

COUNTY OF GILES, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF GILES, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

COUNTY OF GILES, VIRGINIA

BOARD OF SUPERVISORS

John Lawson, Vice Chairman	Richard “Ricky” McCoy, Chair	Perry Martin
Jeffrey Morris		Paul “Chappy” Baker

COUNTY SCHOOL BOARD

Marion C. Ballrd, Vice Chairman	Stephen M. Steele, Chair	Melissa R. Guynn
Mark A. Wilburn		Phillip A. Pennington
	Amanda Tickle, Clerk	

SOCIAL SERVICES BOARD

Jeffery Morris, Vice Chairman	Gregory Lee, Chair	Gayle Vaught
Larry Greene		Betsey Steenken
Diane Weiss		Tanya Perdue, Clerk

OTHER OFFICIALS

Clerk of the Circuit Court	Sherry E. Gautier
Commonwealth’s Attorney.....	Robert M. Lilly, Jr.
Commissioner of the Revenue.....	Lisa Corell
Treasurer	Angela L. Higginbotham
Sheriff	W. Morgan Millirons
Superintendent of Schools	Dr. Terry Arbogast, II
Director of Social Services	Sherri Nipper-Williams
County Administrator	Chris McKlarney
County Attorney	Richard Chidester

FINANCIAL SECTION

Independent Auditors' Report

**To the Board of Supervisors
County of Giles, Virginia
Pearisburg, 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 Giles, 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 Giles, 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 budgetary comparison information and schedules related to pension and OPEB funding on pages 82 and 83-98 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information 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 February 28, 2021, on our consideration of the County of Giles, 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 Giles, 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 Giles, Virginia's internal control over financial reporting and compliance.

Robinson, Finner, Cox Associates

Blacksburg, Virginia
February 28, 2021

Basic Financial Statements

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

	Primary Government			Component	Component
	Governmental	Business-type	Total	Unit	Unit
	Activities	Activities		School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 7,561,246	\$ 97,640	\$ 7,658,886	\$ 2,638,434	\$ 99,836
Cash in custody of others	-	-	-	542,679	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,339,155	-	4,339,155	-	-
Accounts receivable	116,911	162,894	279,805	50,746	16,987
Due from other governmental units	970,459	-	970,459	1,246,878	-
Inventories (Commodities)	-	-	-	69,849	-
Prepaid items	56,004	-	56,004	382,176	-
Notes receivable	-	-	-	-	554,586
Inventories (Land and buildings held for resale)	-	-	-	-	1,657,220
Capital assets (net of accumulated depreciation):					
Land	530,430	13,000	543,430	473,652	461,478
Buildings and improvements	16,997,619	-	16,997,619	1,741,299	6,910,742
Improvements other than buildings	250,832	-	250,832	-	-
Machinery and equipment	1,583,034	139,460	1,722,494	669,926	-
Infrastructure	-	10,386,844	10,386,844	-	-
Construction in progress	101,452	-	101,452	-	-
Total assets	\$ 32,507,142	\$ 10,799,838	\$ 43,306,980	\$ 7,815,639	\$ 9,700,849
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,128,156	\$ 86,567	\$ 1,214,723	\$ 4,238,151	\$ 18,902
OPEB related items	257,031	14,563	271,594	1,133,739	4,426
Total deferred outflows of resources	\$ 1,385,187	\$ 101,130	\$ 1,486,317	\$ 5,371,890	\$ 23,328
LIABILITIES					
Accounts payable	\$ 363,452	\$ 33,154	\$ 396,606	\$ 200,559	\$ 116,822
Accrued payroll	-	-	-	2,339,957	-
Customers' deposits	-	32,200	32,200	-	-
Accrued interest payable	286,387	63,951	350,338	-	31,073
Unearned revenue - CARES	927,673	-	927,673	-	-
Unearned revenue - other	373,258	-	373,258	-	-
Long-term liabilities:					
Due within one year	1,737,144	580,125	2,317,269	309,974	239,748
Due in more than one year	27,379,522	7,179,986	34,559,508	29,078,824	4,537,698
Total liabilities	\$ 31,067,436	\$ 7,889,416	\$ 38,956,852	\$ 31,929,314	\$ 4,925,341
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 3,735,232	\$ -	\$ 3,735,232	\$ -	\$ -
Deferred amount on refunding	469,560	36,429	505,989	-	2,841
Pension related items	306,508	12,179	318,687	2,392,574	6,446
OPEB related items	104,760	5,444	110,204	252,762	1,924
Total deferred inflows of resources	\$ 4,616,060	\$ 54,052	\$ 4,670,112	\$ 2,645,336	\$ 11,211
NET POSITION					
Net investment in capital assets	\$ (3,948,673)	\$ 3,147,364	\$ (801,309)	\$ 2,884,877	\$ 2,683,533
Restricted:					
Asset forfeiture	5,929	-	5,929	-	-
CSA	5	-	5	-	-
School cafeteria	-	-	-	541,979	-
Unrestricted	2,151,572	(189,864)	1,961,708	(24,813,977)	2,104,092
Total Net Position	\$ (1,791,167)	\$ 2,957,500	\$ 1,166,333	\$ (21,387,121)	\$ 4,787,625

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,152,759	\$ 58,696	\$ 392,373	\$ -		\$ (1,701,690)	\$ (1,701,690)	
Judicial administration	977,293	16,435	636,021	-		(324,837)	(324,837)	
Public safety	5,169,637	107,273	1,626,144	21,420		(3,414,800)	(3,414,800)	
Public works	1,252,009	34,581	7,946	-		(1,209,482)	(1,209,482)	
Health and welfare	6,192,832	-	4,618,901	-		(1,573,931)	(1,573,931)	
Education	9,093,400	-	-	-		(9,093,400)	(9,093,400)	
Parks, recreation, and cultural	545,562	339,311	-	-		(206,251)	(206,251)	
Community development	1,539,562	42,068	45,000	216,186		(1,236,308)	(1,236,308)	
Interest on long-term debt	688,105	-	-	-		(688,105)	(688,105)	
Total governmental activities	\$ 27,611,159	\$ 598,364	\$ 7,326,385	\$ 237,606		\$ (19,448,804)	\$ (19,448,804)	
Business-type activities:								
Utility fund	\$ 1,954,116	\$ 743,807	\$ -	\$ 1,500		\$ (1,208,809)	\$ (1,208,809)	
Total primary government	\$ 29,565,275	\$ 1,342,171	\$ 7,326,385	\$ 239,106		\$ (19,448,804)	\$ (20,657,613)	\$ -
COMPONENT UNITS:								
School Board	\$ 26,949,432	\$ 510,649	\$ 19,388,190	\$ -		\$ (7,050,593)	\$ (7,050,593)	\$ (165,705)
Industrial Development Authority (IDA)	909,159	667,327	-	76,127		-	-	(165,705)
Total component units	\$ 27,858,591	\$ 1,177,976	\$ 19,388,190	\$ 76,127		\$ -	\$ (7,050,593)	\$ (165,705)
General revenues:								
General property taxes						\$ 16,498,586	\$ 16,498,586	\$ -
Other local taxes:								
Local Sales and use taxes						1,552,683	1,552,683	-
Consumers' utility taxes						244,459	244,459	-
Consumption taxes						46,494	46,494	-
Gross receipts tax						5,521	5,521	-
Motor vehicle licenses						199,639	199,639	-
Local tax on deeds						86,617	86,617	-
Hotel and motel room taxes						105,718	105,718	-
Unrestricted revenues from use of money and property						132,814	132,814	384
Miscellaneous						95,846	95,846	115,588
Contribution from County of Giles, Virginia						-	-	6,794,627
Contribution from Giles County School Board						491,377	491,377	-
Contribution from Giles County IDA						59,826	59,826	-
Grants and contributions not restricted to specific programs						1,804,501	1,804,501	-
Gain on sale of capital assets						-	-	1,375
Transfers						(853,498)	853,498	-
Total general revenues and transfers						\$ 20,470,583	\$ 21,324,081	\$ 6,910,599
Change in net position						\$ 1,021,779	\$ 666,468	\$ (139,994)
Net position - beginning						(2,812,946)	3,312,811	499,865
Net position - ending						\$ (1,791,167)	\$ 2,957,500	\$ 1,166,333
								\$ (21,387,121)
								\$ 4,787,625

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 5,693,017	\$ 1,655,981	\$ 7,348,998
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,339,155	-	4,339,155
Accounts receivable	116,911	-	116,911
Due from other governmental units	970,459	-	970,459
Prepaid items	56,004	-	56,004
Total assets	<u>\$ 11,175,546</u>	<u>\$ 1,655,981</u>	<u>\$ 12,831,527</u>
LIABILITIES			
Accounts payable	\$ 257,451	\$ 23,117	\$ 280,568
Unearned revenue - CARES	927,673	-	927,673
Unearned revenue - other	373,258	-	373,258
Total liabilities	<u>\$ 1,558,382</u>	<u>\$ 23,117</u>	<u>\$ 1,581,499</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,322,069	-	\$ 4,322,069
FUND BALANCES			
Nonspendable			
Prepaid items	\$ 56,004	-	\$ 56,004
Restricted			
Asset forfeiture funds	5,929	-	5,929
CSA	5	-	5
Committed			
Capital projects	-	1,632,864	1,632,864
ACCE	118,274	-	118,274
Assigned			
Deer decoy	1,546	-	1,546
Public safety funds	259,349	-	259,349
Unassigned	4,853,988	-	4,853,988
Total fund balances	<u>\$ 5,295,095</u>	<u>\$ 1,632,864</u>	<u>\$ 6,927,959</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,175,546</u>	<u>\$ 1,655,981</u>	<u>\$ 12,831,527</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	6,927,959
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 530,430		
Construction in progress	101,452		
Buildings and improvements	16,997,619		
Improvements other than buildings	250,832		
Machinery and equipment	<u>1,583,034</u>		19,463,367

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

Unavailable revenue - property taxes			586,837
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

129,364

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

Pension related items	\$ 1,128,156		
OPEB related items	<u>257,031</u>		1,385,187

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

Literary loan	\$ (14,147,000)		
Lease revenue bonds	(7,585,216)		
Unamortized bond premium	(273,511)		
Deferred amount on refunding	(469,560)		
Capital lease	(936,753)		
Landfill accrued closure/postclosure costs	(48,644)		
Net OPEB liabilities	(2,095,127)		
Compensated absences	(728,888)		
Accrued interest payable	(286,387)		
Net pension liability	<u>(3,301,527)</u>		(29,872,613)

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

Pension related items	\$ (306,508)		
OPEB related items	<u>(104,760)</u>		(411,268)

Net position of governmental activities

\$ (1,791,167)

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

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

	<u>General</u>	<u>County Capital Improvements</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 16,513,348	\$ -	\$ 16,513,348
Other local taxes	2,241,131	-	2,241,131
Permits, privilege fees, and regulatory licenses	80,657	-	80,657
Fines and forfeitures	8,984	-	8,984
Revenue from the use of money and property	132,814	-	132,814
Charges for services	508,723	-	508,723
Miscellaneous	95,846	-	95,846
Recovered costs	1,878,717	-	1,878,717
Intergovernmental:			
Local government	-	551,203	551,203
Commonwealth	6,661,179	-	6,661,179
Federal	2,707,313	-	2,707,313
Total revenues	<u>\$ 30,828,712</u>	<u>\$ 551,203</u>	<u>\$ 31,379,915</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,159,501	\$ 82,106	\$ 2,241,607
Judicial administration	916,792	-	916,792
Public safety	5,397,498	-	5,397,498
Public works	1,028,409	75,845	1,104,254
Health and welfare	6,227,801	-	6,227,801
Education	8,755,149	298,158	9,053,307
Parks, recreation, and cultural	566,209	-	566,209
Community development	877,760	586,830	1,464,590
Nondepartmental	297,788	-	297,788
Debt service:			
Principal retirement	898,340	681,701	1,580,041
Interest and other fiscal charges	176,066	259,504	435,570
Bond issuance costs	-	130,430	130,430
Total expenditures	<u>\$ 27,301,313</u>	<u>\$ 2,114,574</u>	<u>\$ 29,415,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,527,399</u>	<u>\$ (1,563,371)</u>	<u>\$ 1,964,028</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 45,735	\$ 45,735
Transfers out	(1,042,833)	-	(1,042,833)
Issuance of literary loan	-	7,500,000	7,500,000
Issuance of lease revenue bond	-	24,466	24,466
Payment to bond escrow agent	-	(6,452,794)	(6,452,794)
Issuance of capital lease	-	920,000	920,000
Total other financing sources (uses)	<u>\$ (1,042,833)</u>	<u>\$ 2,037,407</u>	<u>\$ 994,574</u>
Net change in fund balances	\$ 2,484,566	\$ 474,036	\$ 2,958,602
Fund balances - beginning	<u>2,810,529</u>	<u>1,158,828</u>	<u>3,969,357</u>
Fund balances - ending	<u>\$ 5,295,095</u>	<u>\$ 1,632,864</u>	<u>\$ 6,927,959</u>

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

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

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

Net change in fund balances - total governmental funds	\$ 2,958,602
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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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 863,553	
Depreciation expense	(2,202,361)	
Reversion of capital assets back to Component Unit-Schools (net)	98,525	(1,240,283)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(100)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(Increase) decrease in unavailable revenue-property taxes	(14,762)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.

Proceeds of literary loan	\$ (7,500,000)	
Proceeds of lease revenue bonds	(24,466)	
Proceeds of capital lease	(920,000)	
Payments of principal:		
General obligation bonds	1,047,672	
Payment to escrow agent on refunding (net of accrued interest)	5,940,000	
Lease revenue bonds	298,866	
Capital lease	233,503	
(Increase) decrease in landfill closure and postclosure monitoring costs	(813)	(925,238)

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

(Increase) decrease in compensated absences	\$ 8,409	
Change in pension related items	(141,405)	
(Increase) decrease in accrued interest payable	(61,667)	
Amortization of deferred charge on refunding	(231,965)	
Amortization of bond premium	684,321	
Change in OPEB related items	(11,553)	246,140

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

(2,580)

Change in net position of governmental activities	\$ 1,021,779
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The accompanying notes to the financial statements are an integral part of this statement.

