



# **2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

FISCAL YEAR ENDED  
JUNE 30, 2021



**COUNTY OF BOTETOURT, VIRGINIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

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Prepared By:  
Department of Financial Services

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

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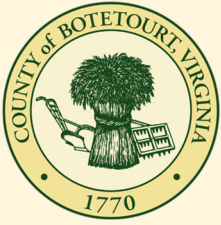
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## INTRODUCTORY SECTION

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#### **Board of Supervisors**

Billy W. Martin, Sr.  
*Chairman*

Donald M. Scothorn  
*Vice Chairman*

Richard G. Bailey

Stephen P. Clinton

I. Ray Sloan

## **Botetourt County, Virginia** *Office of the County Administrator*

November 30, 2021

### **To the Honorable Board of Supervisors and Citizens of the County of Botetourt, Virginia:**

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

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Botetourt County for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must establish an easily readable and efficiently organized comprehensive annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Robinson, Farmer, Cox Associates, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the County of Botetourt's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with same.

### **Profile of Botetourt County**

The County of Botetourt was founded in 1770 and named for Lord Botetourt, Governor of Virginia. After the Revolutionary War, the County's jurisdiction extended to the Mississippi River, encompassing what is now West Virginia, Kentucky, Ohio, Indiana, and part of Illinois.

Botetourt County is located along Interstate 81, within easy access to Interstate 64, in the west- central portion of Virginia in the Roanoke Valley, between the Blue Ridge and Allegheny Mountains. It is 233 miles southwest of the nation's capital, Washington D.C., 176 miles west of the state capital, Richmond, and is close to the City of Roanoke. Botetourt County consists of 548 square miles and is part of the Roanoke Metropolitan Statistical Area (MSA). The County of Botetourt is a political subdivision of the Commonwealth of Virginia that is administered by a five member Board of Supervisors and has a County Administrator to oversee its general administration.

The County provides a full range of services, including police protection, education, parks and recreation, planning and inspections, general services and utilities, libraries, social services, and general government administration. Local volunteer fire and rescue companies provide fire and rescue protection for the citizens, complemented by paid County supplemental fire and rescue employees. The County provides support to the volunteers through cash contributions for operations and capital expenditures. The Commonwealth of Virginia provides for the construction and maintenance of highways, streets, and related infrastructure located within the County.

### **Local Economics and Demographics**

Based upon the U. S. Census Bureau's 2020 census, Botetourt County's population was 33,596, representing a 1.4% increase since the 2010 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 39% of the jobs in the County, manufacturing 18%, trade 21%, government 14%, construction 6%, and all others 2%. The civilian labor force totals approximately 17,1562 (June 2021). With regard to the County domiciled workforce, roughly 25% work for the County's top twenty employers. Unemployment remains below the State average.

With respect to demographics relating to economic factors, Botetourt County seemingly appeals to higher income residents, as evidenced by a median household income figure of \$59,441, which is above the state average and ranks first in a comparison to six other surrounding localities. This ranking also holds true for the home ownership rate (87%), which is well above the state's average of 69%. Yet again, the median housing value in the County (\$189,900) places first as compared locally and is below the state average of \$247,100. These figures are as of the 2010 U.S. Census, while awaiting the detailed 2020 US Census data.

Botetourt County compares favorably to most Virginia counties economically in the area of fiscal stress, as reported by the Virginia Commission on Local Government. This agency has developed a composite fiscal stress index, which takes into consideration each locality's revenue capacity per capita, the revenue effort, and the magnitude of median adjusted gross income for individuals and married couples. The County's composite index falls into the classification "Below Average Stress", and within a short reach of "Low Stress" for the most recent period reported (2021). The County's ranking was 101 out of 133 localities, placing Botetourt County in the lower 25% quartile. This is an indication that on a comparable basis, Botetourt County and its residents continue to experience a relatively low level of fiscal strain, which adds to quality of life in the County for its citizens, and indicates responsible management of the County's financial activities.

