nonprofessional) Pension Plans For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017
Total pension liability			
Service cost	\$ 135,316	\$ 133,335	\$ 143,236
Interest	513,796	505,893	511,555
Differences between expected and actual experience	(238,076)	12,292	(192,440)
Changes in assumptions	178,774	-	(42,518)
Benefit payments, including refunds of employee contributions	(570,968)	(506,289)	(495,127)
Net change in total pension liability	\$ 18,842	\$ 145,231	\$ (75,294)
Total pension liability - beginning	7,625,422	7,480,191	7,555,485
Total pension liability - ending (a)	<u>\$ 7,644,264</u>	<u>\$ 7,625,422</u>	<u>\$ 7,480,191</u>
Plan fiduciary net position			
Contributions - employer	\$ 79,673	\$ 82,778	\$ 86,267
Contributions - employee	61,641	63,371	65,822
Net investment income	490,205	540,197	827,254
Benefit payments, including refunds of employee contributions	(570,968)	(506,289)	(495,127)
Administrative expense	(5,178)	(4,865)	(5,013)
Other	(306)	(472)	(726)
Net change in plan fiduciary net position	\$ 55,067	\$ 174,720	\$ 478,477
Plan fiduciary net position - beginning	7,607,614	7,432,894	6,954,417
Plan fiduciary net position - ending (b)	<u>\$ 7,662,681</u>	<u>\$ 7,607,614</u>	<u>\$ 7,432,894</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (18,417)	\$ 17,808	\$ 47,297
Plan fiduciary net position as a percentage of the total pension liability	100.24%	99.77%	99.37%
Covered payroll	\$ 1,296,532	\$ 1,317,307	\$ 1,362,550
School Division's net pension liability as a percentage of covered payroll	-1.42%	1.35%	3.47%

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

Exhibit 14

<u>2016</u>			<u>2015</u>		
			<u>2014</u>		
\$	157,219	\$	152,653	\$	164,187
	509,337		497,766		486,051
	(139,545)		8,852		-
	-		-		-
	(495,531)		(492,430)		(473,306)
\$	31,480	\$	166,841	\$	176,932
	7,524,005		7,357,164		7,180,232
\$	<u>7,555,485</u>	\$	<u>7,524,005</u>	\$	<u>7,357,164</u>
\$	121,091	\$	131,850	\$	129,936
	70,323		76,599		77,165
	117,293		317,602		988,120
	(495,531)		(492,430)		(473,306)
	(4,548)		(4,567)		(5,498)
	(51)		(65)		52
\$	(191,423)	\$	28,989	\$	716,469
	7,145,840		7,116,851		6,400,382
\$	<u>6,954,417</u>	\$	<u>7,145,840</u>	\$	<u>7,116,851</u>
\$	601,068	\$	378,165	\$	240,313
	92.04%		94.97%		96.73%
\$	1,446,451	\$	1,574,193	\$	1,544,639
	41.55%		24.02%		15.56%

County of Rockbridge, VirginiaSchedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability	0.20870%	0.20489%	0.20453%
Employer's Proportionate Share of the Net Pension Liability	\$ 27,466,106	\$ 24,095,000	\$ 25,153,000
Employer's Covered Payroll	\$ 17,360,465	\$ 16,565,935	\$ 15,627,937
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158%	145%	161%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	72.92%	72.92%

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

Exhibit 15

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

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 759,952	\$ 759,952	\$ -	\$ 6,214,941	12.23%
2019	703,568	703,568	-	5,692,685	12.36%
2018	679,019	679,019	-	5,337,294	12.72%
2017	641,341	641,341	-	5,026,772	12.76%
2016	671,338	671,338	-	4,811,564	13.95%
2015	646,121	646,121	-	4,611,013	14.01%
2014	615,640	615,640	-	4,613,775	13.34%
2013	579,970	579,970	-	4,347,599	13.34%
2012	380,317	380,317	-	3,485,953	10.91%
2011	375,377	375,377	-	3,440,667	10.91%
Component Unit Rockbridge Regional Jail Commission					
2020	\$ 205,930	\$ 205,930	\$ -	\$ 1,622,774	12.69%
2019	197,043	197,043	-	1,552,742	12.69%
2018	183,844	183,844	-	1,445,076	12.72%
2017	194,797	194,797	-	1,506,551	12.93%
2016	203,940	203,940	-	1,453,599	14.03%
2015	200,696	200,696	-	1,430,478	14.03%
2014	191,228	191,228	-	1,433,493	13.34%
2013	182,280	182,280	-	1,366,417	13.34%
2012	200,659	200,659	-	1,839,221	10.91%
2011	213,292	213,292	-	1,955,014	10.91%
Component Unit School Board (nonprofessional)					
2020	\$ 78,259	\$ 78,259	\$ -	\$ 1,294,142	6.05%
2019	79,542	79,542	-	1,296,532	6.13%
2018	82,774	82,774	-	1,317,307	6.28%
2017	83,249	83,249	-	1,362,550	6.11%
2016	121,091	121,091	-	1,446,451	8.37%
2015	131,850	131,850	-	1,574,193	8.38%
2014	129,936	129,936	-	1,544,639	8.41%
2013	128,535	128,535	-	1,610,712	7.98%
2012	67,071	67,071	-	1,510,607	4.44%
2011	65,100	65,100	-	1,466,226	4.44%
Component Unit School Board (professional)					
2020	\$ 2,722,770	\$ 2,722,770	\$ -	\$ 17,765,066	15.33%
2019	2,673,769	2,673,769	-	17,360,465	15.40%
2018	2,649,728	2,649,728	-	16,565,935	16.00%
2017	2,325,915	2,325,915	-	15,627,937	14.88%
2016	2,202,239	2,202,239	-	15,676,290	14.05%
2015	2,259,447	2,259,447	-	15,582,993	14.50%
2014	1,785,858	1,785,858	-	15,316,106	11.66%
2013	1,807,378	1,807,378	-	15,500,669	11.66%
2012	943,498	943,498	-	14,905,182	6.33%
2011	577,090	577,090	-	14,684,224	3.93%

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

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution			
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2020	\$ 31,887	\$ 31,887	\$ -	\$ 6,132,137	0.52%
2019	29,432	29,432	-	5,692,685	0.52%
2018	27,029	27,029	-	5,198,008	0.52%
2017	26,037	26,037	-	5,007,139	0.52%
2016	23,009	23,009	-	4,747,455	0.48%
2015	22,154	22,154	-	4,584,028	0.48%
2014	22,140	22,140	-	4,584,533	0.48%
2013	20,868	20,868	-	4,300,180	0.49%
2012	11,300	11,300	-	3,975,940	0.28%
2011	11,354	11,354	-	4,016,065	0.28%
Component Unit Rockbridge Regional Jail Commission					
2020	\$ 8,930	\$ 8,930	\$ -	\$ 1,717,308	0.52%
2019	8,244	8,244	-	1,552,742	0.53%
2018	8,239	8,239	-	1,584,362	0.52%
2017	7,936	7,936	-	1,526,184	0.52%
2016	7,087	7,087	-	1,522,515	0.47%
2015	6,893	6,893	-	1,467,340	0.47%
2014	6,887	6,887	-	1,462,735	0.47%
2013	6,559	6,559	-	1,413,836	0.46%
2012	3,610	3,610	-	1,349,234	0.27%
2011	3,754	3,754	-	1,379,616	0.27%
Component Unit School Board (nonprofessional)					
2020	\$ 6,730	\$ 6,730	\$ -	\$ 1,294,142	0.52%
2019	6,742	6,742	-	1,296,532	0.52%
2018	6,850	6,850	-	1,317,307	0.52%
2017	7,085	7,085	-	1,362,550	0.52%
2016	6,943	6,943	-	1,446,451	0.48%
2015	7,556	7,556	-	1,574,193	0.48%
2014	7,445	7,445	-	1,551,105	0.48%
2013	7,731	7,731	-	1,610,712	0.48%
2012	4,230	4,230	-	1,510,607	0.28%
2011	4,105	4,105	-	1,466,226	0.28%
Component Unit School Board (professional)					
2020	\$ 92,378	\$ 92,378	\$ -	\$ 17,765,066	0.52%
2019	90,624	90,624	-	17,427,756	0.52%
2018	86,143	86,143	-	16,565,935	0.52%
2017	83,797	83,797	-	16,114,873	0.52%
2016	75,872	75,872	-	15,806,765	0.48%
2015	74,962	74,962	-	15,617,116	0.48%
2014	74,052	74,052	-	15,427,427	0.48%
2013	74,403	74,403	-	15,500,666	0.48%
2012	41,781	41,781	-	14,921,938	0.28%
2011	41,116	41,116	-	14,684,232	0.28%

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

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 213,181	\$ 213,181	\$ -	\$ 17,765,066	1.20%
2019	208,029	208,029	-	17,335,774	1.20%
2018	202,114	202,114	-	16,431,998	1.23%
2017	178,379	178,379	-	16,070,160	1.11%
2016	166,037	166,037	-	15,663,859	1.06%
2015	165,173	165,173	-	15,582,395	1.06%
2014	170,009	170,009	-	15,316,109	1.11%
2013	172,132	172,132	-	15,507,352	1.11%
2012	89,491	89,491	-	14,915,188	0.60%
2011	88,105	88,105	-	14,684,232	0.60%

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

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit Rockbridge Regional Jail Commission
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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

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

Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2018
Measurement Date: 7/1/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13% which represents the Municipal GO AA 20-year yield curve rate as of July 1, 2019
Inflation	2.50% per year
Healthcare Trend Rate - School Board	10.33% for fiscal year end 2019 (to reflect actual experience), then 6.50% for fiscal year end 2020, decreasing .050% per year to an ultimate rate of 5.00%
Healthcare Trend Rate - Primary Government and Jail	The healthcare trend rate assumption starts at 0% in 2019, then 12.02% for fiscal year end 2020 (to reflect actual experience), then 6.00% for fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019

OTHER SUPPLEMENTARY INFORMATION

County Capital Projects Fund

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

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 607,191	\$ 1,232,828	\$ 716,974	\$ 515,854
Total expenditures	\$ 607,191	\$ 1,232,828	\$ 716,974	\$ 515,854
Excess (deficiency) of revenues over (under)				
expenditures	\$ (607,191)	\$ (1,232,828)	\$ (716,974)	\$ 515,854
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 361,191	\$ 361,191	\$ 361,191	\$ -
Total other financing sources (uses)	\$ 361,191	\$ 361,191	\$ 361,191	\$ -
Net change in fund balances	\$ (246,000)	\$ (871,637)	\$ (355,783)	\$ 515,854
Fund balances - beginning	246,000	871,637	1,433,547	561,910
Fund balances - ending	\$ -	\$ -	\$ 1,077,764	\$ 1,077,764