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

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance	Component Unit Industrial Development Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 97,640	\$ 212,248	\$ 99,836
Accounts receivable (net of allowance for uncollectibles)	162,894	-	16,987
Total current assets	<u>\$ 260,534</u>	<u>\$ 212,248</u>	<u>\$ 116,823</u>
Noncurrent assets:			
Lease purchase receivable	\$ -	\$ -	\$ 554,586
Inventories (land and buildings held for resale)	-	-	1,657,220
Capital assets:			
Land	13,000	-	461,478
Utility plant in service	17,362,900	-	-
Buildings and improvements	-	-	9,650,947
Machinery and equipment	642,324	-	-
Accumulated depreciation	(7,478,920)	-	(2,740,205)
Total capital assets	<u>\$ 10,539,304</u>	<u>\$ -</u>	<u>\$ 7,372,220</u>
Total noncurrent assets	<u>\$ 10,539,304</u>	<u>\$ -</u>	<u>\$ 9,584,026</u>
Total assets	<u>\$ 10,799,838</u>	<u>\$ 212,248</u>	<u>\$ 9,700,849</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 86,567	\$ -	\$ 18,902
OPEB related items	14,563	-	4,426
Total deferred outflows of resources	<u>\$ 101,130</u>	<u>\$ -</u>	<u>\$ 23,328</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 33,154	\$ 82,884	\$ 116,822
Customer deposits	32,200	-	-
Accrued interest payable	63,951	-	31,073
Compensated absences - current portion	38,189	-	-
Bonds payable - current portion	541,936	-	239,748
Total current liabilities	<u>\$ 709,430</u>	<u>\$ 82,884</u>	<u>\$ 387,643</u>
Noncurrent liabilities:			
Net OPEB liabilities	\$ 119,477	\$ -	\$ 34,802
Compensated absences - net of current portion	12,730	-	-
Net pension liability	234,204	-	56,798
Bonds payable - net of current portion	6,813,575	-	4,446,098
Total noncurrent liabilities	<u>\$ 7,179,986</u>	<u>\$ -</u>	<u>\$ 4,537,698</u>
Total liabilities	<u>\$ 7,889,416</u>	<u>\$ 82,884</u>	<u>\$ 4,925,341</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 12,179	\$ -	\$ 6,446
OPEB related items	5,444	-	1,924
Deferred amount on refunding	36,429	-	2,841
Total deferred inflows of resources	<u>\$ 54,052</u>	<u>\$ -</u>	<u>\$ 11,211</u>
NET POSITION			
Net investment in capital assets	\$ 3,147,364	\$ -	\$ 2,683,533
Unrestricted	(189,864)	129,364	2,104,092
Total net position	<u>\$ 2,957,500</u>	<u>\$ 129,364</u>	<u>\$ 4,787,625</u>

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

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

	Enterprise Fund Utility Fund	Internal Service Fund Self-health Insurance	Component Unit Industrial Development Authority
OPERATING REVENUES			
Charges for services:			
Water & sewer revenues	\$ 635,123	\$ -	\$ -
Rental of property	-	-	667,327
Penalties	33,737	-	-
Sale of land held as inventory:			
Sale of real estate	-	-	1,375
Health insurance contributions	-	3,361,791	-
Miscellaneous	54,152	-	110,207
Total operating revenues	<u>\$ 723,012</u>	<u>\$ 3,361,791</u>	<u>\$ 778,909</u>
OPERATING EXPENSES			
Salaries	\$ 406,422	\$ -	\$ 98,873
Fringes	157,025	-	29,939
Contracted services	16,584	-	8,194
Repair and maintenance	64,617	-	7,968
Water purchase	351,176	-	-
Material and supplies	79,725	-	-
Insurance	8,500	-	29,630
Miscellaneous	39,282	-	1,029
Utilities	26,334	-	15,245
Health insurance premiums	-	3,507,971	-
Depreciation	599,220	-	250,131
Economic development	-	-	243,360
Total operating expenses	<u>\$ 1,748,885</u>	<u>\$ 3,507,971</u>	<u>\$ 684,369</u>
Operating income (loss)	<u>\$ (1,025,873)</u>	<u>\$ (146,180)</u>	<u>\$ 94,540</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	\$ -	\$ -	\$ 10,075
Connection fees	20,795	-	-
Interest expense	(205,231)	-	(164,963)
Total nonoperating revenues (expenses)	<u>\$ (184,436)</u>	<u>\$ -</u>	<u>\$ (154,888)</u>
Income before contributions and transfers	<u>\$ (1,210,309)</u>	<u>\$ (146,180)</u>	<u>\$ (60,348)</u>
Capital contributions and construction grants	1,500	-	76,127
Contribution from primary government	-	-	287,962
Contribution to primary government	-	-	(59,827)
Transfers in	853,498	143,600	-
Change in net position	<u>\$ (355,311)</u>	<u>\$ (2,580)</u>	<u>\$ 243,914</u>
Net position - beginning	3,312,811	131,944	4,543,711
Net position - ending	<u><u>\$ 2,957,500</u></u>	<u><u>\$ 129,364</u></u>	<u><u>\$ 4,787,625</u></u>

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

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

	Enterprise Fund <u>Utility Fund</u>	Internal Service Fund <u>Self-health Insurance</u>	Component Unit <u>Industrial Development Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 707,550	\$ 3,361,791	\$ 761,922
Payments to suppliers	(579,048)	-	(192,211)
Payments to employees	(568,450)	-	(121,279)
Payments for premiums	-	(3,505,556)	-
Net cash provided by (used for) operating activities	<u>\$ (439,948)</u>	<u>\$ (143,765)</u>	<u>\$ 448,432</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ -	\$ -	\$ (59,827)
Transfers from other funds	853,498	143,600	287,962
Net cash provided by (used for) noncapital financing activities	<u>\$ 853,498</u>	<u>\$ 143,600</u>	<u>\$ 228,135</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (31,398)	\$ -	\$ (157,314)
Principal payments on bonds	(175,021)	-	(360,209)
Contributions in aid of construction	133,867	-	76,127
Interest payments	(264,253)	-	(171,834)
Connection fees	20,795	-	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (316,010)</u>	<u>\$ -</u>	<u>\$ (613,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ -	\$ -	\$ 10,075
Note receivable payments	-	-	26,424
Net cash provided by (used for) investing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,499</u>
Net increase (decrease) in cash and cash equivalents	\$ 97,540	\$ (165)	\$ 99,836
Cash and cash equivalents - beginning	100	212,413	-
Cash and cash equivalents - ending	<u><u>\$ 97,640</u></u>	<u><u>\$ 212,248</u></u>	<u><u>\$ 99,836</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (1,025,873)</u>	<u>\$ (146,180)</u>	<u>\$ 94,540</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	\$ 599,220	\$ -	\$ 250,131
(Increase) decrease in accounts receivable	(17,762)	-	(16,987)
(Increase) decrease in deferred outflows of resources	(50,588)	-	(10,430)
Increase (decrease) in customer deposits	2,300	-	-
Increase (decrease) in accounts payable	7,170	2,415	113,215
Increase (decrease) in net OPEB liability	(5,452)	-	5,076
Increase (decrease) in compensated absences	3,811	-	-
Increase (decrease) in net pension liability	76,235	-	12,864
Increase (decrease) in deferred inflows of resources	(29,009)	-	23
Total adjustments	<u>\$ 585,925</u>	<u>\$ 2,415</u>	<u>\$ 353,892</u>
Net cash provided by (used for) operating activities	<u><u>\$ (439,948)</u></u>	<u><u>\$ (143,765)</u></u>	<u><u>\$ 448,432</u></u>

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

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

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 51,837
Total assets	<u>\$ 51,837</u>
LIABILITIES	
Amounts held for Social Services clients	\$ 51,837
Total liabilities	<u>\$ 51,837</u>

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

COUNTY OF GILES, 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 government 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 Giles, 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 County has no blended component units.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County. The County's Component Units do not prepare separate financial statements.

The Giles County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type and does not issue a separate financial report.

The Giles County Industrial Development Authority encourages and provides financing for industrial development in the County. The Industrial Development Authority board members are appointed by the Board of Supervisors. The Industrial Development Authority is fiscally dependent upon the County. The Industrial Development Authority is presented as an enterprise fund type and does not issue a separate financial report.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County and the Counties of Bland, Carroll, Floyd, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2020, the County paid \$1,011,001 for the confinement of prisoners.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

B. 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 the financial position of the primary government (governmental and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

Separate financial statements are provided for governmental funds, 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, if any, are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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 they 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

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 un-collectible 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 the government receives cash.

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 other funds. The general fund includes the activities of the Dare Program, the Asset Forfeiture Fund, the Comprehensive Services Fund, the Social Services Fund, the Restitution Fund, the Rev Max Fund, and the Emergency Replacement Fund.

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

The government reports the following major proprietary funds:

The County operates a water & sewer system. The activities of the system are accounted for in the Utility fund.

The government reports the following internal service fund:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Self-health Insurance Fund.

Additionally, the government reports the following fund types:

Fiduciary funds (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 consist of the Special Welfare fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

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 water function 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 County's enterprise fund and the internal service funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. 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. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, 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.

3. Receivables and Payables

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

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 December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$85,664 for the General Fund at June 30, 2020 and is comprised solely of property taxes. The allowance amounted to approximately \$506,565 for the Water department at June 30, 2020 and is comprised solely of water billings and penalties.

6. Inventories and Prepaid Items

All inventories are valued at cost using first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

7. 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.

8. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance (Continued)****8. Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. In the utility fund, no interest was capitalized during the current year or prior year.

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

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. 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's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

11. 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 discounts 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.

12. Fund Balance

The following classifications of fund balance 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.

The Board of Supervisors is the highest level of decision making authority, and the formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Supervisors. The resolution must either be approved or rescinded as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

12. Fund Balance (Continued)

The Board of Supervisors has authorized the County Administrator as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy.

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

The policy also authorizes and directs the Treasurer to prepare financial reports which accurately categorize fund balance. The County of Giles will maintain an unassigned fund balance in the general fund equal to 3% of the expenditures/operating revenues. The County considers a balance of less than 3% to be a cause for concern, barring unusual or deliberate circumstances.

13. 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/expense) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB 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 County has multiple types of items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 30th, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies: (Continued)

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

14. 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 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.

15. Other Postemployment Benefits (OPEB)

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.

In addition to the VRS related OPEB, the County and School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 budgets include 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 function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the General Capital Projects Funds. The School Fund is integrated only at the level of legal adoption.
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. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2020, the ACCE Program Fund and the Utility Fund had expenditures in excess of appropriations.

C. Deficit Fund Balance

At June 30, 2020, there were no funds with deficit fund balance.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3-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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies 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). At June 30, 2020, the County had no investments.

Note 4-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

	Primary Government Governmental Activities	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 283,750	\$ -
State sales tax	-	369,451
Categorical aid	5,161	4,080
Shared expenses	156,202	-
Non-categorical aid	59,301	-
Virginia public assistance funds	94,900	-
Community services act	197,818	-
<u>Federal Government:</u>		
Virginia public assistance funds	157,845	-
School grants	-	873,347
Categorical aid	15,482	-
Totals	\$ <u>970,459</u>	\$ <u>1,246,878</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 5-Interfund Transfers and Balances:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,042,833
Utility Fund	853,498	-
County Capital Improvements Fund	45,735	-
Health Insurance Fund	143,600	-
Total	<u>\$ 1,042,833</u>	<u>\$ 1,042,833</u>

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.

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct Borrowings and Direct Placements:				
General obligation bonds	\$ 779,606	\$ -	\$ (779,606)	\$ -
Lease revenue bonds	13,949,079	24,466	(6,388,329)	7,585,216
Literary loan	6,765,603	7,500,000	(118,603)	14,147,000
Unamortized premiums	957,832	-	(684,321)	273,511
Other Obligations:				
Capital leases	250,256	920,000	(233,503)	936,753
Landfill postclosure liability	47,831	813	-	48,644
Net OPEB liability	1,944,641	352,418	(201,932)	2,095,127
Compensated absences	737,297	544,564	(552,973)	728,888
Net pension liability	2,606,672	2,991,586	(2,296,731)	3,301,527
Total	<u>\$ 28,038,817</u>	<u>\$ 12,333,847</u>	<u>\$ (11,255,998)</u>	<u>\$ 29,116,666</u>

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 obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements			
	Lease Revenue Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2021	\$ 491,471	\$ 231,462	\$ 445,000	\$ 282,940
2022	508,352	214,725	451,000	274,040
2023	528,113	196,996	456,000	265,020
2024	542,532	179,105	483,000	255,900
2025	560,626	161,627	519,000	246,240
2026-2030	2,643,921	578,469	3,545,000	1,043,320
2031-2035	2,310,201	165,069	4,447,000	653,060
2036-2040	-	-	3,801,000	214,560
Totals	<u>\$ 7,585,216</u>	<u>\$ 1,727,453</u>	<u>\$ 14,147,000</u>	<u>\$ 3,235,080</u>

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COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>							
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$261,697-989,344 a+	\$ 13,943,366	\$ 1,700,376	\$ 127,528
Lease Revenue Bond Series 2014C	2.12%	6/11/2014	1/15/2034	\$146,000-212,000 a+	3,536,000	2,604,000	162,000
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$54,255-526,598 a+	2,508,519	873,015	57,435
Lease Revenue Bond Series 2017A	2.98%	7/31/2018	7/31/2038	\$146,368 a+	3,500,000	2,356,303	138,415
Lease Revenue Bond Series 2017B	4.73%	7/31/2017	7/31/2037	\$8,104 a+	70,000	51,522	6,093
Total Lease Revenue Bonds						\$ 7,585,216	\$ 491,471
<u>Literary Loans:</u>							
Literary Loan	2.00%	9/11/2019	9/11/2039	\$110,000-492,000a+	\$ 7,500,000	\$ 7,500,000	\$ 110,000
Literary Loan	2.00%	12/14/2018	12/14/2038	\$118,603-640,000a+	6,765,603	6,647,000	335,000
Total Literary Loans						\$ 14,147,000	\$ 445,000
<u>Deferred Amount:</u>							
2012C Unamortized Premium						\$ 171,646	\$ 13,366
2015D Unamortized Premium						101,865	16,066
Total Unamortized Premiums						\$ 273,511	\$ 29,432
Total Direct Borrowings and Direct Placements						\$ 22,005,727	\$ 965,903
<u>Other Obligations:</u>							
Capital Leases (Note 8)						\$ 936,753	\$ 224,575
Landfill Postclosure Liability						48,644	-
Net OPEB Liability						2,095,127	-
Compensated Absences						728,888	546,666
Net Pension Liability						3,301,527	-
Total Other Obligations						\$ 7,110,939	\$ 771,241
Total Long-Term Obligations						\$ 29,116,666	\$ 1,737,144

(a+) - annual principal installments shown; does not include semi-annual interest installments

On September 11, 2019, the County issued \$7,500,000 in literary loans with an interest rate of 2%. The County issued the literary loans to partially advance refund \$4,630,000 of the outstanding 2012C VRA bonds and \$1,310,000 of the outstanding 2015D VRA bonds. The County used the net proceeds to purchase U.S. government securities, and to reimburse the County \$929,576 for project costs not financed through debt proceeds. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2012C and 2015D series bonds. As a result, that portion of the 2012C and 2015D series bonds is considered defeased, and the County has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$5,940,000 at June 30, 2020.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

The advance refunding increased total debt service payments over the next 20 years by nearly \$691,338. This results in an economic gain (differenced between the present values of the debt service payments on the old and new debt) of \$160,122.

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct Borrowings and Direct Placements:				
Revenue bond	\$ 240,526	\$ -	\$ (11,591)	\$ 228,935
Lease revenue bonds	6,606,387	-	(163,430)	6,442,957
Unamortized premiums	738,308	-	(54,689)	683,619
Other Obligations:				
Net OPEB liability	124,929	18,531	(23,983)	119,477
Compensated absences	47,108	39,142	(35,331)	50,919
Net pension liability	157,969	237,346	(161,111)	234,204
Total	<u>\$ 7,915,227</u>	<u>\$ 295,019</u>	<u>\$ (450,135)</u>	<u>\$ 7,760,111</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements:</u>			
	<u>Revenue Bond</u>		<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 11,591	\$ -	\$ 475,656	\$ 248,604
2022	11,591	-	500,605	225,259
2023	11,591	-	525,825	200,292
2024	11,591	-	546,557	175,863
2025	11,591	-	555,184	153,666
2026-2030	57,957	-	2,549,126	497,740
2031-2035	57,957	-	1,290,004	74,797
2036-2040	55,066	-	-	-
Totals	<u>\$ 228,935</u>	<u>\$ -</u>	<u>\$ 6,442,957</u>	<u>\$ 1,576,221</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>							
Revenue Bond	0.00%	3/5/2009	3/5/2039	\$11,591 a	\$ 347,742	\$ 228,935	\$ 11,591
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$137,950-521,955 a+	\$ 5,487,525	\$ 5,487,525	\$ 412,798
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$28,603-277,613 a+	1,322,445	955,432	62,858
Total Lease Revenue Bonds						\$ 6,442,957	\$ 475,656
<u>Deferred Amount:</u>							
2012C Unamortized Premium						\$ 547,088	\$ 43,767
2015D Unamortized Premium						136,531	10,922
Total Unamortized Premiums						\$ 683,619	\$ 54,689
Total Direct Borrowings and Direct Placements						\$ 7,355,511	\$ 541,936
<u>Other Obligations:</u>							
Net OPEB Liabilities						\$ 119,477	\$ -
Compensated Absences						50,919	38,189
Net Pension Liability						234,204	-
Total Other Obligations						\$ 404,600	\$ 38,189
Total Long-Term Obligations						\$ 7,760,111	\$ 580,125

(a+) - annual principal installments shown; does not include semi-annual interest installments

(a) - annual principal installments shown; no interest for this revenue bond

The County's VPSA general obligation bonds and literary loan are subject to the State Aid Intercept Program. Under terms of the program, the County state aid is redirected to bond holders to cure any event(s) of default.