The County's Comprehensive Plan provides the framework for managing growth, along with proper zoning and subdivision ordinances. The most recent Comprehensive Plan was updated in FY17. With respect to building activity, FY21 construction permit activity for all components (residential, commercial, manufactured, additions and alterations, and miscellaneous) realized a 4% increase vs. FY20 results in terms of number of construction permits (FY20 = 478, FY19 = 460). In terms of total dollar value, FY21's total figure of \$36.8



million was 39% less than FY20's figure due to a) the impact of COVID-19 and b) the nonrecurrence of a \$22.5 million commercial permit in FY20. Total construction permit dollar value was 47% less than the 3-year average value from FY18 to FY20.

With respect to residential building construction, FY21's average permit value (\$246,000) increased 13% vs. FY20 and this value was also 13% greater than the previous three-year average. This was the ninth consecutive year that average residential permit values exceeded \$200,000. In reviewing permit applications for FY21, residential growth is being experienced in all districts of the County, and the number of FY21 permit applications (98) was 5% less than the previous three-year average. The total value of FY21 residential permit applications was \$24.1 million, which is closer to the average residential construction permit value experienced in FY18 and FY19.

Regarding commercial construction, FY21's number of permits (52) were 44% less than FY20 permits (93), as COVID-19 played a role in reduced building activity. This negative impact along with a large FY20 permit value for a non-repeating project (\$22.5 million) led to a significant reduction in FY21 commercial construction permit values. Commercial construction value (\$4.2 million) was 88% less than FY20.

While difficult to ascertain, it can be said with some degree of certainty that the COVID-19 epidemic had an impact on construction building activity for the full FY21 fiscal year.

### **Economic Development**

Economic development activity for Botetourt County during recent years and leading into FY22 reflects the continued growth and momentum trend in the community. Specifically:

In October 2018, ELDOR Corporation, an ignition coil and automotive component manufacturer, held a grand opening event for its first North America manufacturing facility at the Botetourt Center at Greenfield. ELDOR's location in Botetourt County involves new private investment of \$75.2 million and the creation of 350 jobs.

In February 2019, a global leader in the production of 100% recycled paper and cardboard products, Pratt Industries, announced its acquisition of the shell building at the Botetourt Center at Greenfield. The company, headquartered in Georgia and globally in Australia, announced the Botetourt County location would serve as its next cardboard conversion facility for its customers in Virginia and surrounding states. The acquisition of the shell building involves Pratt's investment of \$20.1 million and the creation of 50 jobs.

In March 2019, Governor Northam announced a \$758,998 grant to the Craig-Botetourt Electric Cooperative and Botetourt County to expand broadband availability to 621 homes and fifty-two businesses in the County.

During June 2019, the Virginia Department of Transportation awarded Botetourt County with a \$650,000 Economic Development Access grant to construct additional access roads in the Botetourt Center at Greenfield.

Also in June 2019, Mexico-based Metalsa announced a 25 job and \$6.4 million capital investment expansion. The company located to Botetourt County in 1995 and currently employs 230 workers. Metalsa manufactures truck rails and serves approximately one-fourth of the domestic truck market.

In August 2019, Botetourt County Public Schools, the Board of Supervisors, and Economic Development Authority broke ground on the construction of the new Colonial Elementary School in Blue Ridge, representing an approximate investment of \$25 million. The school opened to students in January 2021.

Also, in August 2019, Maag Gala, known locally as Gala Industries, celebrated its fiftieth year of operation in Botetourt County and announced upcoming expansion plans. The company, headquartered in Switzerland, manufactures and globally services pelletizing systems and industrial equipment.

During 2019, Altec Industries continued its \$30.2 million expansion, announced in 2017, which involved the creation of 180 new jobs at its existing facility at the Botetourt Center at Greenfield. Altec manufactures hydraulic lift trucks for the electric utility and construction industry sectors and is a global leader in this market.

Economic development announcements in Botetourt County from 2016 to August 2019 accounted for 1,061 new jobs and \$201,055,450 in capital investment. Total annual payroll for the 1,061 announced jobs equals over \$40 million, of which to date approximately \$20 million in annual payroll has occurred in the community. Total capital investments that have become taxable by the County during the same period of time equal \$162,615,658, or 80% of capital investment announced from 2016 to August 2019.