	Agency Funds						
	Payroll Deduction Fund	Drug Fund	Veterans Memorial Fund	Employee Benefit Fund	Commonwealth Attorney Forfeitures Fund	Rockbridge Area Net Authority	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 124,852	\$ 9,347	\$ 2,164	\$ 36,573	\$ -	\$ 172,936
Accounts receivable	-	250	-	-	-	11,716	11,966
Total assets	<u>\$ -</u>	<u>\$ 125,102</u>	<u>\$ 9,347</u>	<u>\$ 2,164</u>	<u>\$ 36,573</u>	<u>\$ 11,716</u>	<u>\$ 184,902</u>
LIABILITIES							
Accounts payable	\$ 77,655	\$ -	\$ -	\$ -	\$ -	\$ 11,716	\$ 89,371
Amounts held for payroll deduction	(77,655)	-	-	-	-	-	(77,655)
Amounts held for veterans memorial	-	-	9,347	-	-	-	9,347
Amounts held for drug enforcement	-	125,102	-	-	-	-	125,102
Amounts held for employee benefits	-	-	-	2,164	-	-	2,164
Amounts held for commonwealth attorney forfeitures	-	-	-	-	36,573	-	36,573
Total liabilities	<u>\$ -</u>	<u>\$ 125,102</u>	<u>\$ 9,347</u>	<u>\$ 2,164</u>	<u>\$ 36,573</u>	<u>\$ 11,716</u>	<u>\$ 184,902</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Payroll Deduction Fund:				
LIABILITIES				
Accounts payable	\$ 67,005	\$ 304,234	\$ 293,584	\$ 77,655
Amounts held for payroll deduction	(67,005)	(304,234)	(293,584)	(77,655)
Total liabilities	\$ -	\$ -	\$ -	\$ -
Drug Fund:				
ASSETS				
Cash and cash equivalents	\$ 173,404	\$ 7,938	\$ 56,490	\$ 124,852
Accounts receivable	1,564	250	1,564	250
Total assets	\$ 174,968	\$ 8,188	\$ 58,054	\$ 125,102
LIABILITIES				
Amounts held for drug enforcement	\$ 174,968	\$ 8,188	\$ 58,054	\$ 125,102
Total liabilities	\$ 174,968	\$ 8,188	\$ 58,054	\$ 125,102
Veterans Memorial Fund:				
ASSETS				
Cash and cash equivalents	\$ 9,347	\$ -	\$ -	\$ 9,347
Total assets	\$ 9,347	\$ -	\$ -	\$ 9,347
LIABILITIES				
Amounts held for veterans memorial	\$ 9,347	\$ -	\$ -	\$ 9,347
Total liabilities	\$ 9,347	\$ -	\$ -	\$ 9,347
Employee Benefit Fund:				
ASSETS				
Cash and cash equivalents	\$ 2,164	\$ -	\$ -	\$ 2,164
Total assets	\$ 2,164	\$ -	\$ -	\$ 2,164
LIABILITIES				
Amounts held for employee benefits	\$ 2,164	\$ -	\$ -	\$ 2,164
Total liabilities	\$ 2,164	\$ -	\$ -	\$ 2,164
Commonwealth Attorney Forfeitures Fund:				
ASSETS				
Cash and cash equivalents	\$ 40,512	\$ 2,351	\$ 6,290	\$ 36,573
Accounts receivable	2,351	-	2,351	-
Total assets	\$ 42,863	\$ 2,351	\$ 8,641	\$ 36,573
LIABILITIES				
Amounts held for commonwelath's attorney forfeitures	\$ 42,863	\$ 2,351	\$ 8,641	\$ 36,573
Total liabilities	\$ 42,863	\$ 2,351	\$ 8,641	\$ 36,573
Rockbridge Area Net Authority				
ASSETS				
Cash and cash equivalents	\$ -	\$ 29,107	\$ 29,107	\$ -
Accounts receivable	-	11,716	-	11,716
Total assets	\$ -	\$ 40,823	\$ 29,107	\$ 11,716
LIABILITIES				
Accounts payable	\$ -	\$ 11,716	\$ -	\$ 11,716
Amounts held for Rockbridge Area Net Authority	-	29,107	29,107	-
Total liabilities	\$ -	\$ 40,823	\$ 29,107	\$ 11,716
Totals - All Agency Funds:				
ASSETS				
Cash and cash equivalents	\$ 225,427	\$ 39,396	\$ 91,887	\$ 172,936
Accounts receivable	3,915	11,966	3,915	11,966
Total assets	\$ 229,342	\$ 51,362	\$ 95,802	\$ 184,902
LIABILITIES				
Accounts payable	\$ 67,005	\$ 315,950	\$ 293,584	\$ 89,371
Amounts held for payroll deduction	(67,005)	(304,234)	(293,584)	(77,655)
Amounts held for drug enforcement	174,968	8,188	58,054	125,102
Amounts held for veterans memorial	9,347	-	-	9,347
Amounts held for employee benefits	2,164	-	-	2,164
Amounts held for commonwelath's attorney forfeitures	42,863	2,351	8,641	36,573
Amounts held for Rockbridge Area Net Authority	-	29,107	29,107	-
Total liabilities	\$ 229,342	\$ 51,362	\$ 95,802	\$ 184,902

**DISCRETELY PRESENTED COMPONENT UNIT –
SCHOOL BOARD**

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 200	\$ 48,785	\$ 27,312	\$ 76,297
Receivables (net of allowance for uncollectibles):				
Accounts receivable	193,419	-	-	193,419
Due from other governmental units	765,851	25,795	-	791,646
Inventories	-	54,273	-	54,273
Prepaid items	683,715	-	-	683,715
Total assets	<u>\$ 1,643,185</u>	<u>\$ 128,853</u>	<u>\$ 27,312</u>	<u>\$ 1,799,350</u>
LIABILITIES				
Accounts payable	\$ 114,295	\$ 3,486	\$ -	\$ 117,781
Due to primary government	1,528,890	-	-	1,528,890
Total liabilities	<u>\$ 1,643,185</u>	<u>\$ 3,486</u>	<u>\$ -</u>	<u>\$ 1,646,671</u>
FUND BALANCES				
Nonspendable:				
Inventory	\$ -	\$ 54,273	\$ -	\$ 54,273
Prepaid items	683,715	-	-	683,715
Endowments	-	-	27,312	27,312
Committed:				
Special revenue funds	-	71,094	-	71,094
Unassigned	(683,715)	-	-	(683,715)
Total fund balances	<u>\$ -</u>	<u>\$ 125,367</u>	<u>\$ 27,312</u>	<u>\$ 152,679</u>
Total liabilities and fund balances	<u>\$ 1,643,185</u>	<u>\$ 128,853</u>	<u>\$ 27,312</u>	<u>\$ 1,799,350</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above			\$	152,679
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$	117,555
Buildings and improvements				22,574,060
Machinery and equipment				2,638,709
Construction in progress				<u>164,017</u>
				25,494,341
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Net pension asset			\$	<u>18,417</u>
				18,417
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds				
Pension related items			\$	6,021,956
OPEB related items				<u>998,764</u>
				7,020,720
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$	(353,796)
Net OPEB liabilities				(9,946,007)
Net pension liability				<u>(27,466,106)</u>
				(37,765,909)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$	(2,724,169)
OPEB related items				<u>(757,430)</u>
				(3,481,599)
Net position of governmental activities			\$	<u>(8,561,351)</u>

County of Rockbridge, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

Exhibit 32

	School Operating Fund	School Cafeteria Fund	Permanent Scholarship Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 2	\$ 228	\$ 230
Charges for services	1,621,179	398,416	-	2,019,595
Miscellaneous	245,611	17,350	-	262,961
Intergovernmental:				
Local government	13,753,080	-	-	13,753,080
Commonwealth	16,090,283	19,429	-	16,109,712
Federal	1,967,281	851,830	-	2,819,111
Total revenues	<u>\$ 33,677,434</u>	<u>\$ 1,287,027</u>	<u>\$ 228</u>	<u>\$ 34,964,689</u>

EXPENDITURES

Current:

Education	\$ 33,677,434	\$ 1,248,785	\$ -	\$ 34,926,219
Total expenditures	<u>\$ 33,677,434</u>	<u>\$ 1,248,785</u>	<u>\$ -</u>	<u>\$ 34,926,219</u>

Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 38,242	\$ 228	\$ 38,470
---	------	-----------	--------	-----------

Net change in fund balances	\$ -	\$ 38,242	\$ 228	\$ 38,470
Fund balances - beginning	-	87,125	27,084	114,209
Fund balances - ending	<u>\$ -</u>	<u>\$ 125,367</u>	<u>\$ 27,312</u>	<u>\$ 152,679</u>

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

Net change in fund balances - total governmental funds - per above	\$ 38,470
--	-----------

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

Capital outlays	\$ 778,395	
Depreciation expense	(2,412,901)	
Allocation of debt financed school assets based on current year repayments	<u>2,568,236</u>	
		933,730

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets. (7,780)

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

Change in compensated absences	\$ (59,881)	
Pension expense	(83,357)	
OPEB expense	<u>(210,068)</u>	
		(353,306)

Change in net position of governmental activities	\$ <u>611,114</u>
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County of Rockbridge, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	1,450,693	1,450,693	1,621,179	170,486
Miscellaneous	91,678	91,678	245,611	153,933
Intergovernmental:				
Local government	14,439,710	15,288,103	13,753,080	(1,535,023)
Commonwealth	16,048,702	16,048,702	16,090,283	41,581
Federal	107,898	2,067,898	1,967,281	(100,617)
Total revenues	\$ 32,138,681	\$ 34,947,074	\$ 33,677,434	\$ (1,269,640)
EXPENDITURES				
Current:				
Education	\$ 32,138,681	\$ 34,947,074	\$ 33,677,434	\$ 1,269,640
Total expenditures	\$ 32,138,681	\$ 34,947,074	\$ 33,677,434	\$ 1,269,640
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Exhibit 33

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2	\$ 2	\$ 2	\$ -
375,988	375,988	398,416	22,428
-	-	17,350	17,350
-	-	-	-
22,600	22,600	19,429	(3,171)
685,300	685,300	851,830	166,530
<u>\$ 1,083,890</u>	<u>\$ 1,083,890</u>	<u>\$ 1,287,027</u>	<u>\$ 203,137</u>
<u>\$ 1,083,890</u>	<u>\$ 1,083,890</u>	<u>\$ 1,248,785</u>	<u>\$ (164,895)</u>
<u>\$ 1,083,890</u>	<u>\$ 1,083,890</u>	<u>\$ 1,248,785</u>	<u>\$ (164,895)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,242</u>	<u>\$ 38,242</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,242</u>	<u>\$ 38,242</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,125</u>	<u>\$ 87,125</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 125,367</u></u>	<u><u>\$ 125,367</u></u>

County of Rockbridge, Virginia
Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2020

	Scholarship Private-Purpose Trust
ASSETS	
Cash and cash equivalents	\$ <u>10,027</u>
NET POSITION	
Held in trust for scholarships	\$ <u>10,027</u>

County of Rockbridge, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
For the Year Ended June 30, 2020

Exhibit 35

	Scholarship Private-Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 1,110
Total contributions	<u>\$ 1,110</u>
Investment earnings:	
Interest	\$ 114
Total additions	<u>\$ 1,224</u>
DEDUCTIONS	
Scholarships	\$ (2,000)
Total deductions	<u>\$ (2,000)</u>
Change in net position	\$ (776)
Net position - beginning	10,803
Net position - ending	<u><u>\$ 10,027</u></u>