If an event of default occurs with VRA, NBB, or BB&T, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations-Component Units:

Discretely Presented Component Unit - School Board Indebtedness:

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Net OPEB Liability	\$ 8,290,124	\$ 1,442,938	\$ (875,907)	\$ 8,857,155
Compensated Absences	353,569	324,906	(265,177)	413,298
Net Pension Liability	18,557,417	6,791,192	(5,230,264)	20,118,345
Total	<u>\$ 27,201,110</u>	<u>\$ 8,559,036</u>	<u>\$ (6,371,348)</u>	<u>\$ 29,388,798</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	\$ 8,857,155	\$ -
Compensated absences	413,298	309,974
Net pension liability	20,118,345	-
Total Long-Term Obligations	<u>\$ 29,388,798</u>	<u>\$ 309,974</u>

Discretely Presented Component Unit - Industrial Development Authority Indebtedness:

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

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct Borrowings and Direct Placements:				
Notes Payable	\$ 2,088,522	\$ -	\$ (151,970)	\$ 1,936,552
Lease Revenue Bonds	2,905,889	-	(208,239)	2,697,650
Unamortized Premium	55,776	-	(4,132)	51,644
Other Obligations:				
Net Pension Liability	43,934	51,935	(39,071)	56,798
Net OPEB Liability	29,726	9,473	(4,397)	34,802
Total	<u>\$ 5,123,847</u>	<u>\$ 61,408</u>	<u>\$ (407,809)</u>	<u>\$ 4,777,446</u>

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations-Component Units: (Continued)

Discretely Presented Component Unit - Industrial Development Authority indebtedness: (Continued)

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

Year Ending June 30,	Direct Borrowings and Direct Placements:			
	Notes Payable		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 41,345	\$ 235,615	\$ 75,650
2022	158,600	79,305	244,430	68,721
2023	165,520	72,385	252,433	61,468
2024	172,742	65,163	257,352	54,102
2025	180,279	57,626	263,043	46,810
2026-2030	1,026,477	163,049	1,172,561	123,412
2031-2034	232,934	4,973	272,216	15,649
Totals	<u>\$ 1,936,552</u>	<u>\$ 483,846</u>	<u>\$ 2,697,650</u>	<u>\$ 445,812</u>

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Business-type Activities	Amount Due within One Year
Direct Borrowings and Direct Placements:							
<u>Notes Payable:</u>							
Notes Payable	4.27%	8/12/2010	7/15/2031	\$103,611 a	\$ 1,393,644	\$ 843,395	\$ -
Notes Payable	4.27%	8/12/2010	7/15/2031	\$134,294 a	1,806,356	1,093,157	-
Total Notes Payable						<u>\$ 1,936,552</u>	<u>\$ -</u>
<u>Lease Revenue Bonds:</u>							
Lease Revenue Bond Series 2012C	2.82-4.83%	12/6/2012	4/1/2033	\$10,352-39,137 a+	\$ 412,099	\$ 412,099	\$ 30,908
Lease Revenue Bond Series 2014A	2.12%	6/11/2014	1/15/2029	\$105,000-138,000 a+	1,809,000	1,143,000	116,000
Lease Revenue Bond Series 2014B	3.93%	6/11/2014	1/15/2029	\$43,000-71,000 a+	844,000	554,000	52,000
Lease Revenue Bond Series 2014C	2.12%	6/11/2014	1/15/2034	\$29,000-42,000 a+	702,000	517,000	32,000
Lease Revenue Bond Series 2015D	3.13%	11/18/2015	10/1/2032	\$2,142-20,790 a+	99,036	71,551	4,707
Total Lease Revenue Bonds						<u>\$ 2,697,650</u>	<u>\$ 235,615</u>
<u>Deferred Amount:</u>							
2012C Unamortized Premium						\$ 41,419	\$ 3,314
2015D Unamortized Premium						10,225	819
Total Unamortized Premiums						<u>\$ 51,644</u>	<u>\$ 4,133</u>
Total Direct Borrowings and Direct Placements						<u>\$ 4,685,846</u>	<u>\$ 239,748</u>
<u>Other Obligations:</u>							
Net pension liability						\$ 56,798	\$ -
Net OPEB liability						34,802	-
Total Other Obligations						<u>\$ 91,600</u>	<u>\$ -</u>
Total Long-Term Obligations						<u>\$ 4,777,446</u>	<u>\$ 239,748</u>

(a) - annual installments shown; includes interest as applicable

(a+) - annual principal installments shown; does not include semi-annual interest installments

If an event of default occurs with VRA, NBB, or BB&T, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the IDA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Capital Leases:Primary Government

The County has entered into lease agreements to finance the acquisition of various equipment and vehicles, voting machines, three school buses, and two vans. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	<u>Equipment & Vehicles</u>	<u>Buses & Vans</u>	<u>Voting Machines</u>
Machinery and equipment	\$ 834,617	\$ 311,184	\$ 63,250
Less: Accumulated depreciation	<u>(73,767)</u>	<u>(184,781)</u>	<u>(52,437)</u>
Net Capital Assets	<u>\$ 760,850</u>	<u>\$ 126,403</u>	<u>\$ 10,813</u>

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

<u>Year Ending June 30,</u>	<u>Equipment & Vehicles</u>	<u>Buses & Vans</u>	<u>Voting Machines</u>
2021	\$ 140,171	\$ 65,383	\$ 37,848
2022	140,617	32,691	18,925
2023	140,000	-	-
2024	140,343	-	-
2025	140,624	-	-
2026	<u>140,843</u>		
Subtotal	\$ 842,598	\$ 98,074	\$ 56,773
Less, amount representing interest	<u>(57,598)</u>	<u>(1,650)</u>	<u>(1,444)</u>
Present Value of Lease Agreement	<u>\$ 785,000</u>	<u>\$ 96,424</u>	<u>\$ 55,329</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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 credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees 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 equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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	111	51
Inactive members:		
Vested inactive members	31	8
Non-vested inactive members	38	16
Inactive members active elsewhere in VRS	59	31
Total inactive members	128	55
Active members	141	26
Total covered employees	380	132

*Employees for Component Unit IDA included in Primary Government totals above

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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 County's contractually required employer contribution rate for the year ended June 30, 2020 was 10.73% 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 \$672,104 and \$611,120 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit Industrial Development Authority's (IDA) contractually required employer contribution rate for the year ended June 30, 2020 was 10.73% 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 IDA were \$10,315 and \$9,817 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 18.49% 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 \$119,446 and \$71,849 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Component Unit IDA, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)***Actuarial Assumptions - General Employees (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:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County of Smyth 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County, Component Unit IDA, and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plans 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, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)**Discount Rate (Continued)**

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 (a) - (b)
Balances at June 30, 2018	\$ 25,430,198	\$ 22,665,557	\$ 2,764,641
Changes for the year:			
Service cost	\$ 678,745	\$ -	\$ 678,745
Interest	1,721,274	-	1,721,274
Change in assumptions	787,870	-	787,870
Differences between expected and actual experience	(62,783)	-	(62,783)
Impact in change of proportion	(4,314)	(3,846)	(468)
Contributions - employer	-	612,578	(612,578)
Contributions - employee	-	278,380	(278,380)
Net investment income	-	1,478,504	(1,478,504)
Benefit payments, including refunds of employee contributions	(1,672,516)	(1,672,516)	-
Administrative expenses	-	(14,983)	14,983
Other changes	-	(931)	931
Net changes	\$ 1,448,276	\$ 677,186	\$ 771,090
Balances at June 30, 2019	\$ 26,878,474	\$ 23,342,743	\$ 3,535,731

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)****Changes in Net Pension Liability (Continued)**

	Component Unit Industrial Development Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 404,126	\$ 360,192	\$ 43,934
Changes for the year:			
Service cost	\$ 10,903	\$ -	\$ 10,903
Interest	27,650	-	27,650
Change in assumptions	12,656	-	12,656
Differences between expected and actual experience	(1,008)	-	(1,008)
Impact in change of proportion	4,314	3,845	469
Contributions - employer	-	9,840	(9,840)
Contributions - employee	-	4,472	(4,472)
Net investment income	-	23,751	(23,751)
Benefit payments, including refunds of employee contributions	(26,867)	(26,867)	-
Administrative expenses	-	(241)	241
Other changes	-	(16)	16
Net changes	\$ 27,648	\$ 14,784	\$ 12,864
Balances at June 30, 2019	\$ 431,774	\$ 374,976	\$ 56,798

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)****Changes in Net Pension Liability (Continued)**

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 4,805,376	\$ 4,517,959	\$ 287,417
Changes for the year:			
Service cost	\$ 36,017	\$ -	\$ 36,017
Interest	324,954	-	324,954
Change in assumptions	126,533	-	126,533
Differences between expected and actual experience	(132,808)	-	(132,808)
Contributions - employer	-	71,848	(71,848)
Contributions - employee	-	18,712	(18,712)
Net investment income	-	291,814	(291,814)
Benefit payments, including refunds of employee contributions	(326,344)	(326,344)	-
Administrative expenses	-	(3,073)	3,073
Other changes	-	(183)	183
Net changes	\$ 28,352	\$ 52,774	\$ (24,422)
Balances at June 30, 2019	\$ 4,833,728	\$ 4,570,733	\$ 262,995

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 7,126,154	\$ 3,535,731	\$ 679,377
Component Unit Industrial Development Authority			
Net Pension Liability (Asset)	\$ 114,474	\$ 56,798	\$ 10,913
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 837,815	\$ 262,995	\$ (194,773)

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

For the year ended June 30, 2020, the County, Component Unit IDA, and Component Unit School Board (nonprofessional) recognized pension expense of \$819,640, \$15,053, and \$39,184, respectively. At June 30, 2020, the County, Component Unit IDA, 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- Industrial Development Authority		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	\$ -	\$ 109,651	\$ -	\$ 1,749	\$ -	\$ 10,966
Change in assumptions	534,535	8,651	8,587	150	10,448	-
Net difference between projected and actual earnings on pension plan investments	-	193,357	-	3,490	-	38,139
Change in proportionate share	8,084	7,028	-	1,057	-	-
Employer contributions subsequent to the measurement date	672,104	-	10,315	-	119,446	-
Total	\$ 1,214,723	\$ 318,687	\$ 18,902	\$ 6,446	\$ 129,894	\$ 49,105

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$672,104, \$10,315, and \$119,446 reported as deferred outflows of resources related to pensions resulting from the County's, Component Unit IDA's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Industrial Development Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2021	\$ 160,393	\$ 2,221	\$ 2,248
2022	24,823	(825)	(43,340)
2023	22,738	487	(782)
2024	15,978	258	3,217
Thereafter	-	-	-

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.

Component Unit School Board (professional)***Plan Description***

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)****Component Unit School Board (professional) (Continued)*****Contributions (Continued)***

Contributions to the pension plan from the School Board were \$2,018,914 and \$1,933,434 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 \$19,855,350 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 0.15087% as compared to 0.15536% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,019,089. 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.

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	\$ -	\$ 1,271,422
Change in assumptions	1,966,145	-
Net difference between projected and actual earnings on pension plan investments	-	435,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	123,198	636,071
Employer contributions subsequent to the measurement date	<u>2,018,914</u>	<u>-</u>
Total	\$ <u><u>4,108,257</u></u>	\$ <u><u>2,343,469</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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)***

\$2,018,914 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	\$ (146,493)
2022	(522,561)
2023	62,840
2024	240,471
Thereafter	111,617

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 75 and 2.0% increase compounded from ages 75 to 90.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)**Component Unit School Board (professional) (Continued)*****Actuarial Assumptions (Continued)***

Mortality rates: (Continued)

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 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 is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
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 GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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)	\$ 29,890,927	\$ 19,855,350	\$ 11,557,786

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.

Summary of Pension Related Items

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
County	\$ 1,214,723	\$ 318,687	\$ 3,535,731	\$ 819,640	\$ 18,902	\$ 6,446	\$ 56,798	\$ 15,053
Totals	\$ 1,214,723	\$ 318,687	\$ 3,535,731	\$ 819,640	\$ 18,902	\$ 6,446	\$ 56,798	\$ 15,053

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):				
School Board Nonprofessional	\$ 129,894	\$ 49,105	\$ 262,995	\$ 39,184
School Board Professional	4,108,257	2,343,469	19,855,350	2,019,089
Totals	\$ 4,238,151	\$ 2,392,574	\$ 20,118,345	\$ 2,058,273

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Health Insurance - Pay-as-you-go (OPEB Plan):

The County and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. Several entities participate in the defined benefit healthcare plan through the County of Giles, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

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

Benefits Provided

The County of Giles and Component Unit-IDA administer a cost-sharing defined benefit healthcare plan. The Component Unit - School Board administers a single-employer healthcare plan. The Plan provides for participation by eligible retirees and their dependents in the health insurance programs available to County, IDA, and School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the County, IDA, and School Board. Any County and IDA eligible retiree and spouse may receive this benefit until he/she has reaches the earlier of sixty five years of age or death. Coverage for the spouse ends at the earliest of the retiree's death, the retiree's attainment of age 65, the spouse's death, and the spouse's attainment of age 65. The School Boards coverage ends at the earlier of attainment of age 65 and death unless the participant enrolls in the Medicare supplement plan. If a participant enrolls in the Medicare supplement plan, coverage may continue for life. A spouse may continue coverage after the death of the retiree at their own cost.

For the County and IDA, to be eligible for this benefit a retiree must meet at least one of the following criteria: attained age 50 and 10 years of service, attained age 55 and 5 years of service, or disabled with no age or service requirements. For the School Board, to be eligible for this benefit a retiree must meet at least one of the following criteria for those hired before July 1, 2010: attained age 50 and 10 years of service, attained age 65 and 5 years of service, if hired after July 1, 2010 age plus service is at least 90 or age 60 with at least 5 years of service, or disabled with no age or service. The benefits, employee contributions and the employer contributions are governed by the Board of Supervisors and the School Board and can be amended through the Board of Supervisors and the School Board action respectively.

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

	Primary Government*	Component Unit-School Board
Total active employees with coverage	148	313
Total retirees with coverage	8	30
Total	156	343

*Employees for Component Unit IDA and Giles PSA included in Primary Government totals above

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)

Contributions

The board does 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 Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$98,943. The amount paid by the IDA for OPEB as the benefits came due during the year ended June 30, 2020 was \$1,349. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$398,924.

Total OPEB Liability

The County's, Industrial Development Authority's, and School Board's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Primary Government and Component Unit - Industrial Development Authority:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increases	5.35% to 3.50% depending on years of service
Discount Rate	3.50% for fiscal year ending June 30, 2019 2.21% for fiscal year ending June 30, 2020
Inflation	2.50%

Mortality Rates - General Employees

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related

Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85

Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Public Safety

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related

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 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

Component Unit-School Board:

Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increases	5.35% to 3.50% depending on years of service
Discount Rate	3.50% for fiscal year ending June 30, 2019 2.21% for fiscal year ending June 30, 2020
Inflation	2.50%

Mortality Rates

Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related

Post-Retirement - RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85

Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 2.21% as of the end of the fiscal year with the expectation that the County, IDA, and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)

Changes in Total OPEB Liability

	Primary Government	Component Unit- Industrial Development Authority	Component Unit- School Board
	Total OPEB Liability	Total OPEB Liability	Total OPEB Liability
Balances at June 30, 2019	\$ 1,600,032	\$ 22,264	\$ 5,286,124
Changes for the year:			
Service cost	58,547	798	220,015
Interest	55,998	764	185,794
Effect of assumptions changes or inputs	126,074	1,719	509,434
Benefit payments	(98,943)	(1,349)	(398,924)
Change in proportionate share	(9,476)	(572)	-
Net changes	\$ 132,200	\$ 1,360	\$ 516,319
Balances at June 30, 2020	\$ 1,732,232	\$ 23,624	\$ 5,802,443

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

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

Primary Government:

Rate		
1% Decrease	Current Discount	1% Increase
(1.21%)	(2.21%)	(3.21%)
\$ 1,842,670	\$ 1,732,232	\$ 1,626,355

Component Unit-Industrial Development Authority:

Rate		
1% Decrease	Current Discount	1% Increase
(1.21%)	(2.21%)	(3.21%)
\$ 25,130	\$ 23,624	\$ 22,180

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 10- Health Insurance - Pay-as-you-go (OPEB Plan): (Continued)****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Continued)**

Component Unit-School Board:

Rate		
1% Decrease	Current Discount	1% Increase
(1.21%)	(2.21%)	(3.21%)
\$ 6,292,845	\$ 5,802,443	\$ 5,333,509

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

The following presents the total OPEB liability of the County, IDA, and School Board, as well as what the total OPEB liability 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:

Primary Government:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 1,607,243	\$ 1,732,232	\$ 1,878,796

Component Unit-Industrial Development Authority:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 21,919	\$ 23,624	\$ 25,622

Component Unit-School Board:

Rate		
Healthcare Cost		
1% Decrease	Trend	1% Increase
(7.90% decreasing to 3.00%)	(8.90% decreasing to 4.00%)	(9.90% decreasing to 5.00%)
\$ 5,001,951	\$ 5,802,443	\$ 6,768,781

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10- Health 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 County recognized OPEB expense in the amount of \$132,936, the Industrial Development Authority \$1,813, and the School Board \$526,910. At June 30, 2020, the County and School Board reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	Primary Government		Component Unit - Industrial Development Authority		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	\$ 66,291	\$ -	\$ 904	\$ -	\$ 919	\$ -
Changes in assumptions	103,151	65,932	1,407	899	700,566	62,609
Total	<u>\$ 169,442</u>	<u>\$ 65,932</u>	<u>\$ 2,311</u>	<u>\$ 899</u>	<u>\$ 701,485</u>	<u>\$ 62,609</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit- Industrial Development Authority	Component Unit-School Board
2021	\$ 18,391	\$ 251	\$ 121,101
2022	20,615	281	128,060
2023	25,802	352	155,885
2024	25,802	352	155,885
2025	12,900	176	77,945
Thereafter	-	-	-

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- 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.