### **Public School System**

The Botetourt County School System is composed of seven elementary schools serving students in grades kindergarten through fifth grade; two middle schools serving grades six through eight; two high schools serving grades nine through twelve; and a vocational technical school. All schools are accredited by the Virginia State Board of Education. March ADM enrollment over the last three years has averaged 4,460 and has been on a consistent decline since FY2011-2012. However, the most recent enrollment figure of 4,301 is a 5% decrease from the previous year figure (4,539). With respect to academic achievement, the Virginia Department of Education released its listing of public schools that are fully accredited based on achievement results during 2019-2020. All of Botetourt County's public schools comprising its school division were fully accredited. For 2020-2021, the impact of COVID-19 on schools and students caused a waiving of annual accreditation or all Virginia schools, and this waiver will continue for the 2021-2022 school year. Another notable achievement was the 2020-2021 on-time graduation rates. This rate measures how many students earn a Virginia Board of Education diploma in four years. Botetourt County's on-time graduation rate of 95.7% (Class of 2021, Four Year Rate) was exceptional and well above the state average of 93.0%. Botetourt County's 2020-2021 graduation rate equaled its 2019-2020 graduation rate.

The County's CTE (Career and Technical Education) Program is a flourishing career-oriented program that begins its foundation with the use of an Academic Career Plan, which receives updates and follows the students through their middle school years. This is a credentialing initiative for high school students that has grown significantly, including workplace readiness skills that focus on personal, professional, and technology knowledge and skills. A Mechatronic Program offering makes BTEC the first secondary school to offer a mechatronic engineering program for high school students.

The County's schools offer Regional Academy Programs that allow high school students to explore post-secondary specialized programs of study in high demand career fields. These programs are affiliated with Virginia Western Community College (VWCC). Students meet daily on the VWCC campus and are enrolled in courses that meet the foundational requirements for degree programs often while completing a VWCC Career Studies Certificate or industry credentialing examinations. Programs offered include Engineering,

Mechatronics, and Interdisciplinary and Health Sciences. High School students also have the option of taking dual enrollment courses at VWCC or at Dabney S. Lancaster Community College.

As for school facilities, there was a \$22.5 million school construction project financed through VPSA (Virginia Public School Authority) for replacement of the existing Colonial Elementary School which took place at a new site in the County. The opening day for the replacement school was January 25, 2021.

The County's School Board places a high value on continuing education and use of management practices to increase the skill level and teaching proficiency of its professional teaching base. The County school system continues to be a valuable element in efforts to attract and retain quality business concerns and providing those businesses with an educated and skilled employment base.

### **Higher Education**

Two community colleges offer a wide spectrum of education for numerous degrees, as well as adult education programs. In addition, the community colleges operate an in-County education and training center, which supports workforce training for businesses and residents. The County, along with five other regional localities, participates in a CCAP (Community College Access Program) initiative through Virginia Western Community College (VWCC). This program makes attending college a reality for a selected, qualified group of public school students that have financial challenges. Also, Virginia Western Community College completed construction of its \$37 million investment in the form of a STEM Building. The building's size is 72,000 square feet, and is the largest building on campus. It will house engineering fabrication, mechatronics, computer science, organic chemistry and microbiology labs and other features promoting STEM learning, including new cutting-edge equipment. VWCC also offers FastForward, a short-term workforce training program that provides for credentialing and certifications for in-demand jobs. Most programs take between 6 to 12 weeks and offer the flexibility necessary for those students that are working.

Dabney S. Lancaster Community College (DSLCC) also plays a role in preparing students for career jobs in Botetourt County, as its Promise Program helps to strengthen the local workforce by providing tuition assistance to as many students as possible, based on need and available funding. DSLCC also has a welding certificate program (an 80 hour Flux Core Arc Welding course), and this offering and the resulting certified students assist in meeting the job market requirements for those specific skills required by County businesses. DSLCC offers Workforce Solutions and Community Education resources for Business and Professional Development, Healthcare and Wellness, Professional Trades and Industry.