SUPPORTING SCHEDULES

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

Schedule 1
Page 1 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 18,968,840	\$ 18,968,840	\$ 19,450,175	\$ 481,335
Real and personal public service corporation taxes	1,400,000	1,400,000	1,739,606	339,606
Personal property taxes	5,804,504	5,758,814	5,813,179	54,365
Mobile home taxes	41,300	41,300	42,146	846
Machinery and tools taxes	431,000	431,000	497,056	66,056
Penalties	292,000	292,000	303,424	11,424
Interest	140,000	140,000	130,399	(9,601)
Total general property taxes	<u>\$ 27,077,644</u>	<u>\$ 27,031,954</u>	<u>\$ 27,975,985</u>	<u>\$ 944,031</u>
Other local taxes:				
Local sales and use taxes	\$ 2,700,000	\$ 2,700,000	\$ 3,039,608	\$ 339,608
Consumers' utility taxes	1,441,000	1,441,000	1,374,527	(66,473)
Business license taxes	880,000	880,000	942,041	62,041
Motor vehicle licenses	534,400	534,400	469,104	(65,296)
Bank stock taxes	170,000	170,000	196,822	26,822
Taxes on recordation and wills	210,000	210,000	285,043	75,043
Lodging tax	1,662,500	1,662,500	1,335,612	(326,888)
Meals tax	1,510,000	1,510,000	1,398,932	(111,068)
Total other local taxes	<u>\$ 9,107,900</u>	<u>\$ 9,107,900</u>	<u>\$ 9,041,689</u>	<u>\$ (66,211)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 12,000	\$ 12,000	\$ 9,296	\$ (2,704)
Land use application fees	1,800	1,800	2,150	350
Transfer fees	750	750	842	92
Permits and other licenses	209,000	209,000	260,812	51,812
Total permits, privilege fees, and regulatory licenses	<u>\$ 223,550</u>	<u>\$ 223,550</u>	<u>\$ 273,100</u>	<u>\$ 49,550</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 600,500	\$ 600,500	\$ 558,259	\$ (42,241)
Revenue from use of money and property:				
Revenue from use of money	\$ 275,000	\$ 275,000	\$ 336,414	\$ 61,414
Revenue from use of property	22,000	22,000	21,673	(327)
Total revenue from use of money and property	<u>\$ 297,000</u>	<u>\$ 297,000</u>	<u>\$ 358,087</u>	<u>\$ 61,087</u>
Charges for services:				
Sheriff's fees	\$ 11,000	\$ 11,000	\$ 29,392	\$ 18,392
Charges for courthouse maintenance	57,000	57,000	30,328	(26,672)
Courthouse security fees	194,555	194,555	144,995	(49,560)
Charges for Commonwealth's Attorney	5,500	5,500	4,786	(714)
Charges for garage services	464,618	464,618	560,086	95,468
Charges for sanitation and waste removal	53,895	53,895	16,873	(37,022)
Charges for parks and recreation	89,626	89,626	83,961	(5,665)
Erosion Sediment Control Fee	35,000	35,000	37,480	2,480
DNA Fee	900	900	1,040	140
Total charges for services	<u>\$ 912,094</u>	<u>\$ 912,094</u>	<u>\$ 908,941</u>	<u>\$ (3,153)</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 1
Page 2 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 1,166,873	\$ 1,166,873	\$ 911,861	\$ (255,012)
Total miscellaneous	\$ 1,166,873	\$ 1,166,873	\$ 911,861	\$ (255,012)
Recovered costs:				
Lexington contribution-court building	\$ 8,600	\$ 8,600	\$ 6,685	\$ (1,915)
Joint services City of Lexington	228,435	228,435	192,893	(35,542)
Charges for hazard materials cleanup	-	-	9,025	9,025
Fiscal agent fees	50,984	50,984	50,984	-
Other recovered costs	175,907	175,907	196,052	20,145
Total recovered costs	\$ 463,926	\$ 463,926	\$ 455,639	\$ (8,287)
Total revenue from local sources	\$ 39,849,487	\$ 39,803,797	\$ 40,483,561	\$ 679,764
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 71,700	\$ 71,700	\$ 69,282	\$ (2,418)
Mobile home titling tax	18,000	18,000	33,308	15,308
Timber sales	1,400	1,400	1,137	(263)
Motor vehicle rental tax	52,000	52,000	58,749	6,749
State recordation tax	53,000	53,000	42,611	(10,389)
Personal property tax relief funds	2,449,624	2,449,624	2,449,624	-
Total noncategorical aid	\$ 2,645,724	\$ 2,645,724	\$ 2,654,711	\$ 8,987
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 448,568	\$ 448,568	\$ 473,535	\$ 24,967
Sheriff	1,246,268	1,246,268	1,229,401	(16,867)
Commissioner of revenue	111,432	111,432	109,181	(2,251)
Treasurer	101,554	101,554	99,238	(2,316)
Registrar/electoral board	37,000	37,000	55,987	18,987
Clerk of the Circuit Court	303,821	303,821	313,889	10,068
Total shared expenses	\$ 2,248,643	\$ 2,248,643	\$ 2,281,231	\$ 32,588
Other categorical aid:				
Emergency medical services	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Victim-witness grant	18,355	18,355	18,355	-
Fire program	70,541	70,541	74,227	3,686
NBSWCD support	167,594	167,594	183,700	16,106
Four for life	24,290	24,290	-	(24,290)
Rental assistance	67,488	67,488	63,139	(4,349)
Other	77,927	77,927	17,194	(60,733)
School resource officer grant	-	-	38,512	38,512
Total other categorical aid	\$ 433,695	\$ 433,695	\$ 395,127	\$ (38,568)
Total categorical aid	\$ 2,682,338	\$ 2,682,338	\$ 2,676,358	\$ (5,980)
Total revenue from the Commonwealth	\$ 5,328,062	\$ 5,328,062	\$ 5,331,069	\$ 3,007

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 1
Page 3 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Coronavirus relief funds	\$ -	\$ -	\$ 1,151,450	\$ 1,151,450
Payments in lieu of taxes	110,000	110,000	189,656	79,656
	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 1,341,106</u>	<u>\$ 1,231,106</u>
Categorical aid:				
Ground transportation grant	\$ -	\$ -	\$ 13,055	\$ 13,055
Victim-witness grant	53,623	53,623	69,966	16,343
Domestic violence	-	-	46,411	46,411
Provider Relief Funds	-	-	14,914	14,914
DHCD	-	-	75,796	75,796
Other	-	-	7,878	7,878
Total categorical aid	<u>\$ 53,623</u>	<u>\$ 53,623</u>	<u>\$ 228,020</u>	<u>\$ 174,397</u>
Total revenue from the federal government	<u>\$ 163,623</u>	<u>\$ 163,623</u>	<u>\$ 1,569,126</u>	<u>\$ 1,405,503</u>
Total General Fund	<u>\$ 45,341,172</u>	<u>\$ 45,295,482</u>	<u>\$ 47,383,756</u>	<u>\$ 2,088,274</u>
Total Primary Government	<u>\$ 45,341,172</u>	<u>\$ 45,295,482</u>	<u>\$ 47,383,756</u>	<u>\$ 2,088,274</u>

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 1
Page 4 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition -private day school	\$ 19,000	\$ 19,000	\$ 23,919	\$ 4,919
Tuition-City of Lexington, Buena Vista	1,431,693	1,431,693	1,597,260	165,567
Total charges for services	\$ 1,450,693	\$ 1,450,693	\$ 1,621,179	\$ 170,486
Miscellaneous:				
Other miscellaneous	\$ 91,678	\$ 91,678	\$ 245,611	\$ 153,933
Total revenue from local sources	\$ 1,542,371	\$ 1,542,371	\$ 1,866,790	\$ 324,419
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Rockbridge, Virginia	\$ 14,439,710	\$ 15,288,103	\$ 13,753,080	\$ (1,535,023)
Total revenues from local governments	\$ 14,439,710	\$ 15,288,103	\$ 13,753,080	\$ (1,535,023)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,214,498	\$ 3,214,498	\$ 3,304,373	\$ 89,875
Basic school aid	7,816,330	7,816,330	7,608,032	(208,298)
Remedial summer education	8,185	8,185	9,879	1,694
Gifted and talented	71,750	71,750	70,622	(1,128)
Remedial education	209,622	209,622	206,326	(3,296)
Special education	1,161,439	1,161,439	1,100,428	(61,011)
Textbook payment	141,657	141,657	139,429	(2,228)
Vocational standards of quality payments	213,843	213,843	210,480	(3,363)
Social security fringe benefits	429,093	429,093	422,345	(6,748)
Retirement fringe benefits	946,818	946,818	931,929	(14,889)
Early reading intervention	40,460	40,460	49,656	9,196
Dropout prevention	4,612	4,612	4,612	-
Homebound education	10,379	10,379	6,578	(3,801)
Vocational education other	7,640	7,640	37,496	29,856
At risk payments	213,302	213,302	214,825	1,523
Mentor teacher	2,064	2,064	2,596	532
Standards of learning algebra readiness	26,086	26,086	28,349	2,263
Reduced class size	276,739	276,739	275,331	(1,408)
Group life insurance	29,544	29,544	29,079	(465)
Technology grant	206,000	206,000	206,000	-
At risk four-year olds	-	-	125,300	125,300
Compensation supplement	455,266	455,266	456,483	1,217
English as a second language	19,988	19,988	17,490	(2,498)
Lottery proceeds	518,322	518,322	506,828	(11,494)
Adult Ed GED	25,065	25,065	59,579	34,514
Other state funds	-	-	66,238	66,238
Total categorical aid	\$ 16,048,702	\$ 16,048,702	\$ 16,090,283	\$ 41,581
Total revenue from the Commonwealth	\$ 16,048,702	\$ 16,048,702	\$ 16,090,283	\$ 41,581

County of Rockbridge, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 1
Page 5 of 5