Contributions to the GLI Plan from the County were \$32,569 and \$30,430 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit-Industrial Development Authority were \$503 and \$489 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (nonprofessional) were \$3,359 and \$2,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (professional) were \$69,109 and \$66,000 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 County reported a liability of \$482,372 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-Industrial Development Authority reported a liability of \$11,178 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (nonprofessional) reported a liability of \$32,871 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit-School Board (professional) reported a liability of \$1,049,424 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11- 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, 2019, the County's proportion was 0.03033% as compared to 0.03137% at June 30, 2018. The Industrial Development Authority participates in the County's GLI OPEB and represents 1.5214% and 2.2650% of the above proportionate share for the years ending June 30, 2019 and June 30, 2018, respectively.

At June 30, 2019, the Component Unit-Industrial Development Authority proportion was 1.5214% of the County's proportion of 0.03033% as compared to 2.2650% of the County's proportion of 0.03137% at June 30, 2018.

At June 30, 2019, the Component Unit-School Board (nonprofessional) proportion was 0.00202% as compared to 0.00199% at June 30, 2018.

At June 30, 2019, the Component Unit-School Board (professional) proportion was 0.06449% as compared to 0.06602% at June 30, 2019.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$10,373. 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.

For the year ended June 30, 2020, the Component-Unit Industrial Development Authority recognized GLI OPEB expense of \$240. 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.

For the year ended June 30, 2020, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$836. 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.

For the year ended June 30, 2020, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$18,895. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-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 Industrial Development Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,081	\$ 6,256	\$ 743	\$ 145
Net difference between projected and actual earnings on GLI OPEB plan investments	-	9,909	-	229
Changes in assumptions	30,454	14,546	706	337
Changes in proportion	7,048	13,561	163	314
Employer contributions subsequent to the measurement date	32,569	-	503	-
Total	\$ 102,152	\$ 44,272	\$ 2,115	\$ 1,025

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-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)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,186	\$ 427	\$ 69,793	\$ 13,612
Net difference between projected and actual earnings on GLI OPEB plan investments	-	675	-	21,556
Change in assumptions	2,075	991	66,255	31,645
Changes in proportion	401	-	-	25,839
Employer contributions subsequent to the measurement date	3,359	-	69,109	-
Total	\$ 8,021	\$ 2,093	\$ 205,157	\$ 92,652

\$32,569, \$503, \$3,359, and \$69,109 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component -Unit Industrial Development Authority, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, 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:

Year Ended June 30	Primary Government	Component Unit- Industrial Development Authority	Component Unit-School Board (Non- professional)	Component Unit-School Board (Professional)
2021	\$ 932	\$ 22	\$ 193	\$ (1,643)
2022	933	22	193	(1,643)
2023	5,129	119	479	7,487
2024	8,598	199	740	16,684
2025	7,797	181	751	17,763
Thereafter	1,922	44	213	4,748

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-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 references 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Teachers (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%

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (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 retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (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	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance 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 Group Life Insurance Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	<u>\$ 1,627,266</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-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 Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

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

Discount Rate

The discount rate used to measure the total 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 continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-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%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 633,702	\$ 482,372	\$ 359,646
Component Unit-Industrial Development Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 14,686	\$ 11,178	\$ 8,335
Component Unit-School Board (Nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 43,183	\$ 32,871	\$ 24,508
Component Unit-School Board (Professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,378,652	\$ 1,049,424	\$ 782,428

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the Group Life Insurance 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 12-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 \$159,483 and \$152,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,972,417 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit 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 Program 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 Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 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 HIC Program was 0.15067% as compared to 0.15522% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$152,661. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,172
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	125	-
Change in assumptions	45,907	13,706
Change in proportion	13,561	70,530
Employer contributions subsequent to the measurement date	159,483	-
Total	\$ 219,076	\$ 95,408

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$159,483 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	\$	(7,803)
2022		(7,805)
2023		(6,941)
2024		(7,230)
2025		(4,729)
Thereafter		(1,307)

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-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%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 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%

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

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

Discount Rate

The discount rate used to measure the total 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 continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,207,470	\$ 1,972,417	\$ 1,772,740

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.

Note 13- Summary of OPEB Related Items:

	Primary Government				Component Unit IDA			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ 169,442	\$ 65,932	\$ 1,732,232	\$ 132,936	\$ 2,311	\$ 899	\$ 23,624	\$ 1,813
VRS OPEB Plans:								
Group Life Insurance Plan (Note 11)								
County	102,152	44,272	482,372	10,373	2,115	1,025	11,178	240
Totals	\$ 271,594	\$ 110,204	\$ 2,214,604	\$ 143,309	\$ 4,426	\$ 1,924	\$ 34,802	\$ 2,053

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 10)	\$ 701,485	\$ 62,609	\$ 5,802,443	\$ 526,910
VRS OPEB Plans:				
Group Life Insurance Plan (Note 11)				
School Board Nonprofessional	8,021	2,093	32,871	836
School Board Professional	205,157	92,652	1,049,424	18,895
Teacher Health Insurance Credit Plan (Note 12)	219,076	95,408	1,972,417	152,661
Totals	\$ 1,133,739	\$ 252,762	\$ 8,857,155	\$ 699,302

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 14- Unavailable/Deferred Revenue:

Governmental funds report *unavailable revenue* in connection with receivables for revenues not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *deferred revenue* reported in the governmental funds and governmental activities, respectively, were as follows:

	<u>Unavailable</u>	<u>Deferred</u>
Property taxes receivable due after June 30, 2020	\$ 3,274,798	\$ 3,274,798
Property taxes receivable due prior to June 30, 2020	586,837	-
Prepaid taxes	460,434	460,434
Total unavailable revenue for governmental funds	\$ 4,322,069	\$ 3,735,232

At the end of the current fiscal year, *unearned revenue* reported in the governmental activities and funds consisted of a grant from DHCD in the amount of \$373,258 and a grant from the Federal Government for COVID-19 relief in the amount of \$927,673.

Note 15-Capital Assets:

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 530,530	\$ -	\$ (100)	\$ 530,430
Construction in progress	441,091	143,835	(483,474)	101,452
Total capital assets not being depreciated	\$ 971,621	\$ 143,835	\$ (483,574)	\$ 631,882
Capital assets, being depreciated:				
Land Improvements	\$ -	\$ 264,034	\$ -	\$ 264,034
Buildings and improvements	42,511,674	28,313	(4,553,171)	37,986,816
Machinery and equipment	4,723,717	1,105,617	-	5,829,334
Total capital assets being depreciated	\$ 47,235,391	\$ 1,397,964	\$ (4,553,171)	\$ 44,080,184
Accumulated depreciation:				
Land Improvements	\$ -	\$ (13,202)	\$ -	\$ (13,202)
Buildings and improvements	(23,691,109)	(1,756,453)	4,458,365	(20,989,197)
Machinery and equipment	(3,812,153)	(434,147)	-	(4,246,300)
Total accumulated depreciation	\$ (27,503,262)	\$ (2,203,802)	\$ 4,458,365	\$ (25,248,699)
Total capital assets being depreciated, net	\$ 19,732,129	\$ (805,838)	\$ (94,806)	\$ 18,831,485
Governmental activities capital assets, net	\$ 20,703,750	\$ (662,003)	\$ (578,380)	\$ 19,463,367

COUNTY OF GILES, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 15-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 13,000	\$ -	\$ -	\$ 13,000
Construction in progress	359,721	-	(359,721)	-
Total capital assets, not being depreciated	<u>\$ 372,721</u>	<u>\$ -</u>	<u>\$ (359,721)</u>	<u>\$ 13,000</u>
Capital assets, being depreciated:				
Utility plant and infrastructure	\$ 17,003,180	\$ 359,720	\$ -	\$ 17,362,900
Machinery and equipment	610,925	31,399	-	642,324
Total capital assets, being depreciated	<u>\$ 17,614,105</u>	<u>\$ 391,119</u>	<u>\$ -</u>	<u>\$ 18,005,224</u>
Accumulated depreciation:				
Utility plant and infrastructure	\$ (6,416,718)	\$ (559,338)	\$ -	\$ (6,976,056)
Machinery and equipment	(462,982)	(39,882)	-	(502,864)
Total accumulated depreciation	<u>\$ (6,879,700)</u>	<u>\$ (599,220)</u>	<u>\$ -</u>	<u>\$ (7,478,920)</u>
Total capital assets being depreciated, net	<u>\$ 10,734,405</u>	<u>\$ (208,101)</u>	<u>\$ -</u>	<u>\$ 10,526,304</u>
Business-type activities capital assets, net	<u>\$ 11,107,126</u>	<u>\$ (208,101)</u>	<u>\$ (359,721)</u>	<u>\$ 10,539,304</u>

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

Governmental activities:

General government administration	\$ 157,618
Judicial administration	30,879
Public safety	253,074
Public works	188,064
Health and welfare	4,789
Education	1,473,748
Parks, recreation, and cultural	15,382
Community development	<u>80,248</u>

Total depreciation expense-governmental activities \$ 2,203,802

Business-type activities:

Water department	<u>\$ 599,220</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 15-Capital Assets: (Continued)

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

Discretely Presented Component Unit-School Board:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 473,652	\$ -	\$ -	\$ 473,652
Total capital assets not being depreciated	<u>\$ 473,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,652</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,165,027	\$ 4,658,570	\$ -	\$ 19,823,597
Machinery and equipment	5,812,880	36,652	(194,772)	5,654,760
Total capital assets being depreciated	<u>\$ 20,977,907</u>	<u>\$ 4,695,222</u>	<u>\$ (194,772)</u>	<u>\$ 25,478,357</u>
Accumulated depreciation:				
Buildings and improvements	\$ (13,222,751)	\$ (4,859,547)	\$ -	\$ (18,082,298)
Machinery and equipment	(4,676,586)	(309,689)	1,441	(4,984,834)
Total accumulated depreciation	<u>\$ (17,899,337)</u>	<u>\$ (5,169,236)</u>	<u>\$ 1,441</u>	<u>\$ (23,067,132)</u>
Total capital assets being depreciated, net	<u>\$ 3,078,570</u>	<u>\$ (474,014)</u>	<u>\$ (193,331)</u>	<u>\$ 2,411,225</u>
Governmental activities capital assets, net	<u>\$ 3,552,222</u>	<u>\$ (474,014)</u>	<u>\$ (193,331)</u>	<u>\$ 2,884,877</u>

Depreciation expense of \$710,871 was charged to education in the Statement of Activities.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 15-Capital Assets: (Continued)

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

Discretely Presented Component Unit-Industrial Development Authority:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 461,478	\$ -	\$ -	\$ 461,478
Total capital assets not being depreciated	<u>\$ 461,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,478</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 9,493,633	\$ 157,314	\$ -	\$ 9,650,947
Total capital assets being depreciated	<u>\$ 9,493,633</u>	<u>\$ 157,314</u>	<u>\$ -</u>	<u>\$ 9,650,947</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,490,074)	\$ (250,131)	\$ -	\$ (2,740,205)
Total capital assets being depreciated, net	<u>\$ 7,003,559</u>	<u>\$ (92,817)</u>	<u>\$ -</u>	<u>\$ 6,910,742</u>
Business-type activities capital assets, net	<u>\$ 7,465,037</u>	<u>\$ (92,817)</u>	<u>\$ -</u>	<u>\$ 7,372,220</u>

All Depreciation of the Component Unit-Industrial Development Authority was charged to Community Development.

Note 16-Inventories/Assets Held for Resale:

Discretely Presented Component Unit-Industrial Development Authority:

The Industrial Development Authority has assets consisting of land and structures specifically held for resale that are not depreciated. At June 30, 2020, the value of these assets was \$1,657,220.

The following is a summary of transactions for these assets for the year ended June 30, 2020.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Inventories/ Assets held for resale	\$ 1,657,220	\$ -	\$ -	\$ 1,657,220
Total	<u>\$ 1,657,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,657,220</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 17-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, property, and auto insurance with the VACO Risk Management Program. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 18-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 19-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Sherry Gautier, Clerk of the Circuit Court	\$ 550,000
Angela Higginbotham, Treasurer	400,000
Lisa Corell, Commissioner of the Revenue	3,000
William M. Millirons, Sheriff	30,000

Note 20-Landfill Postclosure Liability:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$48,644. This amount is based on what it would cost to perform all postclosure care in 2020. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 21-Litigation:

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

Note 22-Subsequent Events:

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 Giles, 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 of Giles, Virginia, received the second round of CRF funds in the amount of \$1,458,756 on August 13, 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, 2021 will be returned to the federal government.

Note 23 - 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 23 - Upcoming Pronouncements: (Continued)

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. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 23 - Upcoming Pronouncements: (Continued)

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.