These community colleges are presenting viable alternatives to four-year institutions and continue to experience increases in attendance. There are also numerous four-year colleges in the near vicinity of Botetourt County including Virginia Tech.

### **Long-Term Financial Planning and Policies**

With respect to long-term financial planning, Botetourt County utilized a five-year capital improvement plan for the Primary Government and its related components. This tool assists in identifying potential funding requirements on the horizon for capital spending and associated operating costs. Consideration for future levels of revenues and expenditures is an element in the annual budget process and assists in the projection of fund balance levels for the current budget year and for outgoing years as well.

The County's financial policies play a significant role in the development of the annual budget and consideration of ongoing operations. A Fund Balance Policy is utilized to assist in determining the ability to adequately cover proposed budgeted expenditures as well as identifying proper levels of unassigned fund balance. Strategic use of this policy is part of the annual budget process and is used to assist in right-sizing budgeted expenditures given certain levels of projected revenues.

### **Major Initiatives and Goals**

In 2019, the Botetourt County Board of Supervisors made a decision to enhance their long-term planning outlook with a strategic planning process. In March 2019, the Board attended a strategic planning retreat, and then adopted an updated Vision Statement in April 2019 sub-titled "Botetourt 2045 Vision: Honoring Our History, Enjoying the Present and Shaping the Future". Key elements contained in the Vision Statement are as follows:

*Thriving Business Environment  
Agricultural Innovation  
The Gateway Center  
Botetourt Awesome  
Public Service Leadership & Engagement  
Lifelong Learning Excellence*

*Worldwide Connectivity  
Smart Growth & Conservation  
Celebrating Our Unique History &  
Heritage*

In June 2019, strategic planning work sessions were held with various levels of County staff in attendance. These work sessions assisted in developing work plans to begin implementing the goals identified for each of the 9 key elements. The COVID-19 epidemic has made it necessary to make progress in strategic areas such as Worldwide Connectivity and the need to focus on small businesses as a means of recovering and once again working toward the Thriving Business Environment element for all businesses in the County.

### **Current and Future Initiatives**

The Virginia Department of Transportation continues to work with the Botetourt County Board of Supervisors to address traffic and safety issues that impact both County residents and travelers passing through the County borders.

VDOT had begun work on improving US 220 north of Eagle Rock in 2017. The multi-year project will provide safety enhancements and bridge replacements along the stretch of road between Eagle Rock and Iron Gate. There is construction work in each of the three phases, with the project continuing through August 2021.

VDOT has announced a safety improvement project on Interstate 81 in the County. This will serve to improve S-curves along a portion of the interstate that has experienced a noticeable amount of vehicle crashes. The project will enhance safety and improve vehicle traction, and will include repaving travel lanes, applying new pavement markers and installing underground pavement drains. This project is expected to be completed in Summer 2021.

Recognizing that there is a distinct need for expanding internet broadband communication capability in the County, an application for funding a broadband project was submitted and approved by the State through Virginia Telecommunications Initiative (VATI) grant funding. This is the Botetourt Broadband 2019 Project, which includes VATI grant funding of \$758,998 and is a project that will provide enhanced internet services

to Craig-Botetourt Electrical Cooperative (CBEC) customers that will include other funding from CBEC and the County. This project is planned to extend 44 miles of fiber optic broadband service in the County, and would pass 600 homes and 52 businesses. A Phase II project with CBEC is taking place with CARES Act (Coronavirus Relief Funds) federal grant funding and will include installation of 8 miles of additional backbone fiber to access approximately 600 homes. This will assist in providing internet connections to allow citizens to work from home and students to attend classes and better fulfill schoolwork assignments remotely in order to remain in a safe environment in combatting the increased health concerns brought about by the COVID-19 epidemic. In addition, there are other broadband projects involving the Roanoke Valley Broadband Authority that can utilize both federal and state funds. These undertakings will serve to significantly expand broadband in the County in the attempt to provide tele-health, tele-medicine, and make distance education and work more feasible.