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Intergovernmental: (Continued)				
Categorical aid:				
Federal land use	\$ -	\$ 61,687	\$ 61,915	\$ 228
Adult literacy	-	104,582	104,971	389
Title I	-	543,431	545,450	2,019
Title VI-B, special education flow-through	-	691,728	694,298	2,570
Vocational education	-	72,548	72,817	269
Title VI-B, special education pre-school	107,898	124,015	16,177	(107,838)
Title II, Part A	-	99,323	99,692	369
Title IV, Part A	-	44,889	45,056	167
Twenty-first century community learning centers	-	321,338	322,532	1,194
Total action against poverty	-	4,357	4,373	16
Total categorical aid	\$ 107,898	\$ 2,067,898	\$ 1,967,281	\$ (100,617)
Total revenue from the federal government	\$ 107,898	\$ 2,067,898	\$ 1,967,281	\$ (100,617)
Total School Operating Fund	\$ 32,138,681	\$ 34,947,074	\$ 33,677,434	\$ (1,269,640)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2	\$ 2	\$ 2	\$ -
Charges for services:				
Cafeteria sales	\$ 375,988	\$ 375,988	\$ 398,416	\$ 22,428
Total charges for services	\$ 375,988	\$ 375,988	\$ 398,416	\$ 22,428
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 17,350	\$ 17,350
Total miscellaneous revenue	\$ -	\$ -	\$ 17,350	\$ 17,350
Total revenue from local sources	\$ 375,990	\$ 375,990	\$ 415,768	\$ 39,778
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 22,600	\$ 22,600	\$ 19,429	\$ (3,171)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 685,300	\$ 685,300	\$ 772,671	\$ 87,371
Commodities	-	-	79,159	79,159
Total categorical aid	\$ 685,300	\$ 685,300	\$ 851,830	\$ 166,530
Total revenue from the federal government	\$ 685,300	\$ 685,300	\$ 851,830	\$ 166,530
Total School Cafeteria Fund	\$ 1,083,890	\$ 1,083,890	\$ 1,287,027	\$ 203,137
Total Discretely Presented Component Unit - School Board	\$ 33,222,571	\$ 36,030,964	\$ 34,964,461	\$ (1,066,503)

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

Schedule 2
Page 1 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 113,243	\$ 132,775	\$ 130,085	\$ 2,690
General and financial administration:				
County administrator	\$ 228,563	\$ 229,865	\$ 268,184	\$ (38,319)
Legal services	190,093	190,093	182,797	7,296
Commissioner of the revenue	328,397	328,658	314,138	14,520
Land use	1,000	1,000	895	105
Treasurer	342,260	342,260	321,024	21,236
Central accounting	102,665	102,665	101,108	1,557
Human resources	120,252	120,339	118,631	1,708
Data processing	183,192	173,192	149,877	23,315
Director of fiscal services	289,916	289,916	276,144	13,772
Central stores	-	-	104,821	(104,821)
Total general and financial administration	\$ 1,786,338	\$ 1,777,988	\$ 1,837,619	\$ (59,631)
Board of elections:				
Electoral board and officials	\$ 181,228	\$ 195,532	\$ 191,738	\$ 3,794
Total board of elections	\$ 181,228	\$ 195,532	\$ 191,738	\$ 3,794
Total general government administration	\$ 2,080,809	\$ 2,106,295	\$ 2,159,442	\$ (53,147)
Judicial administration:				
Courts:				
Circuit court	\$ 99,336	\$ 98,436	\$ 79,061	\$ 19,375
County court	19,100	20,565	18,491	2,074
Victim witness coordinator	103,251	103,251	99,984	3,267
Clerk of the circuit court	489,820	501,346	489,542	11,804
Courthouse security	440,737	426,529	413,808	12,721
Total courts	\$ 1,152,244	\$ 1,150,127	\$ 1,100,886	\$ 49,241
Commonwealth's attorney:				
Commonwealth's attorney	\$ 602,480	\$ 644,869	\$ 637,253	\$ 7,616
Total Commonwealth's attorney	\$ 602,480	\$ 644,869	\$ 637,253	\$ 7,616
Total judicial administration	\$ 1,754,724	\$ 1,794,996	\$ 1,738,139	\$ 56,857
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,793,375	\$ 2,790,433	\$ 2,736,253	\$ 54,180
Fire and rescue services:				
Fire and rescue services	\$ 3,454,866	\$ 3,365,828	\$ 3,332,767	\$ 33,061
Consolidated dispatch	1,720,704	1,720,704	1,718,512	2,192
Total fire and rescue services	\$ 5,175,570	\$ 5,086,532	\$ 5,051,279	\$ 35,253
Correction and detention:				
Contribution to Component Unit Jail Commission	\$ 1,810,413	\$ 2,186,896	\$ 2,187,587	\$ (691)
Probation office	7,000	7,000	6,859	141
Juvenile probation and detention	35,166	35,168	24,968	10,200
Total correction and detention	\$ 1,852,579	\$ 2,229,064	\$ 2,219,414	\$ 9,650

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 2
Page 2 of 4

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 242,730	\$ 242,730	\$ 235,228	\$ 7,502
Other protection:				
Special enforcement	\$ 124,212	\$ 124,212	\$ 120,155	\$ 4,057
Other protective services	212,683	216,043	214,880	1,163
Total other protection	\$ 336,895	\$ 340,255	\$ 335,035	\$ 5,220
Total public safety	\$ 10,401,149	\$ 10,689,014	\$ 10,577,209	\$ 111,805
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Road maintenance	\$ 14,500	\$ 14,500	\$ 13,844	\$ 656
Total maintenance of highways, streets, bridges & sidewalks	\$ 14,500	\$ 14,500	\$ 13,844	\$ 656
Sanitation and waste removal:				
Refuse and recycling	\$ 2,011,956	\$ 2,056,530	\$ 2,049,936	\$ 6,594
Total sanitation and waste removal	\$ 2,011,956	\$ 2,056,530	\$ 2,049,936	\$ 6,594
Maintenance of general buildings and grounds:				
General properties	\$ 498,910	\$ 498,792	\$ 462,016	\$ 36,776
Central garage	866,322	930,949	873,792	57,157
Total maintenance of general buildings and grounds	\$ 1,365,232	\$ 1,429,741	\$ 1,335,808	\$ 93,933
Total public works	\$ 3,391,688	\$ 3,500,771	\$ 3,399,588	\$ 101,183
Health and welfare:				
Health:				
Supplement of local health department	\$ 221,514	\$ 221,514	\$ 221,514	\$ -
Other contributions	185,414	185,414	185,414	-
Total health	\$ 406,928	\$ 406,928	\$ 406,928	\$ -
Mental health and mental retardation:				
Community services board	\$ 169,620	\$ 169,620	\$ 169,620	\$ -
Welfare:				
Contribution to Rockbridge Area Social Services Board	\$ 1,141,717	\$ 1,141,717	\$ 1,112,079	\$ 29,638
Other public assistance and welfare administration	59,030	59,030	56,380	2,650
Tax relief for the elderly	-	-	223,778	(223,778)
Total welfare	\$ 1,200,747	\$ 1,200,747	\$ 1,392,237	\$ (191,490)
Total health and welfare	\$ 1,777,295	\$ 1,777,295	\$ 1,968,785	\$ (191,490)
Education:				
Other instructional costs:				
Community colleges/other programs	\$ 83,384	\$ 83,384	\$ 83,384	\$ -
Contribution to County School Board	14,439,710	14,803,210	13,753,080	1,050,130
Total education	\$ 14,523,094	\$ 14,886,594	\$ 13,836,464	\$ 1,050,130

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 2
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 764,507	\$ 770,994	\$ 738,867	\$ 32,127
Preschool	133,491	135,491	132,103	3,388
Total parks and recreation	<u>\$ 897,998</u>	<u>\$ 906,485</u>	<u>\$ 870,970</u>	<u>\$ 35,515</u>
Library:				
Contribution to county libraries	\$ 652,068	\$ 652,068	\$ 652,068	\$ -
Total parks, recreation, and cultural	<u>\$ 1,550,066</u>	<u>\$ 1,558,553</u>	<u>\$ 1,523,038</u>	<u>\$ 35,515</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 346,698	\$ 360,583	\$ 344,947	\$ 15,636
Geographic information system	185,427	185,427	171,641	13,786
Rental assistance	70,628	79,928	67,564	12,364
Economic development	1,275,653	1,530,478	1,426,388	104,090
Other community development	162,004	162,005	162,004	1
Contribution to Public Service Authority	500,723	472,001	210,723	261,278
Total planning and community development	<u>\$ 2,541,133</u>	<u>\$ 2,790,422</u>	<u>\$ 2,383,267</u>	<u>\$ 407,155</u>
Environmental management:				
NBSWCD support	\$ 185,679	\$ 200,848	\$ 200,787	\$ 61
Other environmental management	100,392	100,392	85,698	14,694
Total environmental management	<u>\$ 286,071</u>	<u>\$ 301,240</u>	<u>\$ 286,485</u>	<u>\$ 14,755</u>
Cooperative extension program:				
Extension office	\$ 87,670	\$ 87,670	\$ 79,776	\$ 7,894
Total community development	<u>\$ 2,914,874</u>	<u>\$ 3,179,332</u>	<u>\$ 2,749,528</u>	<u>\$ 429,804</u>
Nondepartmental:				
Miscellaneous	\$ 256,884	\$ 252,644	\$ 1,503	\$ 251,141
Annexation payment	1,928,000	1,930,638	1,930,638	-
Total nondepartmental	<u>\$ 2,184,884</u>	<u>\$ 2,183,282</u>	<u>\$ 1,932,141</u>	<u>\$ 251,141</u>
Debt service:				
Principal retirement	\$ 3,108,091	\$ 3,108,090	\$ 3,108,090	\$ -
Interest and other fiscal charges	2,150,987	2,150,988	1,834,208	316,780
Total debt service	<u>\$ 5,259,078</u>	<u>\$ 5,259,078</u>	<u>\$ 4,942,298</u>	<u>\$ 316,780</u>
Total General Fund	<u><u>\$ 45,837,661</u></u>	<u><u>\$ 46,935,210</u></u>	<u><u>\$ 44,826,632</u></u>	<u><u>\$ 2,108,578</u></u>
Capital Projects Funds:				
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects expenditures	\$ 607,191	\$ 1,232,828	\$ 716,974	\$ 515,854
Total capital projects	<u>\$ 607,191</u>	<u>\$ 1,232,828</u>	<u>\$ 716,974</u>	<u>\$ 515,854</u>
Total County Capital Projects Fund	<u><u>\$ 607,191</u></u>	<u><u>\$ 1,232,828</u></u>	<u><u>\$ 716,974</u></u>	<u><u>\$ 515,854</u></u>
 Total Primary Government	 <u><u>\$ 46,444,852</u></u>	 <u><u>\$ 48,168,038</u></u>	 <u><u>\$ 45,543,606</u></u>	 <u><u>\$ 2,624,432</u></u>

County of Rockbridge, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (Continued)

Schedule 2
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Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Instruction	\$ 22,904,867	\$ 25,011,611	\$ 24,269,587	\$ 742,024
Administration, attendance and health	2,248,249	2,382,979	2,258,632	124,347
Pupil transportation	2,684,265	2,731,184	2,696,915	34,269
Operation and maintenance	2,843,175	2,973,177	2,974,683	(1,506)
Facilities	1,458,125	1,848,123	1,477,617	370,506
Total School Operating Fund	<u>\$ 32,138,681</u>	<u>\$ 34,947,074</u>	<u>\$ 33,677,434</u>	<u>\$ 1,269,640</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,083,890	\$ 1,083,890	\$ 1,248,785	\$ (164,895)
Total School Cafeteria Fund	<u>\$ 1,083,890</u>	<u>\$ 1,083,890</u>	<u>\$ 1,248,785</u>	<u>\$ (164,895)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 33,222,571</u>	<u>\$ 36,030,964</u>	<u>\$ 34,926,219</u>	<u>\$ 1,104,745</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

6-10

Debt Capacity

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

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Demographic and Economic Information

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

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Operating Information

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

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Sources:

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

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 11,866,668	\$ 12,943,272	\$ 10,937,946	\$ 14,100,533
Restricted	960,040	1,002,603	5,459,836	1,332,295
Unrestricted	<u>17,653,362</u>	<u>17,197,916</u>	<u>21,297,930</u>	<u>21,113,574</u>
Total governmental activities net position	<u>\$ 30,480,070</u>	<u>\$ 31,143,791</u>	<u>\$ 37,695,712</u>	<u>\$ 36,546,402</u>
Business-type activities				
Net investment in capital assets	\$ 1,338,861	\$ 1,086,965	\$ 1,397,575	\$ 1,712,920
Restricted	-	1,176,854	1,002,249	1,002,249
Unrestricted	<u>1,570,098</u>	<u>881,152</u>	<u>924,040</u>	<u>642,159</u>
Total business-type activities net position	<u>\$ 2,908,959</u>	<u>\$ 3,144,971</u>	<u>\$ 3,323,864</u>	<u>\$ 3,357,328</u>
Primary government				
Net investment in capital assets	\$ 13,205,529	\$ 14,030,237	\$ 12,335,521	\$ 15,813,453
Restricted	960,040	2,179,457	6,462,085	2,334,544
Unrestricted	<u>19,223,460</u>	<u>18,079,068</u>	<u>22,221,970</u>	<u>21,755,733</u>
Total primary government net position	<u>\$ 33,389,029</u>	<u>\$ 34,288,762</u>	<u>\$ 41,019,576</u>	<u>\$ 39,903,730</u>

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 14,218,888	\$ 13,222,296	\$ 12,935,258	\$ 12,425,263	\$ 11,897,277	\$ 11,596,017
1,190,894	232,779	451,921	274,880	193,246	1,813,786
<u>20,308,715</u>	<u>23,911,471</u>	<u>24,789,608</u>	<u>25,139,551</u>	<u>25,112,495</u>	<u>25,452,170</u>
\$ <u>35,718,497</u>	\$ <u>37,366,546</u>	\$ <u>38,176,787</u>	\$ <u>37,839,694</u>	\$ <u>37,203,018</u>	\$ <u>38,861,973</u>
\$ 2,166,784	\$ 2,592,481	\$ 2,096,784	\$ 2,579,553	\$ 3,005,550	\$ 3,382,024
1,210,738	1,423,596	1,682,097	1,004,855	824,130	838,128
<u>733,351</u>	<u>366,856</u>	<u>1,703,698</u>	<u>(894,497)</u>	<u>(1,703,291)</u>	<u>(4,196,565)</u>
\$ <u>4,110,873</u>	\$ <u>4,382,933</u>	\$ <u>5,482,579</u>	\$ <u>2,689,911</u>	\$ <u>2,126,389</u>	\$ <u>23,587</u>
\$ 16,385,672	\$ 15,814,777	\$ 15,032,042	\$ 15,004,816	\$ 14,902,827	\$ 14,978,041
2,401,632	1,656,375	2,134,018	1,279,735	1,017,376	2,651,914
<u>21,042,066</u>	<u>24,278,327</u>	<u>26,493,306</u>	<u>24,245,054</u>	<u>23,409,204</u>	<u>21,255,605</u>
\$ <u>39,829,370</u>	\$ <u>41,749,479</u>	\$ <u>43,659,366</u>	\$ <u>40,529,605</u>	\$ <u>39,329,407</u>	\$ <u>38,885,560</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government administration	\$ 2,333,275	\$ 2,335,818	\$ 2,011,030	\$ 2,497,472
Judicial administration	1,186,366	1,021,390	1,267,789	1,282,388
Public safety	5,160,253	5,406,165	5,700,091	7,551,214
Public works	2,824,461	2,949,751	3,052,847	2,522,400
Health and welfare	1,498,930	1,505,526	1,414,009	1,411,742
Education	13,085,583	16,631,591	16,126,417	14,081,158
Parks, recreation and cultural	1,267,868	1,299,526	1,442,669	1,246,800
Community development	2,585,270	2,369,189	2,246,495	2,635,939
Interest on long-term debt	1,862,608	1,730,059	1,718,759	1,749,577
Nondepartmental	1,747,190	1,969,401	2,833,978	2,513,613
Total governmental activities expenses	\$ 33,551,804	\$ 37,218,416	\$ 37,814,084	\$ 37,492,303
Business-type activities:				
Blue Ridge Resource Authority (Landfill)	\$ 862,292	\$ 825,011	\$ 960,797	\$ 1,207,978
Recycling	983,111	1,159,742	1,156,498	461,888
Total business-type activities expenses	\$ 1,845,403	\$ 1,984,753	\$ 2,117,295	\$ 1,669,866
Total primary government expenses	\$ 35,397,207	\$ 39,203,169	\$ 39,931,379	\$ 39,162,169
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ 23,400	\$ 23,400	\$ 23,400	\$ -
Judicial administration	437,863	510,896	457,916	709,282
Public safety	5,840	6,317	22,078	10,282
Public works	958,805	1,236,913	1,122,809	1,180,837
Parks, recreation and cultural	96,748	95,487	85,038	84,607
Community development	181,875	192,207	178,734	236,124
Operating grants and contributions	2,426,783	2,257,672	2,412,618	2,438,107
Capital grants and contributions	303,653	1,993,245	5,816,685	598,412
Total governmental activities program revenues	\$ 4,434,967	\$ 6,316,137	\$ 10,119,278	\$ 5,257,651

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,294,804	\$ 2,888,023	\$ 2,905,137	\$ 2,921,147	\$ 2,732,902	\$ 2,955,095
1,283,097	1,363,768	1,500,916	1,498,614	1,571,211	1,803,592
6,492,719	7,165,176	8,332,745	9,210,516	9,924,693	10,807,553
2,879,018	3,257,681	3,458,387	3,508,528	3,229,210	3,485,100
1,330,106	1,641,027	1,618,131	1,723,940	1,822,361	1,968,412
14,980,144	15,794,029	16,455,148	16,750,090	18,406,357	16,656,304
1,289,331	1,431,206	1,403,936	1,502,900	1,421,876	1,555,092
3,171,409	2,933,943	2,792,737	3,106,501	3,265,388	2,755,834
1,757,409	1,780,693	1,805,264	1,856,695	1,913,840	1,648,736
2,449,604	2,488,358	2,209,563	2,207,499	2,153,345	1,930,638
<u>\$ 37,927,641</u>	<u>\$ 40,743,904</u>	<u>\$ 42,481,964</u>	<u>\$ 44,286,430</u>	<u>\$ 46,441,183</u>	<u>\$ 45,566,356</u>
\$ 962,151	\$ 1,183,842	\$ 1,166,417	\$ 4,942,934	\$ 3,046,258	\$ 4,788,902
473,195	463,929	527,747	-	-	-
<u>\$ 1,435,346</u>	<u>\$ 1,647,771</u>	<u>\$ 1,694,164</u>	<u>\$ 4,942,934</u>	<u>\$ 3,046,258</u>	<u>\$ 4,788,902</u>
<u>\$ 39,362,987</u>	<u>\$ 42,391,675</u>	<u>\$ 44,176,128</u>	<u>\$ 49,229,364</u>	<u>\$ 49,487,441</u>	<u>\$ 50,355,258</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
765,411	707,067	867,615	877,266	793,781	738,368
21,465	23,841	71,543	76,224	50,559	39,728
1,043,742	1,052,048	1,166,521	1,006,611	650,812	576,959
80,237	90,846	93,890	88,254	91,959	83,961
493,599	291,216	291,872	348,692	340,990	301,284
2,424,462	2,381,742	2,460,447	2,525,993	2,766,029	3,980,032
273,913	41,945	21,545	38,569	398,342	75,796
<u>\$ 5,102,829</u>	<u>\$ 4,588,705</u>	<u>\$ 4,973,433</u>	<u>\$ 4,961,609</u>	<u>\$ 5,092,472</u>	<u>\$ 5,796,128</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Business-type activities:				
Charges for services:				
Landfill	\$ 1,116,260	\$ 1,063,507	\$ 1,034,968	\$ 936,243
Recycling	77,872	23,714	-	-
Operating grants and contributions	21,503	18,461	26,161	23,076
Total business-type activities program revenues	\$ 1,215,635	\$ 1,105,682	\$ 1,061,129	\$ 959,319
Total primary government program revenues	\$ 5,650,602	\$ 7,421,819	\$ 11,180,407	\$ 6,216,970
Net (expense) / revenue				
Governmental activities	\$ (29,116,837)	\$ (30,902,279)	\$ (27,694,806)	\$ (32,234,652)
Business-type activities	(629,768)	(879,071)	(1,056,166)	(710,547)
Total primary government net expense	\$ (29,746,605)	\$ (31,781,350)	\$ (28,750,972)	\$ (32,945,199)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 19,903,929	\$ 20,241,098	\$ 22,519,602	\$ 23,009,779
Local sales and use taxes	2,226,190	2,292,809	2,392,591	2,439,476
Motor vehicle licenses taxes	542,034	537,280	537,855	535,776
Consumer utility taxes	1,541,967	1,520,806	1,522,050	1,514,494
Business licenses taxes	775,021	851,571	913,827	882,478
Other local taxes	2,642,418	2,687,544	2,791,478	2,922,491
Unrestricted grants and contributions	2,706,042	2,761,428	2,741,009	2,760,419
Unrestricted revenues from use of money and property	145,518	74,448	78,229	58,003
Gain on sale of capital assets	-	-	-	-
Miscellaneous	239,873	1,710,031	743,278	1,213,388
Transfers	(859,771)	(1,111,015)	(1,234,972)	(735,930)
Total governmental activities	\$ 29,863,221	\$ 31,566,000	\$ 33,004,947	\$ 34,600,374
Business-type activities:				
Unrestricted revenues from use of money and property	\$ 4,938	\$ 4,000	\$ 4,676	\$ 3,018
Miscellaneous	10,264	68	3,815	5,063
Transfers	859,771	1,111,015	1,234,972	735,930
Total business-type activities	\$ 874,973	\$ 1,115,083	\$ 1,243,463	\$ 744,011
Total primary government	\$ 30,738,194	\$ 32,681,083	\$ 34,248,410	\$ 35,344,385
Change in Net Position				
Governmental activities	\$ 746,384	\$ 663,721	\$ 5,310,141	\$ 2,365,722
Business-type activities	245,205	236,012	187,297	33,464
Total primary government	\$ 991,589	\$ 899,733	\$ 5,497,438	\$ 2,399,186