Required Supplementary Information

County of Giles, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 15,821,435	\$ 15,821,435	\$ 16,513,348	\$ 691,913
Other local taxes	2,221,863	2,221,863	2,241,131	19,268
Permits, privilege fees, and regulatory licenses	45,500	45,500	80,657	35,157
Fines and forfeitures	36,500	36,500	8,984	(27,516)
Revenue from the use of money and property	156,739	156,739	132,814	(23,925)
Charges for services	576,492	578,310	508,723	(69,587)
Miscellaneous	335,845	335,845	95,846	(239,999)
Recovered costs	1,821,905	1,832,368	1,878,717	46,349
Intergovernmental:				
Commonwealth	7,733,623	7,744,557	6,661,179	(1,083,378)
Federal	2,413,588	2,413,588	2,707,313	293,725
Total revenues	\$ 31,163,490	\$ 31,186,705	\$ 30,828,712	\$ (357,993)
EXPENDITURES				
Current:				
General government administration	\$ 2,089,713	\$ 2,232,366	\$ 2,159,501	\$ 72,865
Judicial administration	904,242	921,442	916,792	4,650
Public safety	5,604,338	6,364,224	5,397,498	966,726
Public works	896,142	1,049,067	1,028,409	20,658
Health and welfare	6,965,828	6,970,241	6,227,801	742,440
Education	8,994,654	9,175,172	8,755,149	420,023
Parks, recreation, and cultural	585,936	592,036	566,209	25,827
Community development	984,502	1,023,915	877,760	146,155
Nondepartmental	339,444	365,305	297,788	67,517
Debt service:				
Principal retirement	898,340	898,340	898,340	-
Interest and other fiscal charges	176,066	176,066	176,066	-
Total expenditures	\$ 28,439,205	\$ 29,768,174	\$ 27,301,313	\$ 2,466,861
Excess (deficiency) of revenues over (under) expenditures	\$ 2,724,285	\$ 1,418,531	\$ 3,527,399	\$ 2,108,868
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,895,147)	\$ (2,898,503)	\$ (1,042,833)	\$ 1,855,670
Total other financing sources (uses)	\$ (2,895,147)	\$ (2,898,503)	\$ (1,042,833)	\$ 1,855,670
Net change in fund balances	\$ (170,862)	\$ (1,479,972)	\$ 2,484,566	\$ 3,964,538
Fund balances - beginning	170,862	1,479,972	2,810,529	1,330,557
Fund balances - ending	\$ -	\$ -	\$ 5,295,095	\$ 5,295,095

County of Giles, 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	2016	2015	2014
Total pension liability						
Service cost	\$ 678,745	\$ 643,974	\$ 652,478	\$ 526,089	\$ 533,859	\$ 470,527
Interest	1,721,274	1,672,667	1,602,544	1,521,355	1,418,513	1,365,894
Differences between expected and actual experience	(62,783)	(188,945)	(136)	331,152	747,408	-
Impact in change of proportion	(4,314)	33,882	(16,846)	(70,081)	-	-
Changes of assumptions	787,870	-	(98,144)	-	-	-
Benefit payments	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
Net change in total pension liability	\$ 1,448,276	\$ 976,130	\$ 947,563	\$ 1,097,040	\$ 1,590,223	\$ 776,509
Total pension liability - beginning	25,430,198	24,454,068	23,506,505	22,409,465	20,819,241	20,042,729
Total pension liability - ending (a)	\$ 26,878,474	\$ 25,430,198	\$ 24,454,068	\$ 23,506,505	\$ 22,409,464	\$ 20,819,238
Plan fiduciary net position						
Impact in change of proportion	\$ (3,846)	\$ 29,555	\$ (13,826)	\$ (60,229)	\$ -	\$ -
Contributions - employer	612,578	647,351	623,831	707,686	543,957	532,111
Contributions - employee	278,380	281,320	296,088	272,361	222,825	219,470
Net investment income	1,478,504	1,579,493	2,341,372	336,177	850,887	2,585,528
Benefit payments	(1,672,516)	(1,185,448)	(1,192,333)	(1,211,475)	(1,109,557)	(1,059,912)
Administrator charges	(14,983)	(13,551)	(13,516)	(11,904)	(11,820)	(14,071)
Other	(931)	(4,195)	(2,085)	(142)	(181)	136
Net change in plan fiduciary net position	\$ 677,186	\$ 1,334,525	\$ 2,039,531	\$ 32,474	\$ 496,111	\$ 2,263,262
Plan fiduciary net position - beginning	22,665,557	21,331,032	19,291,501	19,259,027	18,762,916	16,499,651
Plan fiduciary net position - ending (b)	\$ 23,342,743	\$ 22,665,557	\$ 21,331,032	\$ 19,291,501	\$ 19,259,027	\$ 18,762,913
County's net pension liability - ending (a) - (b)	\$ 3,535,731	\$ 2,764,641	\$ 3,123,036	\$ 4,215,004	\$ 3,150,437	\$ 2,056,325
Plan fiduciary net position as a percentage of the total pension liability	86.85%	89.13%	87.23%	82.07%	85.94%	90.12%
Covered payroll	\$ 5,853,324	\$ 5,850,228	\$ 5,604,478	\$ 5,447,257	\$ 4,637,626	\$ 4,475,295
County's net pension liability as a percentage of covered payroll	60.41%	47.26%	55.72%	77.38%	67.93%	45.95%

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.

County of Giles, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Industrial Development Authority
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 10,903	\$ 10,234	\$ 11,287	\$ 8,717	\$ 7,149	\$ 6,301
Interest	27,650	26,581	27,723	25,209	18,995	18,291
Differences between expected and actual experience	(1,008)	(3,003)	(2)	5,487	10,009	-
Impact in change of proportion	4,314	(33,883)	16,846	70,082		
Changes of assumptions	12,656	-	(1,698)	-	-	-
Benefit payments	(26,867)	(18,838)	(20,626)	(20,074)	(14,858)	(14,193)
Net change in total pension liability	\$ 27,648	\$ (18,909)	\$ 33,530	\$ 89,421	\$ 21,295	\$ 10,399
Total pension liability - beginning	404,126	423,035	389,505	300,084	278,789	268,395
Total pension liability - ending (a)	\$ 431,774	\$ 404,126	\$ 423,035	\$ 389,505	\$ 300,084	\$ 278,794
Plan fiduciary net position						
Impact in change of proportion	\$ 3,845	\$ (29,555)	\$ 13,826	\$ 60,229	\$ -	\$ -
Contributions - employer	9,840	10,287	10,792	11,725	7,284	7,126
Contributions - employee	4,472	4,471	5,122	4,513	2,984	2,939
Net investment income	23,751	25,101	40,504	5,570	11,394	34,623
Benefit payments	(26,867)	(18,839)	(20,626)	(20,074)	(14,858)	(14,193)
Administrator charges	(241)	(215)	(234)	(197)	(158)	(188)
Other	(16)	(67)	(36)	(2)	(2)	2
Net change in plan fiduciary net position	\$ 14,784	\$ (8,817)	\$ 49,348	\$ 61,764	\$ 6,644	\$ 30,309
Plan fiduciary net position - beginning	360,192	369,009	319,661	257,897	251,253	220,949
Plan fiduciary net position - ending (b)	\$ 374,976	\$ 360,192	\$ 369,009	\$ 319,661	\$ 257,897	\$ 251,258
Authority's net pension liability - ending (a) - (b)	\$ 56,798	\$ 43,934	\$ 54,026	\$ 69,844	\$ 42,187	\$ 27,536
Plan fiduciary net position as a percentage of the total pension liability	86.85%	89.13%	87.23%	82.07%	85.94%	90.12%
Covered payroll	\$ 93,019	\$ 92,969	\$ 102,799	\$ 72,944	\$ 62,102	\$ 59,137
Authority's net pension liability as a percentage of covered payroll	61.06%	47.26%	52.55%	95.75%	67.93%	46.56%

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.

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 36,017	\$ 36,003	\$ 39,504	\$ 105,253	\$ 108,343	\$ 107,050
Interest	324,954	332,959	382,689	382,399	366,994	356,957
Differences between expected and actual experience	(132,808)	(165,115)	(808,538)	(155,047)	69,592	-
Changes of assumptions	126,533	-	(2,083)	-	-	-
Benefit payments	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)	(314,534)
Net change in total pension liability	\$ 28,352	\$ (106,221)	\$ (722,338)	\$ 9,577	\$ 218,233	\$ 149,473
Total pension liability - beginning	<u>4,805,376</u>	<u>4,911,597</u>	<u>5,633,935</u>	<u>5,624,358</u>	<u>5,406,125</u>	<u>5,256,652</u>
Total pension liability - ending (a)	<u>\$ 4,833,728</u>	<u>\$ 4,805,376</u>	<u>\$ 4,911,597</u>	<u>\$ 5,633,935</u>	<u>\$ 5,624,358</u>	<u>\$ 5,406,125</u>
Plan fiduciary net position						
Contributions - employer	\$ 71,848	\$ 35,474	\$ 34,223	\$ 46,775	\$ 141,960	\$ 181,467
Contributions - employee	18,712	18,156	18,030	18,866	57,024	57,830
Net investment income	291,814	322,742	499,637	70,476	196,357	601,209
Benefit payments	(326,344)	(310,068)	(333,910)	(323,028)	(326,696)	(314,534)
Administrator charges	(3,073)	(2,943)	(3,099)	(2,864)	(2,775)	(3,272)
Other	(183)	(280)	(435)	(31)	(42)	32
Net change in plan fiduciary net position	\$ 52,774	\$ 63,081	\$ 214,446	\$ (189,806)	\$ 65,828	\$ 522,732
Plan fiduciary net position - beginning	<u>4,517,959</u>	<u>4,454,878</u>	<u>4,240,432</u>	<u>4,430,238</u>	<u>4,364,410</u>	<u>3,841,678</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,570,733</u>	<u>\$ 4,517,959</u>	<u>\$ 4,454,878</u>	<u>\$ 4,240,432</u>	<u>\$ 4,430,238</u>	<u>\$ 4,364,410</u>
School Division's net pension liability - ending (a) - (b)	\$ 262,995	\$ 287,417	\$ 456,719	\$ 1,393,503	\$ 1,194,120	\$ 1,041,715
Plan fiduciary net position as a percentage of the total pension liability	94.56%	94.02%	90.70%	75.27%	78.77%	80.73%
Covered payroll	\$ 395,683	\$ 378,456	\$ 371,866	\$ 380,778	\$ 1,158,779	\$ 1,156,588
School Division's net pension liability as a percentage of covered payroll	66.47%	75.94%	122.82%	365.96%	103.05%	90.07%

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.

County of Giles, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.15087%	0.15536%	0.15393%	0.15625%	0.15660%	0.15711%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,855,350	\$ 18,270,000	\$ 18,930,000	\$ 21,897,000	\$ 19,710,000	\$ 18,986,000
Employer's Covered Payroll	12,638,082	12,552,260	12,130,823	11,912,257	11,641,598	11,479,014
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	157.11%	145.55%	156.05%	183.82%	169.31%	165.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Giles, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

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	\$ 672,104	\$ 672,104	\$ -	\$ 6,259,366	10.74%
2019	611,120	611,120	-	5,853,324	10.44%
2018	647,351	647,351	-	5,850,228	11.07%
2017	634,582	634,582	-	5,604,478	11.32%
2016	658,143	658,143	-	5,447,257	12.08%
2015	543,957	543,957	-	4,637,626	11.73%
2014	541,511	541,511	-	4,475,295	12.10%
2013	493,406	493,406	-	4,077,736	12.10%
2012	364,517	364,517	-	3,727,167	9.78%
2011	377,548	377,548	-	3,860,410	9.78%
Component Unit School Board (nonprofessional)					
2020	\$ 119,446	\$ 119,446	\$ -	\$ 646,002	18.49%
2019	71,849	71,849	-	395,683	18.16%
2018	35,474	35,474	-	378,456	9.37%
2017	35,143	35,143	-	371,866	9.45%
2016	46,766	46,766	-	380,778	12.28%
2015	141,960	141,960	-	1,158,779	12.25%
2014	181,469	181,469	-	1,156,588	15.69%
2013	170,853	170,853	-	1,088,927	15.69%
2012	132,884	132,884	-	1,058,837	12.55%
2011	131,890	131,890	-	1,050,914	12.55%
Component Unit School Board (professional)					
2020	\$ 2,018,914	\$ 2,018,914	\$ -	\$ 13,290,287	15.19%
2019	1,933,434	1,933,434	-	12,638,082	15.30%
2018	2,009,000	2,009,000	-	12,552,260	16.01%
2017	1,752,000	1,752,000	-	12,130,823	14.44%
2016	1,662,000	1,662,000	-	11,912,257	13.95%
2015	1,682,000	1,682,000	-	11,641,598	14.45%
2014	1,338,453	1,338,453	-	11,479,014	11.66%
2013	1,274,429	1,274,429	-	10,929,923	11.66%
2012	1,228,780	1,228,780	-	19,412,006	6.33%
2011	982,990	982,990	-	11,157,662	8.81%
Component Unit IDA					
2020	\$ 10,315	\$ 10,315	\$ -	\$ 100,550	10.26%
2019	9,817	9,817	-	93,019	10.55%
2018	10,287	10,287	-	92,969	11.06%
2017	10,340	10,340	-	102,799	10.06%
2016	10,905	10,905	-	72,944	14.95%
2015	7,284	7,284	-	62,102	11.73%

Schedule is intended to show information for 10 years. Prior to 2015, the IDA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

County of Giles, Virginia
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%

County of Giles, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 220,015	\$ 202,470	\$ 211,563
Interest	185,794	189,144	177,659
Changes in assumptions	509,434	409,870	(166,961)
Differences between expected and actual experience	-	1,327	-
Benefit payments	(398,924)	(396,853)	(409,480)
Net change in total OPEB liability	\$ 516,319	\$ 405,958	\$ (187,219)
Total OPEB liability - beginning	5,286,124	4,880,166	5,067,385
Total OPEB liability - ending	\$ 5,802,443	\$ 5,286,124	\$ 4,880,166
 Covered payroll	 \$ 11,753,666	 \$ 11,753,666	 \$ 11,037,600
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 49.37%	 44.97%	 44.21%

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

County of Giles, Virginia
 Schedule of County's Share of Total OPEB Liability
 For the Years Ended June 30, 2018 through June 30, 2020

Date (1)	Employer's Proportion of the Total OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Total OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Total OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)
<u>Primary Government:</u>				
2020	91.45%	\$ 1,732,232	\$ 6,893,486	25.13%
2019	91.99%	1,600,032	5,880,027	27.21%
2018	92.25%	1,249,186	5,171,074	24.16%
<u>Component Unit Industrial Development Authority:</u>				
2020	1.25%	\$ 23,624	\$ 94,011	25.13%
2019	1.28%	22,264	81,818	27.21%
2018	1.30%	17,604	72,872	24.16%

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.

County of Giles, Virginia
Notes to Required Supplementary Information - School Board OPEB
For the Year Ended June 30, 2020

Valuation Date: 1/1/2019
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Healthcare Cost Trend Rates	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Discount Rate	3.50% for fiscal year ending June 30, 2019
	2.21% for fiscal year ending June 30, 2020
Salary Increase Rates	5.35% - 3.50% depending on years of service
Inflation	2.50%
Mortality Rates	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females set back 1 yaer. 25% of deaths are assumed to be service related. 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; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Giles, Virginia
Notes to Required Supplementary Information - Primary Government and Component Unit IDA OPEB
For the Year Ended June 30, 2020

Valuation Date: 1/1/2019
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2019; 2.21% as of June 30, 2020
Inflation	2.50%
Healthcare Trend Rate	8.90% decreasing to an ultimate rate of 4.00% over 55 years
Salary Increase Rates	5.35% to 3.50% depending on years of service
Retirement Age	The average age at retirement is 62
Mortality Rates (General Employees)	Pre-Retirement - RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post Retirement - RP-2014 Employee Rates at age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; male set forward 1 year; females setback 1 year with 1.5 increase compounded from ages 70 to 85. Post-Disablement - RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
Mortality Rates (Public Safety)	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. 35% of deaths are assumed to be service related. Post-Retirement - RP-2014 Employee Rates at 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 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

County of Giles, Virginia
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 (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2019	0.0296%	\$ 482,372	\$ 5,852,331	8.24%	52.00%
2018	0.0309%	469,538	5,566,890	8.43%	51.22%
2017	0.0305%	458,076	5,336,911	8.58%	48.86%
Component Unit School Board: (nonprofessional)					
2019	0.0020%	\$ 32,871	\$ 395,683	8.31%	52.00%
2018	0.0020%	30,000	378,456	7.93%	51.22%
2017	0.0020%	30,000	371,866	8.07%	48.86%
Component Unit School Board: (professional)					
2019	0.0645%	\$ 1,049,424	\$ 12,642,973	8.30%	52.00%
2018	0.0660%	1,003,000	12,553,021	7.99%	51.22%
2017	0.0658%	990,000	12,138,156	8.16%	48.86%
Component Unit Industrial Development Authority:					
2019	0.0007%	\$ 11,178	\$ 94,012	11.89%	52.00%
2018	0.0005%	7,462	101,390	7.36%	51.22%
2017	0.0005%	7,924	97,201	8.15%	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.