With the planned utilization of CARES Act funds, the County through the Economic Development Authority of Botetourt County (EDA) has implemented a Small Business Grant Program to reimburse the costs of business interruption caused by required closures relating to the COVID-19 epidemic. The grant funds would be used for legal assistance, accounting, marketing, e-commerce, and web development needs. Small businesses must meet established criteria in order to qualify, with a maximum grant of \$5,000 and is also dependent on the number of employees for each small business. In addition, the County also established a CARES Act relief program for County farm operations for those farms that experienced decreased customer demand as a result of the pandemic. This grant program will also be administered through the EDA.

With respect to planned capital improvement projects (CIP), the FY22 County budget is heavily invested in General Government, Maintenance, Technology Services, Fire & EMS, and Community and Economic Development projects. The largest component of the \$2 million CIP Budget is reflected in Community & Economic Development, which includes \$300,000 as a matching contribution to the Daleville YMCA. General Government projects include \$355,000 toward preliminary costs regarding the Circuit Courthouse Renovation, which will be a multi-year construction project. Maintenance projects include \$430,000 for roof repair and replacement and paving and sealing parking area projects. Fire & EMS projects include \$225,000 for a radio system replacement study, while there are three Technology Services projects totaling \$125,000.

Finally, Botetourt County continues to maintain AA bond ratings with all three rating agencies - Fitch Ratings, Moody's, and Standard & Poor's. Currently, Botetourt County remains the highest rated county in Virginia for its population size. It is believed that these ratings reflect proper, continued executive management, support staff, and financial practices which will assist the County to move forward and meet future fiscal challenges.

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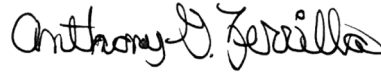
## **Acknowledgements**

The preparation of this annual financial report could not have been accomplished without the dedicated effort of both the County and School administration and their respective staffs. In addition, sincere thanks to the Board of Supervisors for their leadership and support.

Respectfully submitted,



Gary Larowe  
County Administrator



Anthony G. Zerrilla  
Director of Finance





Government Finance Officers Association

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

Presented to

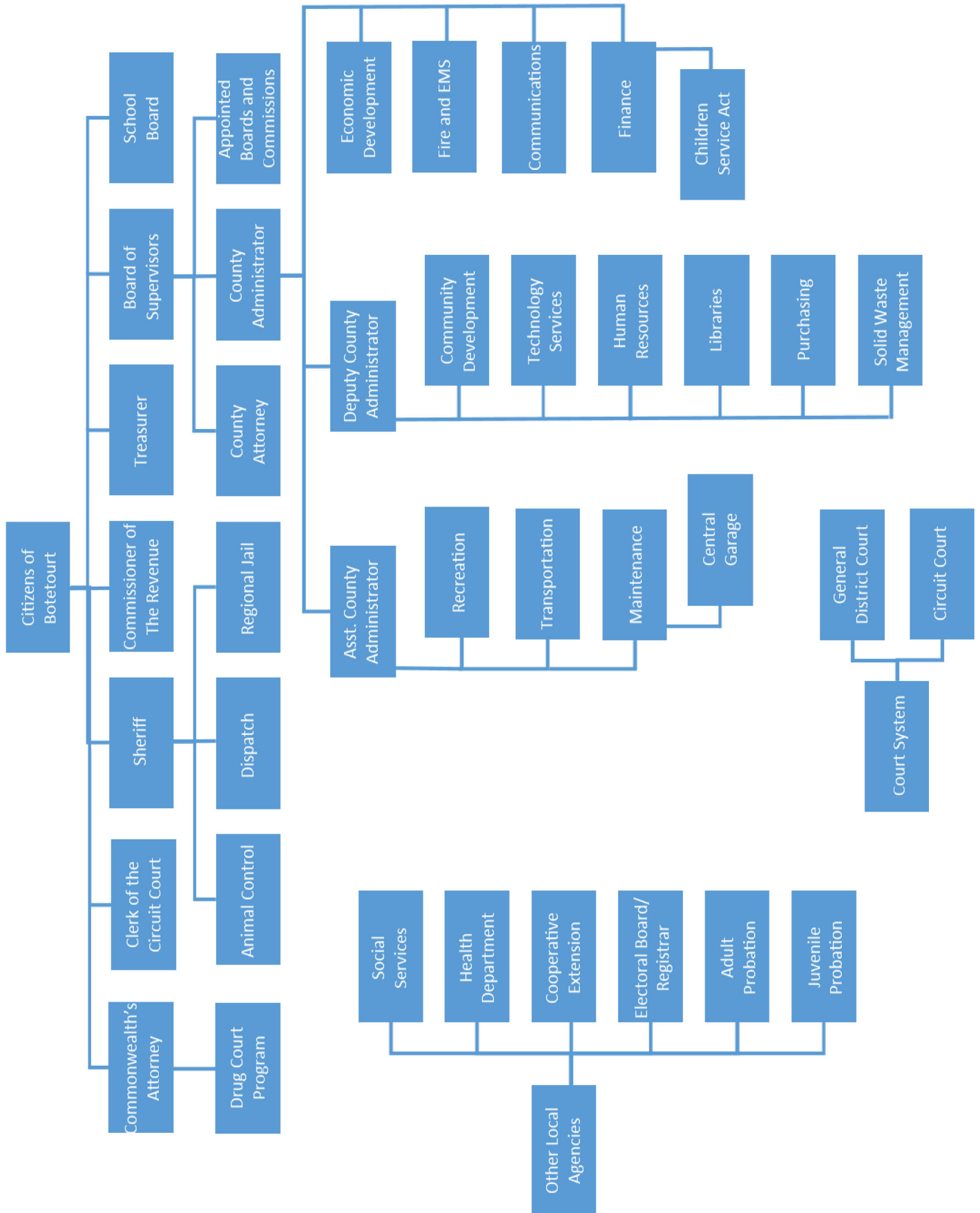
**County of Botetourt  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