Table 2

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 1,578,750	\$ 2,098,447	\$ 2,232,822	\$ 2,108,888	\$ 2,360,386	\$ 2,586,640	
-	-	-	-	-	-	
23,046	23,300	22,492	21,966	-	-	
\$ 1,601,796	\$ 2,121,747	\$ 2,255,314	\$ 2,130,854	\$ 2,360,386	\$ 2,586,640	
\$ 6,704,625	\$ 6,710,452	\$ 7,228,747	\$ 7,092,463	\$ 7,452,858	\$ 8,382,768	
\$ (32,824,812)	\$ (36,155,199)	\$ (37,508,531)	\$ (39,324,821)	\$ (41,348,711)	\$ (39,770,228)	
166,450	473,976	561,150	(2,812,080)	(685,872)	(2,202,262)	
\$ (32,658,362)	\$ (35,681,223)	\$ (36,947,381)	\$ (42,136,901)	\$ (42,034,583)	\$ (41,972,490)	
\$ 24,210,212	\$ 24,775,816	\$ 25,753,935	\$ 26,107,887	\$ 26,812,001	\$ 28,273,179	
2,561,164	2,720,814	2,684,576	2,674,023	2,849,016	3,039,608	
531,093	540,217	531,868	538,941	531,572	469,104	
1,509,304	1,488,723	1,465,354	1,444,055	1,375,566	1,374,527	
873,386	849,796	872,532	882,385	959,186	942,041	
3,144,747	3,409,515	3,562,628	3,544,797	3,630,698	3,216,409	
2,732,823	2,749,809	2,764,276	2,764,409	2,833,135	2,844,367	
57,337	113,017	169,275	253,575	474,123	358,087	
-	-	23,210	-	-	-	
943,636	833,978	939,045	1,216,150	1,236,036	911,861	
(909,606)	(449,951)	(447,927)	28,204	10,702	-	
\$ 35,654,096	\$ 37,031,734	\$ 38,318,772	\$ 39,454,426	\$ 40,712,035	\$ 41,429,183	
\$ 3,413	\$ 11,162	\$ 43,456	\$ 63,798	\$ 111,965	\$ 59,201	
8,927	25,869	47,113	13,587	21,087	40,259	
909,606	449,951	447,927	(28,204)	(10,702)	-	
\$ 921,946	\$ 486,982	\$ 538,496	\$ 49,181	\$ 122,350	\$ 99,460	
\$ 36,576,042	\$ 37,518,716	\$ 38,857,268	\$ 39,503,607	\$ 40,834,385	\$ 41,528,643	
\$ 2,829,284	\$ 876,535	\$ 810,241	\$ 129,605	\$ (636,676)	\$ 1,658,955	
1,088,396	960,958	1,099,646	(2,762,899)	(563,522)	(2,102,802)	
\$ 3,917,680	\$ 1,837,493	\$ 1,909,887	\$ (2,633,294)	\$ (1,200,198)	\$ (443,847)	

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Business License Tax	Total
2020 \$	28,273,179 \$	3,039,608 \$	1,374,527 \$	469,104 \$	285,043 \$	942,041 \$	34,383,502
2019	26,812,001	2,849,016	1,375,566	531,572	202,609	959,186	32,729,950
2018	26,107,887	2,674,023	1,444,055	538,941	224,903	882,385	31,872,194
2017	25,753,935	2,684,576	1,465,354	531,868	203,536	872,532	31,511,801
2016	24,775,816	2,720,814	1,488,723	540,217	181,979	849,796	30,557,345
2015	24,210,212	2,561,164	1,509,304	531,093	184,098	873,386	29,869,257
2014	23,009,779	2,439,476	1,514,494	535,776	208,339	882,478	28,590,342
2013	22,519,602	2,392,591	1,522,050	537,855	191,861	913,827	28,077,786
2012	20,241,098	2,292,809	1,520,806	537,280	199,362	851,571	25,642,926
2011	19,903,929	2,226,190	1,541,967	542,034	182,274	775,021	25,171,415

COUNTY OF ROCKBRIDGE, VIRGINIAFund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 102,799	\$ 121,348	\$ 116,671	\$ 112,861
Restricted	1,018,434	1,002,603	1,075,361	1,000,439
Committed	856,172	646,172	707,419	385,973
Assigned	1,259,523	2,061,918	1,934,997	2,194,043
Unassigned	<u>14,124,282</u>	<u>15,284,213</u>	<u>17,219,353</u>	<u>18,317,586</u>
Total general fund	\$ <u>17,361,210</u>	\$ <u>19,116,254</u>	\$ <u>21,053,801</u>	\$ <u>22,010,902</u>
All other governmental funds				
Restricted	\$ -	\$ -	\$ 4,384,475	\$ 331,856
Assigned, reported in:				
Capital projects funds	278,115	5,434,345	254,255	260,564
Unassigned, reported in:				
Special revenue funds	<u>(90,345)</u>	<u>(947,976)</u>	<u>(229,603)</u>	<u>-</u>
Total all other governmental funds	\$ <u>187,770</u>	\$ <u>4,486,369</u>	\$ <u>4,409,127</u>	\$ <u>592,420</u>

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 111,886	\$ 104,915	\$ 97,188	\$ 134,527	\$ 149,337	\$ 4,273,509
988,933	63,889	281,823	274,880	193,246	1,813,786
175,973	-	78,036	17,535	-	-
2,004,485	2,021,502	3,673,682	3,613,452	3,364,713	3,017,813
<u>21,085,055</u>	<u>20,713,488</u>	<u>21,887,717</u>	<u>21,821,167</u>	<u>23,087,925</u>	<u>19,886,046</u>
<u>\$ 24,366,332</u>	<u>\$ 22,903,794</u>	<u>\$ 26,018,446</u>	<u>\$ 25,861,561</u>	<u>\$ 26,795,221</u>	<u>\$ 28,991,154</u>
\$ 201,961	\$ 168,890	\$ 170,098	\$ -	\$ -	\$ -
232,578	4,119,737	2,076,736	2,896,605	1,435,250	1,079,467
-	-	-	-	-	-
<u>\$ 434,539</u>	<u>\$ 4,288,627</u>	<u>\$ 2,246,834</u>	<u>\$ 2,896,605</u>	<u>\$ 1,435,250</u>	<u>\$ 1,079,467</u>

COUNTY OF ROCKBRIDGE, VIRGINIA

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
General property taxes	\$ 19,778,269	\$ 20,928,182	\$ 22,414,930	\$ 23,372,482
Other local taxes	7,727,630	7,890,010	8,157,801	8,294,715
Permits, privilege fees and regulatory licenses	181,875	192,207	172,766	210,464
Fines and forfeitures	223,673	284,725	235,024	451,140
Revenue from use of money and property	145,518	74,448	78,229	58,003
Charges for services	1,298,983	1,588,288	1,482,185	1,559,528
Miscellaneous	239,873	2,150,539	2,471,378	1,213,388
Recovered costs	343,712	303,718	350,799	272,277
Intergovernmental:				
Commonwealth	4,935,567	4,733,732	4,847,109	4,910,801
Federal	500,911	2,278,613	4,416,673	886,137
Total revenues	\$ 35,376,011	\$ 40,424,462	\$ 44,626,894	\$ 41,228,935
Expenditures				
General government administration	\$ 1,642,181	\$ 1,612,340	\$ 1,588,585	\$ 1,667,257
Judicial administration	1,183,984	1,188,236	1,278,954	1,295,768
Public safety	5,198,378	5,535,432	5,784,020	7,683,885
Public works	2,944,557	2,956,944	3,082,574	2,506,757
Health and welfare	1,498,725	1,503,694	1,413,425	1,412,588
Education	11,514,555	12,848,581	14,216,366	13,747,740
Parks, recreation and cultural	1,170,665	1,197,527	1,345,586	1,243,472
Community development	2,998,230	6,177,505	7,337,211	2,633,159
Non-Departmental	1,747,190	1,730,059	1,723,096	1,749,577
Capital projects	36,677	2,335,173	21,849,069	4,579,992
Debt service:				
Principal	1,758,226	1,854,205	3,674,994	2,107,993
Interest and other fiscal charges	1,939,473	2,026,423	2,311,965	2,724,423
Bond issue costs	-	-	287,772	-
Total expenditures	\$ 33,632,841	\$ 40,966,119	\$ 65,893,617	\$ 43,352,611
Excess of revenues over (under) expenditures	\$ 1,743,170	\$ (541,657)	\$ (21,266,723)	\$ (2,123,676)
Other financing sources (uses)				
Transfers in	\$ -	\$ 1,087,294	\$ -	\$ 28,328
Transfers out	(859,771)	(2,198,309)	(1,234,972)	(764,258)
Issuance of refunding bonds	-	-	11,760,000	-
Bonds issued	-	7,500,000	21,895,000	-
Premium on bonds issued	-	-	2,533,876	-
Capital leases	216,840	206,315	-	-
Payment to refunded bond escrow agent	-	-	(13,086,006)	-
Total other financing sources (uses)	\$ (642,931)	\$ 6,595,300	\$ 21,867,898	\$ (735,930)
Net change in fund balances	\$ 1,100,239	\$ 6,053,643	\$ 601,175	\$ (2,859,606)
Debt service as a percentage of noncapital expenditures	11.01%	10.05%	13.59%	12.59%

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 24,016,493	\$ 24,843,541	\$ 25,725,668	\$ 26,131,707	\$ 26,821,285	\$ 27,975,985
8,619,694	9,009,065	9,116,958	9,084,201	9,346,038	9,041,689
432,008	275,060	255,426	283,671	341,802	273,100
521,412	445,370	601,336	626,580	572,049	558,259
57,337	113,017	169,275	253,575	474,123	358,087
1,451,034	1,444,588	1,634,679	1,486,796	1,014,250	908,941
943,636	833,978	1,514,145	1,216,150	1,236,036	911,861
317,364	469,735	460,945	387,604	499,845	455,639
4,955,261	4,965,583	4,993,539	5,012,009	5,408,397	5,331,069
475,937	207,913	252,729	316,962	589,109	1,569,126
\$ 41,790,176	\$ 42,607,850	\$ 44,724,700	\$ 44,799,255	\$ 46,302,934	\$ 47,383,756
\$ 1,586,194	\$ 2,117,583	\$ 2,023,012	\$ 1,963,707	\$ 2,029,406	\$ 2,159,442
1,381,899	1,472,432	1,497,223	1,537,279	1,661,334	1,738,139
6,492,485	7,403,041	8,292,069	9,256,857	9,924,315	10,577,209
2,893,763	3,312,600	3,377,393	3,532,420	3,281,203	3,399,588
1,329,207	1,639,246	1,617,640	1,731,697	1,821,605	1,968,785
13,829,192	13,082,282	13,875,717	14,478,618	14,278,558	13,836,464
1,442,883	1,427,654	1,389,469	1,471,789	1,434,036	1,523,038
3,185,514	2,808,451	2,791,218	3,222,033	3,292,580	2,749,528
1,757,409	1,780,693	1,805,264	1,856,695	1,913,840	1,932,141
130,640	486,825	2,098,566	5,790,077	2,039,995	716,974
2,053,317	2,502,118	2,064,665	2,437,709	2,876,909	3,108,090
2,600,518	2,746,012	2,371,678	2,291,692	2,287,550	1,834,208
-	-	-	-	-	-
\$ 38,683,021	\$ 40,778,937	\$ 43,203,914	\$ 49,570,573	\$ 46,841,331	\$ 45,543,606
\$ 3,107,155	\$ 1,828,913	\$ 1,520,786	\$ (4,771,318)	\$ (538,397)	\$ 1,840,150
\$ 27,786	\$ 4,575,622	\$ 61,675	\$ 1,211,673	\$ 587,593	\$ 361,191
(937,392)	(5,025,573)	(509,602)	(1,183,469)	(576,891)	(361,191)
-	4,985,000	-	-	-	-
-	-	-	-	-	-
-	835,950	-	-	-	-
-	-	-	5,236,000	-	-
-	(5,579,876)	-	-	-	-
\$ (909,606)	\$ (208,877)	\$ (447,927)	\$ 5,264,204	\$ 10,702	\$ -
\$ 2,197,549	\$ 1,620,036	\$ 1,072,859	\$ 492,886	\$ (527,695)	\$ 1,840,150
12.12%	13.15%	10.77%	10.85%	11.19%	11.02%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Record- ation and Wills Tax	Business License Tax	Total
2020 \$	27,975,985 \$	3,039,608 \$	1,374,527 \$	469,104 \$	285,043 \$	942,041 \$	34,086,308
2019	26,821,285	2,849,016	1,375,566	531,572	202,609	959,186	32,739,234
2018	26,131,707	2,674,023	1,444,055	538,941	224,903	882,385	31,896,014
2017	25,725,668	2,684,576	1,465,354	531,868	203,536	872,532	31,483,534
2016	24,843,541	2,720,814	1,488,723	540,217	181,979	849,796	30,625,070
2015	24,016,493	2,561,164	1,509,304	531,093	184,098	873,386	29,675,538
2014	23,372,482	2,439,476	1,514,494	535,776	208,339	882,478	28,953,045
2013	22,414,930	2,392,591	1,522,050	537,855	191,861	913,827	27,973,114
2012	20,928,182	2,292,809	1,520,806	537,280	199,362	851,571	26,330,010
2011	19,778,269	2,226,190	1,541,967	542,034	182,274	775,021	25,045,755