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

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	\$ 32,569	\$ 32,569	\$ -	\$ 6,263,156	0.52%
2019	30,430	30,430	-	5,852,331	0.52%
2018	30,528	30,528	-	5,566,890	0.55%
2017	29,226	29,226	-	5,336,911	0.55%
Component Unit School Board: (nonprofessional)					
2020	\$ 3,359	\$ 3,359	\$ -	\$ 646,002	0.52%
2019	2,000	2,000	-	395,683	0.51%
2018	2,000	2,000	-	378,456	0.53%
2017	2,000	2,000	-	371,866	0.54%
2016	1,828	1,828	-	380,779	0.48%
2015	5,562	5,562	-	1,158,779	0.48%
2014	5,552	5,552	-	1,156,588	0.48%
2013	5,227	5,227	-	1,088,927	0.48%
2012	2,965	2,965	-	1,058,837	0.28%
2011	2,943	2,943	-	1,050,914	0.28%
Component Unit School Board: (professional)					
2020	\$ 69,109	\$ 69,109	\$ -	\$ 13,290,287	0.52%
2019	66,000	66,000	-	12,642,973	0.52%
2018	65,000	65,000	-	12,553,021	0.52%
2017	63,000	63,000	-	12,138,156	0.52%
2016	57,184	57,184	-	11,913,257	0.48%
2015	56,112	56,112	-	11,690,083	0.48%
2014	55,245	55,245	-	11,509,272	0.48%
2013	52,472	52,472	-	10,931,751	0.48%
2012	30,367	30,367	-	10,845,368	0.28%
2011	30,822	30,822	-	11,077,728	0.28%
Component Unit Industrial Development Authority:					
2020	\$ 503	\$ 503	\$ -	\$ 96,760	0.52%
2019	489	489	-	94,012	0.52%
2018	485	485	-	101,390	0.48%
2017	506	506	-	97,201	0.52%

Schedule is intended to show information for 10 years. Prior to 2017, the IDA's information was consolidated in the County's totals and presented in the County's report. Therefore sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

County of Giles, Virginia
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 rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Giles, Virginia
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 (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.1507%	\$ 1,972,417	\$ 12,638,082	15.61%	8.97%
2018	0.1552%	\$ 1,971,000	\$ 12,553,021	15.70%	8.08%
2017	0.1537%	1,950,000	12,131,169	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.

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

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)
2020	\$ 159,483	\$ 159,483	\$ -	\$ 13,290,287	1.20%
2019	152,000	152,000	-	12,638,082	1.20%
2018	154,000	154,000	-	12,553,021	1.23%
2017	135,000	135,000	-	12,131,169	1.11%
2016	126,281	126,281	-	11,913,257	1.06%
2015	123,419	123,419	-	11,643,292	1.06%
2014	127,534	127,534	-	11,489,582	1.11%
2013	121,322	121,322	-	10,929,923	1.11%
2012	65,072	65,072	-	10,845,368	0.60%
2011	66,046	66,046	-	11,077,728	0.60%

County of Giles, Virginia
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 from 7.00% to 6.75%

Other Supplementary Information

County of Giles, Virginia
Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Local government	\$ 491,372	\$ 491,372	\$ 551,203	\$ 59,831
Total revenues	\$ 491,372	\$ 491,372	\$ 551,203	\$ 59,831
EXPENDITURES				
Current:				
General government administration	\$ 101,396	\$ 101,396	\$ 82,106	\$ 19,290
Public works	725,608	725,608	75,845	649,763
Education	298,158	298,158	298,158	-
Community development	600,000	603,356	586,830	16,526
Debt service:				
Principal retirement	1,135,449	1,135,449	681,701	453,748
Interest and other fiscal charges	432,201	432,201	259,504	172,697
Bond issuance costs	-	-	130,430	(130,430)
Total expenditures	\$ 3,292,812	\$ 3,296,168	\$ 2,114,574	\$ 1,181,594
Excess (deficiency) of revenues over (under) expenditures	\$ (2,801,440)	\$ (2,804,796)	\$ (1,563,371)	\$ 1,241,425
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,075,832	\$ 2,075,832	\$ 45,735	\$ (2,030,097)
Issuance of lease literary loan	-	-	7,500,000	7,500,000
Issuance of lease revenue bonds	725,608	725,608	24,466	(701,142)
Issuance of capital lease	-	-	920,000	920,000
Payment to bond escrow agent	-	-	(6,452,794)	(6,452,794)
Total other financing sources (uses)	\$ 2,801,440	\$ 2,801,440	\$ 2,037,407	\$ (764,033)
Net change in fund balances	\$ -	\$ (3,356)	\$ 474,036	\$ 477,392
Fund balances - beginning	-	3,356	1,158,828	1,155,472
Fund balances - ending	\$ -	\$ -	\$ 1,632,864	\$ 1,632,864

FIDUCIARY FUNDS

Special Welfare - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

County of Giles, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS				
Cash and cash equivalents				
Special Welfare Fund	\$ 45,573	\$ 19,344	\$ (13,080)	\$ 51,837
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Amounts held for Social Services clients	\$ 45,573	\$ 19,344	\$ (13,080)	\$ 51,837
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL
BOARD
MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Giles, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

		School Operating <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ 2,638,434	
Cash in custody of others	542,679	
Receivables (net of allowance for uncollectibles):		
Accounts receivable	50,746	
Due from other governmental units	1,246,878	
Inventories	69,849	
Prepaid items	382,176	
Total assets	<u>\$ 4,930,762</u>	
LIABILITIES		
Accounts payable	\$ 200,559	
Accrued payroll	2,339,957	
Total liabilities	<u>\$ 2,540,516</u>	
FUND BALANCES		
Nonspendable:		
Prepaid items	\$ 382,176	
Inventories	69,849	
Restricted:		
School cafeteria	541,979	
Committed	1,396,242	
Total fund balances	<u>\$ 2,390,246</u>	
Total liabilities and fund balances	<u>\$ 4,930,762</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$ 2,390,246	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 473,652	
Buildings and improvements	1,741,299	
Machinery, equipment, and vehicles	<u>669,926</u>	2,884,877
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 4,238,151	
OPEB related items	<u>1,133,739</u>	5,371,890
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	\$ (8,857,155)	
Compensated absences	(413,298)	
Net pension liability	<u>(20,118,345)</u>	(29,388,798)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (2,392,574)	
OPEB related items	<u>(252,762)</u>	(2,645,336)
Net position of governmental activities		<u>\$ (21,387,121)</u>

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

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 384
Charges for services	510,649
Miscellaneous	115,588
Recovered costs	168,799
Intergovernmental:	
Local government	6,893,152
Commonwealth	16,987,205
Federal	2,400,985
Total revenues	<u>\$ 27,076,762</u>
EXPENDITURES	
Current:	
Education	\$ 26,501,350
Total expenditures	<u>\$ 26,501,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 575,412</u>
Net change in fund balances	\$ 575,412
Fund balances - beginning	<u>1,814,834</u>
Fund balances - ending	<u><u>\$ 2,390,246</u></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	\$ 575,412
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital asset additions	\$ 142,051
Depreciation expense	(710,871)
Reversion of capital assets from Primary Government (net)	<u>(98,525)</u>
	(667,345)
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	\$ (59,729)
Change in OPEB related items	(67,597)
Change in pension related items	<u>79,265</u>
Change in net position of governmental activities	<u><u>\$ (139,994)</u></u>

County of Giles, 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	\$ 150	\$ 150	\$ 384	\$ 234
Charges for services	575,819	575,819	510,649	(65,170)
Miscellaneous	12,400	12,400	115,588	103,188
Recovered costs	85,000	85,000	168,799	83,799
Intergovernmental:				
Local government	7,312,668	7,312,668	6,893,152	(419,516)
Commonwealth	17,244,270	17,244,270	16,987,205	(257,065)
Federal	1,869,422	1,869,422	2,400,985	531,563
Total revenues	\$ 27,099,729	\$ 27,099,729	\$ 27,076,762	\$ (22,967)
EXPENDITURES				
Current:				
Education	\$ 27,099,729	\$ 27,099,729	\$ 26,501,350	\$ 598,379
Total expenditures	\$ 27,099,729	\$ 27,099,729	\$ 26,501,350	\$ 598,379
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 575,412	\$ 575,412
Net change in fund balances	\$ -	\$ -	\$ 575,412	\$ 575,412
Fund balances - beginning	-	-	1,814,834	1,814,834
Fund balances - ending	\$ -	\$ -	\$ 2,390,246	\$ 2,390,246

Supporting Schedules

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,226,786	\$ 7,226,786	\$ 7,424,706	\$ 197,920
Real and personal public service corporation taxes	704,315	704,315	780,051	75,736
Personal property taxes	2,450,945	2,450,945	2,558,627	107,682
Mobile home taxes	62,173	62,173	84,376	22,203
Machinery and tools taxes	4,972,304	4,972,304	5,265,658	293,354
Merchant's capital	207,812	207,812	211,223	3,411
Penalties	122,000	122,000	110,708	(11,292)
Interest	75,100	75,100	77,999	2,899
Total general property taxes	\$ 15,821,435	\$ 15,821,435	\$ 16,513,348	\$ 691,913
Other local taxes:				
Local sales and use taxes	\$ 1,458,785	\$ 1,458,785	\$ 1,552,683	\$ 93,898
Consumers' utility taxes	242,293	242,293	244,459	2,166
Consumption taxes	50,097	50,097	46,494	(3,603)
Gross receipts tax	8,268	8,268	5,521	(2,747)
Motor vehicle licenses	252,769	252,769	199,639	(53,130)
Local tax on deeds	74,105	74,105	86,617	12,512
Hotel and motel room taxes	135,546	135,546	105,718	(29,828)
Total other local taxes	\$ 2,221,863	\$ 2,221,863	\$ 2,241,131	\$ 19,268
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,600	\$ 3,600	\$ 7,319	\$ 3,719
Land use application fees	400	400	37,927	37,527
Transfer fees	500	500	640	140
Variance and rezoning fees	7,000	7,000	4,141	(2,859)
Building permits	34,000	34,000	30,480	(3,520)
Other permits and other licenses	-	-	150	150
Total permits, privilege fees, and regulatory licenses	\$ 45,500	\$ 45,500	\$ 80,657	\$ 35,157
Fines and forfeitures:				
Court fines and forfeitures	\$ 36,500	\$ 36,500	\$ 8,984	\$ (27,516)
Revenue from use of money and property:				
Revenue from use of money	\$ 111,000	\$ 111,000	\$ 124,263	\$ 13,263
Revenue from use of property	45,739	45,739	8,551	(37,188)
Total revenue from use of money and property	\$ 156,739	\$ 156,739	\$ 132,814	\$ (23,925)
Charges for services:				
Charges for law enforcement and traffic control	\$ 13,776	\$ 15,594	\$ 6,069	\$ (9,525)
Charges for courthouse maintenance	33,000	33,000	34,581	1,581
Charges for processing arrest fee	2,800	2,800	1,817	(983)
Charges for Commonwealth's Attorney	4,700	4,700	2,878	(1,822)
Charges for nonconsecutive jail and blood test/dna fees	600	600	377	(223)
Charges for law library	1,700	1,700	1,576	(124)
Charges for courtroom security fee	60,700	60,700	44,827	(15,873)
Charges for PSA billings	56,676	56,676	56,676	-
Charges for parks and recreation	217,000	217,000	212,032	(4,968)
Charges for US forest patrols	5,800	5,800	7,250	1,450
Charges for copies	2,400	2,400	2,020	(380)
Charges for wellness center fees	164,000	164,000	127,279	(36,721)

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Other charges for services	\$ 13,340	\$ 13,340	\$ 11,341	\$ (1,999)
Total charges for services	\$ 576,492	\$ 578,310	\$ 508,723	\$ (69,587)
Miscellaneous:				
Miscellaneous	\$ 260,845	\$ 260,845	\$ 22,318	\$ (238,527)
ACCE Donations	75,000	75,000	73,528	(1,472)
Total miscellaneous	\$ 335,845	\$ 335,845	\$ 95,846	\$ (239,999)
Recovered costs:				
School resource officer	\$ 295,000	\$ 295,000	\$ 303,425	\$ 8,425
Health insurance recoveries	22,702	22,702	528	(22,174)
Health department and Social Services	127,437	127,437	148,065	20,628
DMV license agent reimbursement	38,700	38,700	45,655	6,955
PSA recovered costs	120,000	120,000	85,755	(34,245)
Bicentennial Celebration	-	-	40	40
Collections	54,000	54,000	47,004	(6,996)
Schools	979,046	979,046	949,631	(29,415)
Fuel reimbursements	174,820	174,820	113,255	(61,565)
Other recovered costs	10,200	20,663	185,359	164,696
Total recovered costs	\$ 1,821,905	\$ 1,832,368	\$ 1,878,717	\$ 46,349
Total revenue from local sources	\$ 21,016,279	\$ 21,028,560	\$ 21,460,220	\$ 431,660
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 120,000	\$ 120,000	\$ 119,194	\$ (806)
Mobile home titling tax	22,000	22,000	11,938	(10,062)
Animal friendly plates	305	305	140	(165)
Motor vehicle rental tax	2,000	2,000	5,261	3,261
State recordation tax	43,000	43,000	40,657	(2,343)
Communications sales taxes	233,500	233,500	209,729	(23,771)
Personal property tax relief funds	1,227,860	1,227,860	1,227,860	-
Total noncategorical aid	\$ 1,648,665	\$ 1,648,665	\$ 1,614,779	\$ (33,886)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 351,135	\$ 351,135	\$ 371,404	\$ 20,269
Sheriff	1,011,699	1,011,699	1,030,189	18,490
Commissioner of revenue	123,882	123,882	124,367	485
Treasurer	97,504	97,504	100,359	2,855
Registrar/electoral board	37,030	37,030	52,420	15,390
Clerk of circuit court	232,344	232,344	253,683	21,339
Total shared expenses	\$ 1,853,594	\$ 1,853,594	\$ 1,932,422	\$ 78,828
Other categorical aid:				
Public assistance and welfare administration	\$ 1,488,883	\$ 1,488,883	\$ 1,232,371	\$ (256,512)
State and Local Foster Care	-	-	5,837	5,837
Comprehensive Services Act program	1,700,000	1,700,000	1,456,699	(243,301)
Litter control grant	9,309	9,309	7,946	(1,363)
Juvenile justice	9,000	9,000	9,243	243

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Victim witness	\$ 70,000	\$ 70,000	\$ 17,198	\$ (52,802)
Two-for-Life	16,500	16,500	-	(16,500)
Asset Forfeiture	-	-	2,414	2,414
Fire programs	38,084	38,084	38,075	(9)
Records Preservation	-	10,934	10,934	-
Virginia telecom initiative	600,000	600,000	216,186	(383,814)
911 wireless grant	41,000	41,000	50,655	9,655
E911 PSAP equipment grant	150,000	150,000	-	(150,000)
VA information tech agency grant	-	-	21,420	21,420
Other categorical aid	108,588	108,588	45,000	(63,588)
Total other categorical aid	<u>\$ 4,231,364</u>	<u>\$ 4,242,298</u>	<u>\$ 3,113,978</u>	<u>\$ (1,128,320)</u>
Total categorical aid	<u>\$ 6,084,958</u>	<u>\$ 6,095,892</u>	<u>\$ 5,046,400</u>	<u>\$ (1,049,492)</u>
Total revenue from the Commonwealth	<u>\$ 7,733,623</u>	<u>\$ 7,744,557</u>	<u>\$ 6,661,179</u>	<u>\$ (1,083,378)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 181,935</u>	<u>\$ 181,935</u>	<u>\$ 189,722</u>	<u>\$ 7,787</u>
Categorical aid:				
Public assistance and welfare administration	\$ 2,226,653	\$ 2,226,653	\$ 1,923,994	\$ (302,659)
Coronavirus relief funds	-	-	531,083	531,083
Victim witness	-	-	51,594	51,594
State and community highway safety grants	5,000	5,000	10,920	5,920
Total categorical aid	<u>\$ 2,231,653</u>	<u>\$ 2,231,653</u>	<u>\$ 2,517,591</u>	<u>\$ 285,938</u>
Total revenue from the federal government	<u>\$ 2,413,588</u>	<u>\$ 2,413,588</u>	<u>\$ 2,707,313</u>	<u>\$ 293,725</u>
Total General Fund	<u>\$ 31,163,490</u>	<u>\$ 31,186,705</u>	<u>\$ 30,828,712</u>	<u>\$ (357,993)</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from Giles County School Board	\$ 491,372	\$ 491,372	\$ 491,377	\$ 5
Contribution from Giles County IDA	-	-	59,826	59,826
Total revenue from local governments	<u>\$ 491,372</u>	<u>\$ 491,372</u>	<u>\$ 551,203</u>	<u>\$ 59,831</u>
Total County Capital Improvements Fund	<u>\$ 491,372</u>	<u>\$ 491,372</u>	<u>\$ 551,203</u>	<u>\$ 59,831</u>
Total Primary Government	<u>\$ 31,654,862</u>	<u>\$ 31,678,077</u>	<u>\$ 31,379,915</u>	<u>\$ (298,162)</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 132	\$ 132
Revenue from the use of property	150	150	252	102
Total revenue from use of money and property	\$ 150	\$ 150	\$ 384	\$ 234
Charges for services:				
Charges for education	\$ 43,640	\$ 43,640	\$ 20,866	\$ (22,774)
Cafeteria sales	516,529	516,529	489,783	(26,746)
Transportation of pupils	650	650	-	(650)
Other charges for services	15,000	15,000	-	(15,000)
Total charges for services	\$ 575,819	\$ 575,819	\$ 510,649	\$ (65,170)
Miscellaneous:				
Miscellaneous	\$ 12,400	\$ 12,400	\$ 115,588	\$ 103,188
Recovered costs:				
Rebates and refunds	\$ 85,000	\$ 85,000	\$ 168,799	\$ 83,799
Total revenue from local sources	\$ 673,369	\$ 673,369	\$ 795,420	\$ 122,051
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Giles, Virginia	\$ 7,312,668	\$ 7,312,668	\$ 6,893,152	\$ (419,516)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,916,371	\$ 2,916,371	\$ 2,982,822	\$ 66,451
Basic school aid	7,833,885	7,833,885	7,524,768	(309,117)
Remedial summer education	23,708	23,708	19,263	(4,445)
Regular foster care	14,946	14,946	19,349	4,403
Gifted and talented	84,594	84,594	82,359	(2,235)
Remedial education	267,317	267,317	260,254	(7,063)
School food	19,859	19,859	35,109	15,250
Special education	1,256,384	1,256,384	1,305,391	49,007
Textbook payment	170,355	170,355	234,355	64,000
Vocational education - occupational/technology	-	-	47,475	47,475
Vocational standards of quality payments	412,819	412,819	401,911	(10,908)
Vocational adult education	58,210	58,210	7,396	(50,814)
Social security fringe benefits	517,715	517,715	504,036	(13,679)
Vocational education - equipment	4,500	4,500	4,520	20
Retirement fringe benefits	1,242,019	1,242,019	1,111,843	(130,176)
Group life fringe benefits	35,529	35,529	34,591	(938)
State lottery payments	615,642	615,642	602,883	(12,759)
Early reading intervention	69,997	69,997	72,411	2,414
Homebound education	-	-	36,161	36,161
Virginia preschool initiative	187,288	187,288	325,828	138,540
Primary class size	354,499	354,499	360,455	5,956
Technology	-	-	3,127	3,127
Standards of Learning algebra readiness	38,210	38,210	32,379	(5,831)
CTE Certification Grant	2,600	2,600	4,329	1,729
E-rate	77,000	77,000	81,600	4,600
Special education - foster children	-	-	7,431	7,431