## COUNTY OF BOTETOURT, VIRGINIA

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### BOARD OF SUPERVISORS

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Donald M. "Mac" Scothorn, Chair	
Richard G. Bailey, Vice Chair	Stephen P. Clinton
Billy W. Martin, Sr.	Amy S. White

### COUNTY SCHOOL BOARD

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Anna Weddle, Chair	
Dana McCaleb, Vice Chair	Michelle Austin
Michael East	Tim Davidick

### SOCIAL SERVICES BOARD

---

William Burleson, Chair	
Bonnie Henderson	Billy W. Martin, Sr.
Betty Painter	Sue Sweet

### OTHER OFFICIALS

---

Judge of the Circuit Court .....	W. Chapman Goodwin
Clerk of the Circuit Court .....	Tommy L. Moore
Judge of the General District Court .....	William Harrison Cleaveland
Judge of the Juvenile & Domestic Relations Court .....	Paul A. Tucker
Commonwealth's Attorney .....	John Alexander
Commissioner of the Revenue .....	Chris Booth
Treasurer .....	William P. Arney
Sheriff .....	Matthew Ward
Superintendent of Schools .....	Dr. Jonathan Russ
Director of Social Services .....	Susan Goad
County Administrator .....	Gary Larrowe
County Attorney .....	Michael W. S. Lockaby

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**The Honorable Members of the Board of Supervisors  
County of Botetourt, Virginia  
Fincastle, Virginia**

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

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

## ***Change in Accounting Principle***

As described in Note 30 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Restatement of Beginning Balances***

As described in Note 30 and 31 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84 and to correct land disposals. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 15-30, 123-125, and 126-139 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Botetourt, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

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



Blacksburg, Virginia  
November 15, 2021

## **Management's Discussion and Analysis**

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The following is a narrative overview and analysis of the financial activities of the County of Botetourt, Virginia for the fiscal year ended June 30, 2021. This narrative is included to provide insights as to financial results of operations for the above-mentioned fiscal year, and, in certain cases, provide comparative comments as they relate to the prior fiscal year. In addition, comments are included which address the economic factors considered in developing Botetourt County's budget for the fiscal year ending June 30, 2022.