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property	Mobile Homes	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2020	\$ 2,667,749,200	\$ 214,597,409	\$ 6,455,543	\$ 20,419,513	\$ 238,322,735	\$ 3,147,544,400
2019	2,655,783,600	212,796,687	6,568,155	16,960,239	212,415,903	3,104,524,584
2018	2,648,474,200	206,515,010	6,342,995	16,449,119	203,142,456	3,080,923,780
2017	2,631,621,600	201,464,825	6,550,990	15,378,673	184,195,145	3,039,211,233
2016	2,439,031,715	193,324,971	6,606,563	15,010,380	179,117,907	2,833,091,536
2015	2,427,102,558	185,452,684	6,526,117	14,293,472	158,517,874	2,791,892,705
2014	2,409,180,980	182,796,656	6,654,724	14,745,031	146,349,769	2,759,727,160
2013	2,406,225,814	181,627,780	6,529,754	14,352,182	130,966,279	2,739,701,809
2012	2,393,006,606	174,030,130	6,943,019	13,415,023	118,289,855	2,705,684,633
2011	2,381,260,966	168,167,630	9,112,766	10,822,737	113,384,467	2,682,748,566

Source: Commissioner of the Revenue

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

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

(3) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value	State Sales Assessment Ratio (3)	Total Direct Rate
\$	3,149,749,224	99.93%	\$ 8.28
	3,054,732,445	101.63%	8.26
	3,124,669,148	98.60%	8.20
	2,977,867,169	102.06%	8.20
	2,872,735,283	98.62%	8.27
	2,788,824,998	100.11%	8.23
	2,848,309,588	96.89%	8.23
	2,827,641,458	96.89%	8.14
	2,792,532,390	96.89%	8.08
	2,697,042,893	99.47%	8.02

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

Direct Rates						
Tax Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Total Direct Rate	
2020	\$ 0.74	\$ 4.25	\$ 0.74	\$ 2.55	\$ 8.28	
2019	0.73	4.25	0.73	2.55	8.26	
2018	0.70	4.25	0.70	2.55	8.20	
2017	0.70	4.25	0.70	2.55	8.20	
2016	0.735	4.25	0.735	2.55	8.27	
2015	0.715	4.25	0.715	2.55	8.23	
2014	0.715	4.25	0.715	2.55	8.23	
2013	0.67	4.25	0.67	2.55	8.14	
2012	0.64	4.25	0.64	2.55	8.08	
2011	0.61	4.25	0.61	2.55	8.02	

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year (1)		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$	30,082,752	\$ 28,593,477	95.05%	\$ -	\$ 28,593,477	95.05%
2019		29,022,230	27,867,556	96.02%	657,181	28,524,737	98.29%
2018		28,195,589	27,044,729	95.92%	936,993	27,981,722	99.24%
2017		27,587,034	26,685,209	96.73%	782,575	27,467,784	99.57%
2016		26,614,006	25,756,651	96.78%	775,003	26,531,654	99.69%
2015		25,839,111	24,786,530	95.93%	1,030,059	25,816,589	99.91%
2014		25,571,272	24,997,455	97.76%	562,617	25,560,072	99.96%
2013		23,894,710	23,332,287	97.65%	556,712	23,888,999	99.98%
2012		23,041,039	22,189,814	96.31%	846,566	23,036,380	99.98%
2011		21,983,597	21,203,088	96.45%	776,312	21,979,400	99.98%

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

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

(2) Does not include land redemptions.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2020		Fiscal Year 2011	
		2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
Virginia Elec. & Power Company	Utility	\$ 153,479,512	5.753%	\$ n/a	n/a
Lexington Retirement Community, Inc.	Health Provider	31,700,300	1.188%	27,726,900	1.023%
BARC Electric	Utility	29,495,999	1.106%	n/a	n/a
Landeau, Laurie J.	Individual	16,522,800	0.619%	3,634,600	0.134%
BJB Properties LLC	Industry & Service	11,574,200	0.434%	n/a	n/a
Lowe's Home Center	Retail	10,870,100	0.407%	7,912,500	0.292%
Mountain View Brewery, LLC	Manufacturer/Retail	10,118,300	0.379%	n/a	n/a
Wal-Mart Real Estate Business Trust	Retail	10,034,500	0.376%	8,992,900	0.332%
Virginia Conservation Legacy*	Hospitality	9,963,900	0.373%	17,138,400	0.632%
West Airlie Farms, LLC	Agriculture	9,809,600	0.368%	3,795,700	0.140%
		<u>\$ 293,569,211</u>	<u>11.004%</u>	<u>\$ 69,201,000</u>	<u>2.554%</u>

*Formerly associated with Natural Bridge of Virginia, LCC in FY 2011

Source: Commissioner of Revenue

COUNTY OF ROCKBRIDGE, VIRGINIA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Revenue Bonds	Literary Fund Loans	Capital Leases	General Obligation Bonds	Capital Leases
2020	\$ 33,706,337	\$ 15,420,000	\$ 360,000	\$ 4,724,000	\$ 5,246,275	\$ 199,149
2019	35,991,654	16,005,000	540,000	4,984,644	5,902,133	391,895
2018	38,210,078	16,440,000	715,000	5,236,000	6,532,992	606,418
2017	40,365,658	16,745,000	895,000	-	7,143,851	643,359
2016	42,453,194	16,745,000	1,075,000	-	7,264,710	916,590
2015	43,604,236	17,390,000	1,255,000	-	724,462	449,111
2014	45,109,146	17,870,000	1,435,000	53,280	750,543	583,060
2013	46,590,095	18,359,697	1,635,000	173,515	776,624	317,405
2012	24,907,549	19,055,719	2,000,000	330,643	776,624	-
2011	18,537,312	19,523,530	2,200,000	226,105	-	-

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

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

Table 11

Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 59,655,761	8.39%	\$ 2,651
63,815,326	7.26%	2,831
67,740,488	7.87%	2,990
65,792,868	7.95%	2,958
68,454,494	8.87%	3,089
63,422,809	8.21%	2,862
65,801,029	8.44%	2,939
67,852,336	9.06%	3,038
47,070,535	6.39%	2,131
40,486,947	5.67%	1,827

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross and Net Bonded Debt (3)	Less: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020	22,500	\$ 2,667,749,200	\$ 34,066,337	\$ -	\$ 34,066,337	1.28%	\$ 1,514
2019	22,539	2,655,783,600	36,531,654	-	36,531,654	1.38%	1,621
2018	22,659	2,648,474,200	38,925,078	-	38,925,078	1.47%	1,718
2017	22,241	2,631,621,600	41,260,658	-	41,260,658	1.57%	1,855
2016	22,163	2,439,031,715	43,528,194	-	43,528,194	1.78%	1,964
2015	22,163	2,427,102,558	44,859,236	-	44,859,236	1.85%	2,024
2014	22,390	2,409,180,980	46,544,146	-	46,544,146	1.93%	2,079
2013	22,338	2,406,225,814	48,225,095	-	48,225,095	2.00%	2,159
2012	22,090	2,393,006,606	26,907,549	-	26,907,549	1.12%	1,218
2011	22,155	2,381,260,966	20,963,417	-	20,963,417	0.88%	946

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

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

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

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Landfill Revenue Bonds						Coverage
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2020	\$ 2,626,899	\$ 1,686,907	\$ 939,992	\$ 560,000	\$ 228,637	119.19%	
2019	2,381,473	1,484,858	896,615	535,000	254,172	113.61%	
2018	2,122,475	1,103,408	1,019,067	515,000	277,803	128.54%	
2017	2,252,340	967,399	1,284,941	25,000	272,475	431.95%	
2016	2,113,441	777,930	1,335,511	20,000	29,656	2689.53%	
2015	1,583,311	731,128	852,183	20,000	40,173	1416.22%	
2014	936,618	987,004	(50,386)	20,000	31,456	-97.92%	
2013	1,035,112	779,351	255,761	-	28,107	909.95%	
2012	1,063,575	748,612	314,963	-	-	N/A	
2011	1,126,524	787,877	338,647	-	-	N/A	

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2020	22,500	\$ 907,200,000	40,320	49	2,643	6.30%
2019	22,609	881,321,429	\$ 38,981	47	2,743	2.60%
2018	22,659	860,792,751	37,989	47	2,740	3.40%
2017	22,241	827,587,610	37,210	47	2,737	4.60%
2016	22,163	772,070,268	34,836	47	2,755	4.40%
2015	22,163	772,070,268	34,836	47	2,613	5.80%
2014	22,390	779,978,040	34,836	47	2,604	5.40%
2013	22,338	748,859,112	33,524	47	2,594	6.00%
2012	22,090	736,767,770	33,353	47	2,546	5.60%
2011	22,155	714,232,890	32,238	47	2,499	5.90%

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

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

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Mohawk Industries, Inc.	619	1	5.72%	950	1	13.51%
Rockbridge County Schools	474	2	4.38%	n/a	n/a	n/a
White's Travel Center	283	3	2.62%	132	5	1.88%
Walmart	234	4	2.16%	275	2	3.91%
Kendall	179	5	1.65%	140	4	1.99%
Vesuvius Corporation	128	6	1.18%	108	6	1.54%
Lowes	114	7	1.05%	105	7	1.49%
Byers, Inc.	82	8	0.76%	n/a	n/a	n/a
County of Rockbridge	81	9	0.75%	n/a	n/a	n/a
Rockbridge Area Health Ctr	69	10	0.64%	n/a	n/a	n/a
Totals	2,263		20.92%	1,710		24.32%

Businesses with 2011 employment figure marked 'n/a' do not maintain their records to this timeframe, were unable to provide requested information, or were not in business at that time.