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
At risk payments	\$ 270,731	\$ 270,731	\$ 200,931	\$ (69,800)
GED prep program	8,355	8,355	8,387	32
English as a second language	-	-	7,287	7,287
VPSA technology grants	180,000	180,000	73,534	(106,466)
Supplemental support	508,232	508,232	503,310	(4,922)
Project graduation	-	-	3,982	3,982
Other state funds	73,505	73,505	87,728	14,223
Total categorical aid	<u>\$ 17,244,270</u>	<u>\$ 17,244,270</u>	<u>\$ 16,987,205</u>	<u>\$ (257,065)</u>
Total revenue from the Commonwealth	<u>\$ 17,244,270</u>	<u>\$ 17,244,270</u>	<u>\$ 16,987,205</u>	<u>\$ (257,065)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 458,664	\$ 458,664	\$ 404,222	\$ (54,442)
CACFP	-	-	19,255	19,255
Title VI-B, special education flow-through	525,706	525,706	405,703	(120,003)
Preschool expansion grant	164,448	164,448	35,562	(128,886)
Vocational education	36,294	36,294	25,634	(10,660)
Summer food service program	20,965	20,965	675,911	654,946
Title II	74,558	74,558	75,730	1,172
Special Education - preschool	14,374	14,374	12,040	(2,334)
National school lunch program	-	-	494,762	494,762
School breakfast program	542,000	542,000	156,209	(385,791)
Title IV Part A	32,413	32,413	34,744	2,331
Forest reserve payments	-	-	61,213	61,213
Total categorical aid	<u>\$ 1,869,422</u>	<u>\$ 1,869,422</u>	<u>\$ 2,400,985</u>	<u>\$ 531,563</u>
Total revenue from the federal government	<u>\$ 1,869,422</u>	<u>\$ 1,869,422</u>	<u>\$ 2,400,985</u>	<u>\$ 531,563</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,099,729</u>	<u>\$ 27,099,729</u>	<u>\$ 27,076,762</u>	<u>\$ (22,967)</u>

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 127,619	\$ 155,522	\$ 152,752	\$ 2,770
General and financial administration:				
County administrator	\$ 629,328	\$ 626,934	\$ 624,138	\$ 2,796
Legal services	195,500	192,115	191,057	1,058
Commissioner of revenue	327,580	331,851	329,502	2,349
Assessor	175,000	164,895	164,895	-
Land use	-	-	179	(179)
Treasurer	408,623	498,774	476,584	22,190
PSA billing and collection	33,831	60,374	19,390	40,984
Department of motor vehicles	11,199	9,199	8,664	535
Total general and financial administration	\$ 1,781,061	\$ 1,884,142	\$ 1,814,409	\$ 69,733
Board of elections:				
Registrar	\$ 181,033	\$ 192,702	\$ 192,340	\$ 362
Total general government administration	\$ 2,089,713	\$ 2,232,366	\$ 2,159,501	\$ 72,865
Judicial administration:				
Courts:				
Circuit court	\$ 7,250	\$ 6,375	\$ 4,375	\$ 2,000
General district court	21,750	34,264	33,759	505
Magistrate	200	-	-	-
Juvenile and domestic court	19,050	8,050	7,694	356
Clerk of the circuit court	374,734	393,833	392,791	1,042
Law library	4,000	4,662	4,653	9
Total courts	\$ 426,984	\$ 447,184	\$ 443,272	\$ 3,912
Commonwealth's attorney:				
Commonwealth's attorney	\$ 477,258	\$ 474,258	\$ 473,520	\$ 738
Total judicial administration	\$ 904,242	\$ 921,442	\$ 916,792	\$ 4,650
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,370,614	\$ 2,454,169	\$ 2,382,832	\$ 71,337
Criminal justice training	23,275	23,275	23,275	-
Total law enforcement and traffic control	\$ 2,393,889	\$ 2,477,444	\$ 2,406,107	\$ 71,337
Fire and rescue services:				
Fire and rescue	\$ 205,594	\$ 222,965	\$ 225,681	\$ (2,716)
GIS system development	115,986	111,986	111,900	86
Ambulance service	511,704	1,177,313	535,522	641,791
Total fire and rescue services	\$ 833,284	\$ 1,512,264	\$ 873,103	\$ 639,161
Correction and detention:				
New River Valley Regional Jail	\$ 1,058,575	\$ 1,011,165	\$ 1,011,001	\$ 164
NRV juvenile detention	203,240	203,240	203,240	-
Total correction and detention	\$ 1,261,815	\$ 1,214,405	\$ 1,214,241	\$ 164

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public Safety: (Continued)				
Inspections:				
Building official	\$ 136,612	\$ 130,389	\$ 130,073	\$ 316
Other protection:				
Animal control	\$ 204,039	\$ 189,542	\$ 185,681	\$ 3,861
Medical examiner	500	220	240	(20)
Emergency services	165,126	165,126	-	165,126
Inmate work program	129,381	204,205	204,107	98
Haz-mat services	6,592	2,192	1,647	545
Probation office	-	1,337	1,337	-
School Resource Officer	464,834	458,834	374,350	84,484
US forest service	6,113	6,113	3,552	2,561
Law enforcement grants	2,153	2,153	3,060	(907)
Total other protection	\$ 978,738	\$ 1,029,722	\$ 773,974	\$ 255,748
Total public safety	\$ 5,604,338	\$ 6,364,224	\$ 5,397,498	\$ 966,726
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 150	\$ -	\$ -	\$ -
Sanitation and waste removal:				
Landfill monitoring	\$ 62,400	\$ 70,422	\$ 80,422	\$ (10,000)
Weed control	13,000	13,018	3,018	10,000
Total sanitation and waste removal	\$ 75,400	\$ 83,440	\$ 83,440	\$ -
Maintenance of general buildings and grounds:				
General properties	\$ 820,592	\$ 965,627	\$ 944,969	\$ 20,658
Total public works	\$ 896,142	\$ 1,049,067	\$ 1,028,409	\$ 20,658
Health and welfare:				
Health:				
Supplement of local health department	\$ 131,735	\$ 130,254	\$ 130,254	\$ -
Mental health and mental retardation:				
Community services board	\$ 54,584	\$ 54,584	\$ 54,584	\$ -
Welfare:				
Comprehensive services	\$ 2,439,000	\$ 2,439,000	\$ 2,173,324	\$ 265,676
Welfare administration and public assistance	4,185,500	4,185,500	3,711,935	473,565
Fairview home	18,401	18,401	23,362	(4,961)
NRVSS nutrition program	8,479	1,785	1,785	-
NRV disability services board	1,818	1,818	1,818	-
New River community action	15,082	25,082	25,082	-
Women's resource center	5,574	5,574	5,574	-
Free clinic of the NRV, Inc.	8,000	8,000	8,000	-
Area agency on aging	8,075	8,075	8,075	-
Senior center	88,764	91,352	83,442	7,910
Literacy volunteers of America	566	566	566	-
NRV cares	250	250	-	250

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

Schedule 2
Page 3 of 4

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare: (Continued)				
Total welfare	\$ 6,779,509	\$ 6,785,403	\$ 6,042,963	\$ 742,440
Total health and welfare	\$ 6,965,828	\$ 6,970,241	\$ 6,227,801	\$ 742,440
Education:				
Educational costs:				
Contributions to Community College	\$ 9,359	\$ 9,359	\$ 9,359	\$ -
Contribution to County School Board	7,804,045	7,804,045	7,384,529	419,516
School Transfer Employees	1,181,250	1,361,768	1,361,261	507
Total education	\$ 8,994,654	\$ 9,175,172	\$ 8,755,149	\$ 420,023
Parks, recreation, and cultural:				
Parks and recreation:				
Swimming pool	\$ 730	\$ 730	\$ 2,973	\$ (2,243)
Golf course	146,037	146,037	134,302	11,735
Castle Rock operations	122,070	122,070	131,085	(9,015)
Wellness center	205,931	205,931	193,857	12,074
Other recreation and cultural enrichment	81,918	88,018	74,742	13,276
Total parks and recreation	\$ 556,686	\$ 562,786	\$ 536,959	\$ 25,827
Library:				
Contribution to county library	\$ 29,250	\$ 29,250	\$ 29,250	\$ -
Total parks, recreation, and cultural	\$ 585,936	\$ 592,036	\$ 566,209	\$ 25,827
Community development:				
Planning and community development:				
County planner	\$ 95,069	\$ 94,169	\$ 94,016	\$ 153
Planning commission	18,026	16,226	14,359	1,867
Contribution to IDA	490,195	490,195	287,962	202,233
Zoning Board	538	38	-	38
Tourism	164,271	197,415	190,649	6,766
Other community development	122,246	131,715	200,957	(69,242)
Total planning and community development	\$ 890,345	\$ 929,758	\$ 787,943	\$ 141,815
Environmental management:				
Contributions to soil and water districts	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Cooperative extension program:				
Extension office	\$ 81,157	\$ 81,157	\$ 76,817	\$ 4,340
Total community development	\$ 984,502	\$ 1,023,915	\$ 877,760	\$ 146,155
Nondepartmental:				
Fringe benefits and fuel charges	\$ 339,444	\$ 365,305	\$ 297,788	\$ 67,517
Debt service:				
Principal retirement	\$ 898,340	\$ 898,340	\$ 898,340	\$ -
Interest and other fiscal charges	176,066	176,066	176,066	-
Total debt service	\$ 1,074,406	\$ 1,074,406	\$ 1,074,406	\$ -
Total General Fund	\$ 28,439,205	\$ 29,768,174	\$ 27,301,313	\$ 2,466,861

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Improvements Fund:				
General and financial administration:				
Information Technology	\$ 101,396	\$ 101,396	\$ 82,106	\$ 19,290
Public Works:				
Public safety building	\$ 725,608	\$ 725,608	\$ 75,845	\$ 649,763
Education:				
Educational costs:				
Buses	\$ 298,158	\$ 298,158	\$ 298,158	\$ -
Community development:				
VDOT Sharing Project	\$ -	\$ 3,356	\$ 2,292	\$ 1,064
Other capital projects	600,000	600,000	584,538	15,462
Total community development	\$ 600,000	\$ 603,356	\$ 586,830	\$ 16,526
Debt service:				
Principal retirement	\$ 1,135,449	\$ 1,135,449	\$ 681,701	\$ 453,748
Interest and other fiscal charges	432,201	432,201	259,504	172,697
Bond issuance costs	-	-	130,430	(130,430)
Total debt service	\$ 1,567,650	\$ 1,567,650	\$ 1,071,635	\$ 496,015
Total County Capital Improvements Fund	\$ 3,292,812	\$ 3,296,168	\$ 2,114,574	\$ 1,181,594
Total Primary Government	\$ 31,732,017	\$ 33,064,342	\$ 29,415,887	\$ 3,648,455
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 18,996,893	\$ 18,996,893	\$ 18,259,247	\$ 737,646
Operating costs:				
Attendance and health services	\$ 1,546,674	\$ 1,546,674	\$ 1,343,211	\$ 203,463
Pupil transportation	950,935	950,935	1,010,315	(59,380)
Operation and maintenance of school plant	2,780,093	2,780,093	2,598,357	181,736
Facilities	14,374	14,374	-	14,374
Technology	1,634,330	1,634,330	1,474,368	159,962
Total operating costs	\$ 6,926,406	\$ 6,926,406	\$ 6,426,251	\$ 500,155
School food services:				
Administration of school food program (1)	\$ 1,176,430	\$ 1,176,430	\$ 1,815,852	\$ (639,422)
Total Discretely Presented Component Unit - School Board	\$ 27,099,729	\$ 27,099,729	\$ 26,501,350	\$ 598,379

1) Includes expenses of decentralized cafeterias which total \$1,060,705. This amount is not subject to appropriation since same is processed through School Activity Accounts.

Other Statistical Information

Table 1

County of Giles, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Non-departmental	Interest on Long-Term Debt	Water Department	Total
2019-20	\$ 2,152,759	\$ 977,293	\$ 5,169,637	\$ 1,252,009	\$ 6,192,832	\$ 9,093,400	\$ 545,562	\$ 1,539,562	- \$	688,105	\$ 1,954,116	\$ 29,565,275
2018-19	2,107,469	976,432	4,811,215	1,667,513	6,134,500	8,867,987	669,231	2,079,776	-	724,825	1,930,481	29,969,429
2017-18	2,135,564	908,019	5,008,127	2,036,218	5,759,377	9,015,261	668,902	3,139,891	-	683,365	1,773,159	31,127,883
2016-17	1,951,788	974,122	4,964,595	623,864	5,461,798	7,225,328	671,035	1,928,771	-	743,619	1,561,238	26,106,158
2015-16	1,441,831	797,006	4,007,034	1,319,630	4,795,609	8,788,324	528,821	1,816,107	-	927,185	1,649,943	26,071,490
2014-15	1,515,689	775,707	4,492,726	913,182	4,327,725	8,451,877	616,476	1,068,553	-	924,761	1,648,454	24,735,150
2013-14	1,697,198	810,317	4,662,815	897,488	4,107,908	7,837,326	742,703	933,299	-	961,132	1,737,460	24,387,646
2012-13	1,040,876	704,273	5,055,111	595,826	3,742,017	7,869,352	741,059	803,350	-	1,338,211	1,791,446	23,681,521
2011-12	1,465,212	749,059	3,858,811	433,301	3,815,866	6,418,750	764,944	427,820	-	1,109,865	1,633,876	20,677,504
2010-11	1,612,399	456,903	3,937,646	382,840	3,467,252	6,117,468	1,072,522	346,131	-	1,217,615	1,543,650	20,154,426

Table 2

County of Giles, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES								Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on Sale of Assets	
2019-20	\$ 1,342,171	\$ 7,326,385	\$ 239,106		\$ 16,498,586	\$ 2,241,131	\$ -	\$ -	\$ 132,814	\$ 95,846	\$ 2,355,704	\$ -	\$ 30,231,743
2018-19	1,363,371	6,565,680	817,448		15,505,911	2,344,259	-	-	103,459	104,102	2,492,667	-	29,296,897
2017-18	1,416,939	6,489,215	502,432		14,912,778	2,108,762	-	-	123,490	528,908	1,714,833	-	27,797,357
2016-17	1,305,764	6,342,111	-		14,956,758	1,981,807	-	-	123,129	171,794	1,753,834	-	26,635,197
2015-16	1,282,060	5,559,330	162,150		13,738,261	2,104,456	-	-	132,912	160,325	1,746,646	-	24,886,140
2014-15	1,318,822	5,047,053	50,000		12,826,895	2,154,391	-	-	161,700	38,211	1,823,014	-	23,420,086
2013-14	1,231,925	5,001,133	54,727		12,476,520	1,956,894	-	-	170,803	43,716	1,767,544	-	22,703,262
2012-13	1,207,568	4,493,402	113,826		12,073,980	1,919,216	-	-	237,267	47,256	1,875,527	14,027	21,982,069
2011-12	1,326,038	4,539,944	170,824		11,877,251	1,746,202	-	-	275,397	24,655	1,695,160	-	21,655,471
2010-11	1,158,123	4,203,780	873,251		11,722,260	1,749,017	-	-	266,669	462,209	1,689,126	-	22,124,435

Table 3

County of Giles, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration												Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural Development (3)	Non-departmental	Debt Service				
2019-20	\$ 2,241,607	\$ 916,792	\$ 5,397,498	\$ 1,104,254	\$ 6,227,801	\$ 28,661,505	\$ 566,209	\$ 1,464,590	\$ 297,788	\$ 2,146,041	\$ 49,024,085		
2018-19	1,986,623	866,789	5,394,576	1,435,251	6,275,422	28,583,048	646,503	1,969,673	458,994	2,471,754	50,088,633		
2017-18	2,137,491	882,239	5,383,062	3,617,256	5,965,561	27,556,952	666,223	3,069,168	436,263	2,351,878	52,066,093		
2016-17	1,995,494	926,525	5,195,900	3,191,385	5,551,415	27,037,329	685,394	2,093,270	356,710	2,436,804	49,470,226		
2015-16	1,997,836	784,958	4,623,190	1,353,497	4,901,844	26,086,780	693,810	1,734,767	563,217	2,918,832	45,658,731		
2014-15	1,973,055	765,051	4,974,892	958,047	4,328,086	24,349,938	662,203	965,433	571,052	2,872,775	42,420,532		
2013-14	1,715,246	751,023	4,859,461	764,931	4,183,873	24,392,929	736,620	847,845	678,231	2,656,697	41,586,856		
2012-13 (5)	1,412,456	752,773	5,562,669	599,672	3,851,966	23,806,787	704,999	721,978	880,871	2,620,748	40,914,919		
2011-12	1,489,763	706,626	4,011,209	421,212	3,865,490	22,398,858	743,801	344,123	743,593	2,912,690	37,637,365		
2010-11 (4)	1,436,110	726,488	4,153,468	420,421	3,517,234	21,974,561	744,911	262,884	696,032	2,214,272	36,146,381		

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government and its Discretely Presented Component Unit - School Board. Excludes non-operating capital project expenditures.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board and contribution from School Board to the Capital Improvements Fund.

(3) FY 2009-10 includes a contribution of \$4,375,511 to the Giles Industrial Development Authority in support of the hospital infrastructure projects.

(4) Debt service excludes refunded bond anticipation note of \$13,500,000.

(5) Debt service excludes bond refundings of \$15,659,156.

Table 4

County of Giles, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits,		Fines and Forfeitures	Revenue from the Use of Money and Property			Charges for Services		Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
			Privilege Fees, Regulatory Licenses											
2019-20	\$ 16,513,348	\$ 2,241,131	\$ 80,657	\$ 8,984	\$ 133,198	\$ 1,019,372	\$ 211,434	\$ 2,047,516	\$ 29,307,885	\$ 51,563,525				
2018-19	15,483,836	2,344,259	44,149	59,320	103,937	1,101,355	146,499	2,790,734	28,427,753	50,501,842				
2017-18	15,023,419	2,108,762	46,163	37,391	123,839	1,136,977	629,648	2,066,639	26,767,621	47,940,459				
2016-17	14,883,081	1,981,807	41,617	11,634	126,728	1,147,965	257,991	2,561,897	25,843,221	46,855,941				
2015-16	13,716,313	2,104,456	44,814	33,190	131,849	1,042,098	179,437	2,296,096	25,285,297	44,833,550				
2014-15	12,739,163	2,154,391	93,856	37,418	159,778	985,066	168,929	1,530,109	24,203,838	42,072,548				
2013-14	12,485,742	1,956,894	31,809	62,616	167,140	1,039,479	103,345	1,326,136	23,700,159	40,873,320				
2012-13	12,105,056	1,919,216	50,540	105,492	236,113	1,059,533	93,685	1,529,023	23,403,966	40,502,624				
2011-12	11,857,303	1,746,202	42,986	31,194	275,735	1,150,905	123,361	1,174,262	23,110,381	39,512,329				
2010-11	11,807,023	1,749,017	26,963	26,837	267,339	1,170,525	655,374	1,147,560	23,095,492	39,946,130				

(1) Includes General, Special Revenue, and Capital Projects funds of the Primary Government and its Discretely Presented Component Unit - School Board.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

Table 5

County of Giles, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,3)	Percent of Delinquent Taxes to Tax Levy
2019-20	\$ 17,435,939	\$ 17,016,483	97.59%	\$ 536,018	\$ 17,552,501	100.67%	\$ 1,125,011	6.45%
2018-19	16,470,042	16,002,227	97.16%	524,127	16,526,354	100.34%	901,506	5.47%
2017-18	15,880,882	15,508,069	97.65%	534,678	16,042,747	101.02%	904,894	5.70%
2016-17	15,928,638	15,379,762	96.55%	563,468	15,943,230	100.09%	913,294	5.73%
2015-16	14,755,944	14,342,221	97.20%	454,873	14,797,094	100.28%	897,336	6.08%
2014-15	13,844,229	13,312,457	96.16%	518,680	13,831,137	99.91%	859,505	6.21%
2013-14	13,579,232	13,079,642	96.32%	497,647	13,577,289	99.99%	816,733	6.01%
2012-13	13,140,195	12,479,020	94.97%	714,599	13,193,619	100.41%	763,561	5.81%
2011-12	12,934,608	12,404,021	95.90%	946,344	13,350,365	103.21%	835,655	6.46%
2010-11	12,821,899	12,387,707	96.61%	467,536	12,855,243	100.26%	867,642	6.77%

(1) Exclusive of penalties and interest.

(2) Includes amounts paid under the Personal Property Tax Relief Act.

(3) Amounts have not been reduced for taxes deemed uncollectible under audit.

Table 6

County of Giles, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Public Utilities (2)	Merchants Capital	Common Carrier	Total
2019-20	\$ 1,116,738,150	\$ 201,373,670	\$ 260,510,116	\$ 115,919,234	\$ 25,340,459	\$ 1,185,600	\$ 1,721,067,229
2018-19	1,071,431,550	190,409,034	253,406,732	110,651,785	26,009,136	1,068,967	1,652,977,204
2017-18	1,065,428,900	188,297,356	219,296,669	110,106,196	24,865,920	1,172,100	1,609,167,141
2016-17	1,060,918,050	186,038,501	225,237,446	107,143,331	25,021,646	1,062,601	1,605,421,575
2015-16	1,057,108,100	179,900,764	359,672,173	141,544,743	23,023,871	954,318	1,762,203,969
2014-15	1,066,615,300	178,489,346	330,568,526	158,033,441	22,361,237	607,475	1,756,675,325
2013-14	1,074,270,400	177,245,568	331,472,131	177,534,468	21,314,565	661,782	1,782,498,914
2012-13	1,067,749,700	172,917,073	310,297,932	179,625,302	20,571,130	703,448	1,751,864,585
2011-12	1,059,889,900	163,705,613	310,267,438	171,001,017	19,974,892	1,638,533	1,726,477,393
2010-11	1,056,729,200	161,035,270	304,393,326	187,241,026	19,526,928	3,014,800	1,731,940,550

(1) Real estate and personal property is assessed at 100% of fair market value.

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

Table 7

**County of Giles, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools	Merchant's Capital	Common Carrier
2019-20	\$ 0.67/0.65	\$ 2.02	\$ 2.02	\$ 0.83	\$ 1.12
2018-19	0.63/0.67	1.98	1.98	0.83	1.08
2017-18	0.63	1.98	2.16	0.83	1.08
2016-17	0.63	1.98	2.16	0.83	1.01
2015-16	0.61	1.96	1.06	0.81	1.01
2014-15	0.61	1.91	1.01	0.81	1.01
2013-14	0.54/0.56	1.91	1.01	0.81	1.01
2012-13	0.54	1.91	1.01	0.81	1.01
2011-12	0.54	1.91	1.01	0.81	1.01
2010-11	0.54	1.91	1.01	0.81	1.01

(1) Per \$100 of assessed value.

(2) Mobile home tax rates are the same as the real estate rate.

Table 8

County of Giles, Virginia
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 (in thousands) (2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	17,286	\$ 1,721,067	\$ 7,858,727	0.46%	\$ 455
2018-19	17,286	1,652,977	14,728,685	0.89%	852
2017-18	17,286	1,609,167	20,866,490	1.30%	1,207
2016-17	17,286	1,605,422	20,088,519	1.25%	1,162
2015-16	17,286	1,762,204	21,475,282	1.22%	1,242
2014-15	17,286	1,756,675	23,368,877	1.33%	1,352
2013-14	17,286	1,782,499	25,151,143	1.41%	1,455
2012-13	17,286	1,751,865	25,183,752	1.44%	1,457
2011-12	17,286	1,726,477	26,182,991	1.52%	1,515
2010-11	17,286	1,731,941	27,931,389	1.61%	1,616

(1) Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonds and lease revenue bonds of the Primary Government-Governmental Activities. Excludes landfill closure/post-closure care liability, literary loans, and capital leases of the Primary Government-Governmental Activities and all debt of the Primary Government-Business-type Activities and Component Units.

Table 9

County of Giles, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 1,580,041	\$ 435,570	\$ 2,015,611	\$ 49,024,085	4.11%
2018-19	1,676,323	679,357	2,355,680	50,088,633	4.70%
2017-18	1,578,844	773,034	2,351,878	52,066,093	4.52%
2016-17	1,527,632	909,172	2,436,804	49,470,226	4.93%
2015-16	1,913,399	1,005,433	2,918,832	45,658,731	6.39%
2014-15	1,825,247	1,047,528	2,872,775	42,420,532	6.77%
2013-14	1,594,104	1,028,392	2,622,496	41,586,856	6.31%
2012-13	1,299,525	1,321,223	2,620,748	40,914,919	6.41%
2011-12	1,772,087	1,140,873	2,912,960	37,637,365	7.74%
2010-11	1,255,070	959,202	2,214,272	36,146,381	6.13%

(1) Includes General and Capital Projects funds of the Primary Government and the Discretely Presented Component Unit - School Board.

(2) See Table 3 for excluded refunding amounts.

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Board of Supervisors
County of Giles, Virginia
Pearisburg, 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 Giles, 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 Giles, Virginia's basic financial statements, and have issued our report thereon dated February 28, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Giles, 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, Finner, Cox Associates

Blacksburg, Virginia
February 28, 2021

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

To the Board of Supervisors
County of Giles, Virginia
Pearisburg, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

Polina, Jane, Cox Associates

Blacksburg, Virginia
February 28, 2021

**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	
DEPARTMENT OF AGRICULTURE:				
Pass Through Payments:				
<i>Department of Education:</i>				
COVID-19 Child and Adult Care Food Program	10.558	70035	\$ 4,617	
Child and Adult Care Food Program	10.558	70027, 70028	14,638	\$ 19,255
Child Nutrition Cluster:				
<i>State Department of Agriculture:</i>				
Food Distribution-Schools (Note 3)	10.555	Not available	\$ 92,054	
<i>Department of Education:</i>				
COVID-19 National School Lunch Program	10.555	40264	31,319	
National School Lunch Program	10.555	40254	371,389	\$ 494,762
COVID-19 School Breakfast Program				
School Breakfast Program	10.553	40263	\$ 12,084	
	10.553	40253	144,125	156,209
COVID-19 Summer Food Service Program for Children				
Summer Food Service Program for Children	10.559	60175, 60176	\$ 433,898	
	10.559	60302, 60303	242,013	675,911
				1,326,882
<i>Department of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119,0010120, 0040119, 0040120		272,718
<i>Department of Education:</i>				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841		61,213
Total Department of Agriculture				\$ 1,680,068
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Pass Through Payments:				
<i>Department of Housing and Community Development:</i>				
Community Development Block Grant/State's Program and Non-entitlement Grants in Hawaii	14.228	HCD50790	\$	1,500
DEPARTMENT OF TREASURY:				
Pass Through Payments:				
<i>Department of Accounts:</i>				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$	531,083
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Pass Through Payments:				
<i>Department of Social Services:</i>				
Promoting Safe and Stable Families Program	93.556	0950118,0950119	\$	13,682
Temporary Assistance for Needy Families	93.558	0400119,0400120		160,013
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120		298
Low-Income Home Energy Assistance	93.568	0600419,0600420		32,217
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119,0760120		31,570
Adoption and Legal Guardianship Incentive Payments	93.603	1130117		3,973
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119		325
Foster Care - Title IV-E	93.658	1100119,1100120		326,491
Adoption Assistance	93.659	1120119,1120120		654,660
Social Services Block Grant	93.667	1000119,1000120		135,954
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118, 9150119		2,463
Children's Health Insurance Program	93.767	0540119, 0540120		4,639
Medicaid Cluster:				
Medical Assistance Program	93.778	1200119,1200120		284,991
Total Department of Health and Human Services				\$ 1,651,276
DEPARTMENT OF JUSTICE:				
Pass Through Payments:				
<i>Department of Criminal Justice Services:</i>				
Crime Victim Assistance	16.575	5601701	\$	51,594
DEPARTMENT OF EDUCATION:				
Pass Through Payments:				
<i>Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	42901	\$	404,222
Special Education Cluster (IDEA):				
Special Education-Grants to States	84.027	43071	\$ 405,703	
Special Education-Preschool Grants	84.173	62521	12,040	417,743
Career and Technical Education: Basic Grants to States	84.048	61095		25,634
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	61480		75,730
Preschool Development Grants	84.419	40259		35,562
Student Support and Academic Enrichment Program	84.424	60281		34,744
Total Department of Education				\$ 993,635

**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
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Not available	\$ 5,130
Alcohol Open Container Requirements	20.607	Not available	5,790
			<u>\$ 10,920</u>
Total Department of Transportation			\$ 10,920
Total Expenditures of Federal Awards			<u>\$ 4,920,076</u>

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 County of Giles, 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 County of Giles, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Giles, 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

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, Giles County, Virginia had food commodities totaling \$92,054 in inventory.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2020.

Note 5--Loans and Loan Guarantees

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

Note 6 -- Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:			
Primary government:			
General Fund			\$ 2,707,313
Less: Payments in lieu of taxes			(189,722)
Water Department Fund - Contributions in Aid of Construction			1,500
			<u>\$ 2,519,091</u>
Total primary government			\$ 2,519,091
Component Units:			
School Board			\$ 2,400,985
			<u>\$ 4,920,076</u>
Total Federal Expenditures per Basic Financial Statements			\$ 4,920,076
Federal expenditures per the Schedule of Expenditures of Federal Awards			<u>\$ 4,920,076</u>

County of Giles, 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?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's 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)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
21.019	COVID-19 - Coronavirus Relief Fund
84.027/84.173	Special Education Cluster (IDEA)

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

County of Giles, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

2019-001

Condition: The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).

Recommendation: The County should review the auditor's proposed audit adjustments annually and replicate same in future periods to the extent possible.

Current Status: Finding 2019-001 was resolved in fiscal year 2020.