Sources: Individual company human resource departments.

Note: Excludes state agency data.

COUNTY OF ROCKBRIDGE, VIRGINIA

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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General government	16	16	16	16	16
County Administration	2	2	2	2	2
County Attorney	1	1	1	1	1
Central Accounting	2	2	2	2	1
Information Technology	1	1	1	1	1
Human Resources	0	0	0	0	1
Commissioner of the Revenues	4	4	4	4	4
Treasurer	4	4	4	4	4
Fiscal Services	2	2	2	2	2
Registrar	1	1	1	1	1
Judicial administration	18	18	18	18	18
Clerk of Circuit Court	5	5	5	5	5
Circuit Court	1	1	1	1	1
Combined Court Security	6	6	6	6	6
Commonwealth's Attorney	5	5	5	5	5
Victim Witness Coordinator	1	1	1	1	1
Public safety	42	43	42	43	43
Sheriff Office	34	34	34	35	35
Fire, Rescue, & Emergency Mgmt.	1	1	1	2	2
Building inspections	4	4	4	3	3
E&S Control-Storm Water Mgmt.	1	2	1	1	1
Special Enforcement	2	2	2	2	2
Public works	18	18	18	18	18
Refuse & Recycling Collections	5	5	5	5	5
Landfill (Blue Ridge Resource Auth.)	7	7	7	7	7
Combined Courthouse Maint.	1	1	1	1	1
Engineering	0	0	0	0	0
Fleet Services	5	5	5	5	5
Health and welfare					
Department of Social Services	25	25	25	23	26
Culture and recreation	5	5	5	5	5
Parks and recreation	3	3	3	3	3
Preschool Program	2	2	2	2	2
Community development	6	6	6	6	6
Planning & Zoning	3	3	3	3	3
Geographic Information System	2	2	2	2	2
Rental Assistance	1	1	1	1	1
Totals	131	132	131	130	133

Source: Individual County departments

Table 16

Fiscal Year				
2016	2017	2018	2019	2020
16	17	17	17	18
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
4	5	5	5	5
4	4	4	4	4
2	2	2	2	3
1	1	1	1	2
19	19	20	21	23
6	6	6	6	7
1	1	1	1	1
6	6	7	7	7
5	5	5	6	7
1	1	1	1	1
43	43	41	60	60
35	35	33	38	38
2	2	2	16	16
3	3	3	3	3
1	1	1	1	1
2	2	2	2	2
18	17	20	17	17
5	4	3	3	3
7	7	9	6	6
1	1	2	2	2
0	0	0	0	0
5	5	6	6	6
26	28	33	33	33
6	6	6	6	6
4	4	4	4	4
2	2	2	2	2
6	6	6	6	6
3	3	3	3	3
2	2	2	2	2
1	1	1	1	1
135	136.5	144	161	165

COUNTY OF ROCKBRIDGE, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Fire and rescue:				
Number of calls answered	4,983	5,636	4,791	5,582
Building inspections:				
Permits issued	310	274	310	522
Public works				
Landfill:				
Refuse collected (tons/day)	138	138	141	141
Recycling (tons/day)	11	11	13	15
Health and welfare				
Department of Social Services:				
Caseload	6,714	6,714	6,366	6,275

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

**Tons per day based on 306 work days

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

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

Table 17

Fiscal Year					
2015	2016	2017	2018	2019	2020
5,475	5,580	5908*	5610*	6104*	6125*
529	535	533	503	515	591
141	144	141**	132**	169**	152**
17	13***	13***	10***	9***	6***
6,286	6,239	5,829	5,804	5497	5898

COUNTY OF ROCKBRIDGE, VIRGINIA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year			
	2011	2012	2013	2014
General government				
Administration buildings	1	1	1	1
Judicial Administration				
Courthouse	1	1	1	1
Vehicles (Courthouse Security)	3	3	3	3
Public safety				
Sheriff (Law Enforcement):				
Vehicles	39	39	39	39
Fire, EMS & Emg. Mgmt.:				
Vehicles		2	2	3
Building inspections/maintenance:				
Vehicles	3	3	3	3
Animal control:				
Vehicles	2	2	2	2
Public works				
Collections:				
Vehicles	N/A	N/A	N/A	N/A
Sites	5	5	5	5
Landfill:				
Vehicles	N/A	N/A	N/A	N/A
Sites	1	1	1	1
Fleet Services:				
Vehicles	N/A	N/A	N/A	N/A
Facilities	1	1	1	1
Health and welfare				
Department of Social Services:				
Vehicles	4	4	4	4
Parks, culture and recreation				
Parks and recreation:				
Vehicles	3	3	3	3
Swimming pools	2	2	2	2
Community development				
Planning/GIS:				
Vehicles	3	3	3	3

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

Table 18

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	4	4
38	40	42	44	36	36
3	3	3	3	4	4
4	4	4	4	4	4
2	2	2	2	2	2
N/A	1	1	1	1	1
5	5	5	5	6	6
N/A	N/A	4	4	6	6
1	1	1	1	1	1
N/A	N/A	4	5	8	7
1	1	1	1	1	1
5	5	6	6	6	6
2	3	3	3	3	3
2	2	2	2	2	2
3	3	3	3	3	3

COUNTY OF ROCKBRIDGE, VIRGINIA

Schedule of the City of Lexington's and Buena Vista's Share of Certain General Government Expenditures
Year Ended June 30, 2020

Description	Total Cost to the County	State and Other Reimbursement	City of Lexington Share		
			Net County Cost	% Used	Total Cost
Clerk of the Circuit Court	\$ 489,542	\$ 313,889	\$ 175,653	24.95%	\$ 43,825
Circuit Court - Expenses	79,061	-	79,061	24.95%	19,726
General District and J&D Court	18,491	-	18,491	24.95%	4,614
Courthouse Maintenance	12,722	-	12,722	24.95%	3,174
25th Court Services Unit-Juvenile Probation	6,859	-	6,859	20.37%	1,397
Commonwealth's Attorney	637,253	473,535	163,718	24.95%	40,848
Sheriff's Salary	131,794	98,538	33,256	24.95%	8,297
Advancement of Agriculture (City Agent)	<u>79,776</u>	<u>-</u>	<u>79,776</u>	15.00%	<u>11,966</u>
Totals	\$ <u>1,455,498</u>	\$ <u>885,962</u>	\$ <u>569,536</u>		\$ <u>133,847</u>

Table 19

<u>City of Buena Vista Share</u>	
<u>% Used</u>	<u>Total Cost</u>
- \$	-
-	-
-	-
-	-
18.34%	1,258
-	-
-	-
-	-
	<hr/>
\$	<u><u>1,258</u></u>

COMPLIANCE



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Rockbridge, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Rockbridge, Virginia's basic financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 15, 2020



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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Rockbridge, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Rockbridge, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Finner, Cox Associates

Staunton, Virginia
December 15, 2020

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services: Direct Payments:				
COVID-19 Provider Relief Program	93.498	Not applicable	\$ 14,914	
Department of Treasury Pass Through Payments:				
Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	Not available	\$ 1,151,450	\$ 79,241
Department of Agriculture: Pass Through Payments:				
Child Nutrition Cluster				
Department of Agriculture:				
Food Distribution	10.555	Not available	\$ 79,159	
Department of Education:				
National School Lunch Program	10.555	APE40254	408,732	
COVID-19 National School Lunch Program	10.555	APE40264	32,738	
Total School Lunch Program			\$ 520,629	
Summer Food Service Program for Children	10.559	APE60302	\$ 1,556	
COVID-19 Summer Food Service Program for Children	10.559	APE60175	189,789	
Subtotal CFDA 10.559			\$ 191,345	
School Breakfast Program	10.553	APE40253	129,227	
COVID-19 School Breakfast Program	10.553	APE40263	10,629	
Subtotal CFDA 10.553			\$ 139,856	
Total Child Nutrition Cluster			\$ 851,830	
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE43841	\$ 61,915	
Total Forest Service Schools and Roads Cluster			\$ 61,915	
Total Department of Agriculture			\$ 913,745	
Environmental Protection Agency: Pass Through Payments:				
Department of Environmental Quality:				
DEQ Royalty Grants	66.000	Not available	\$ 378	
Department of Housing and Urban Development: Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not available	\$ 75,796	
Department of Justice: Pass Through Payments:				
Department of Criminal Justice Service:				
Crime Victim Assistance	16.575	Not available	\$ 69,966	
Violence Against Women Formula Grants	16.588	Not available	46,411	
Total Department of Justice			\$ 116,377	
Department of Transportation: Pass Through Payments:				
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	Not available	\$ 13,055	
Department of Homeland Security: Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	Not available	\$ 7,500	

County of Rockbridge, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Education:				
Pass Through Payments:				
Department of Education:				
Adult Education-Basic Grants to States	84.002	Not available	\$ 104,971	
Title I: Grants to Local Educational Agencies	84.010	APE42901	545,450	
Special Education Cluster:				
Special Education Grants to States	84.027	APE43071	694,298	
Special Education Preschool Grants	84.173	APE62521	16,177	
Total Special Education Cluster			\$ 710,475	
Career and Technical Education - Basic Grants to States	84.048	APE61095	\$ 72,817	
Supporting Effective Instruction State Grants	84.367	APE61480	99,692	
Twenty-First Century Community Learning Centers	84.287	APE60565	322,532	
Student Support and Academic Enrichment Program	84.424	APE60281	45,056	
Action Against Poverty	84.000	Not available	4,373	
Total Department of Education			\$ 1,905,366	
Total Expenditures of Federal Awards			\$ 4,198,581	\$ 79,241

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1-BASIS OF PRESENTATION

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

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) County of Rockbridge, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

NOTE 3-FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the County had food commodities totaling \$24,760 in inventory. The value of food commodities expended during the year ended June 30, 2020 amounted to \$79,159.

NOTE 4 - LOANS

The County did not have any loans or loan guarantees which are subject to reporting requirements in the current year.

NOTE 5 - RELATIONSHIP TO FINANCIAL STATEMENTS

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	
General fund	\$ 1,569,126
Department of the Interior - Payment in Lieu of Taxes	(189,656)
Total primary government	\$ 1,379,470
Discretely presented component unit - School Board:	
School operating fund	\$ 1,967,281
School cafeteria fund	851,830
Total discretely presented component unit - School Board	\$ 2,819,111
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ 4,198,581

COUNTY OF ROCKBRIDGE, VIRGINIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
10.553 School Breakfast Program
10.553 COVID-19 School Breakfast Program
10.555 National School Lunch Program
10.555 COVID-19 National School Lunch Program
10.555 Food Distribution
10.559 Summer Food Service Program for Children
10.559 COVID-19 Summer Food Service Program for Children
21.019 COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

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

Section IV-Summary of Prior Year Findings

There were no prior year findings.