### **Financial Highlights**

#### **Government-wide Financial Statements**

The assets and deferred outflows of the County of Botetourt, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$52,062,072 (net position). Of this amount, \$17,997,416 is unrestricted and may be used to meet the government's ongoing obligations to creditors and citizens. The School Board's net position was a deficit of \$23,429,005 (See Exhibit 1); the deficit position is due primarily to the recording of a net pension liability in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The amount of the net pension liability recorded in FY19 for the School Board was \$40,211,203, which increased to \$45,174,190 for FY20, which increased to \$50,509,369 for FY21 (see Note 8).

The Government's FY21 net position for governmental activities decreased by \$6,505,134, as expenses exceeded revenues by 8.4%. When compared to FY20 results, Revenues increased \$9.6 million (14%), and expenses increased \$13.9 million (22%). The largest categorical increase was contained in Community Development expenses, which increased \$8.8 million (268%), primarily related to Broadband projects and EDA transfers.

The School Board's FY21 net position resulted in an increase of \$5,905,484 (20%). Net revenues exceeded expenses which was largely caused by the contributions of assets from the County to the School Board.

#### **Fund Financial Statements**

At the end of the current fiscal year, fund balance for the general fund was \$31,169,273 or 35% of total general fund expenditures (See Exhibit 5). This amount includes taxes and accounts receivable reflected in the fiscal year 2021 budget as well as funds allocated to the School Board and County capital improvement projects for fiscal year 2021.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of \$31,169,273, which is a decrease of \$8,975,118 (22%) versus ending fund balance of \$40,144,391 for fiscal year ended June 30, 2020. The FY21 Budget was a balanced budget. Investment in capital projects (primarily a \$13 million project) and an increase in Community Development activity were the major reasons for the decrease in fund balance. The unassigned portion of fund balance is \$27,909,735, which is 90% of total fund balance at 6/30/21. (See Exhibit 3). The unassigned portion of fund balance increased \$188,020 (0.68%).

## Management's Discussion and Analysis

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### **Overview of the Financial Statements**

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

Local government accounting and financial reporting originally focused on funds, which are designed to enhance and demonstrate fiscal accountability. Now accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with justification from the government that A) public monies have been used to comply with public decisions and B) whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

### **Government-wide Financial Statements**

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

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

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

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. Effective July 1, 2015 (FY16) the County sold its interest in the Water and Sewer Enterprise Fund, which in previous years showed as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, two component units: 1) the Botetourt County School Board and 2) the Economic Development Authority of Botetourt County. Although the component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government

## **Management's Discussion and Analysis**

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appoints a majority of the organization's governing body. Further, a primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures, and/or provide significant funding for operations of the component unit. The latter is the case for Botetourt County for the School Board.

### **Fund Financial Statements**

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

### **Governmental funds**

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

### **Proprietary funds**

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

### **Fiduciary funds**

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities. A separate Statement of Fiduciary Net Position (Exhibit 10) is provided in the report.

### **Notes to the financial statements**

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

## Management's Discussion and Analysis

### **Government-wide Financial Analysis**

As previously noted, net position may serve as a useful indicator of a government's financial position. For the County of Botetourt, assets and deferred outflows exceeded liabilities and deferred inflows by \$52,062,072 at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

County of Botetourt's Net Position			
Governmental activities			
	<u>2021</u>		<u>2020</u>
Current and other assets	\$ 41,089,841	\$	50,634,390
Capital assets	72,287,748		72,340,338
Total assets	<u>113,377,589</u>		<u>122,974,728</u>
Deferred outflows of resources	<u>\$ 4,545,012</u>	\$	<u>3,123,633</u>
Long-term liabilities	\$ 56,870,025	\$	56,056,163
Other liabilities	7,875,946		8,952,685
Total liabilities	<u>\$ 64,745,971</u>	\$	<u>65,008,848</u>
Deferred inflows of resources	<u>\$ 1,114,558</u>	\$	<u>2,522,307</u>
Net position:			
Net investment in capital assets	\$ 32,576,820	\$	40,106,466
Restricted	1,487,836		1,064,456
Unrestricted	17,997,416		17,396,284
Total net position	<u>\$ 52,062,072</u>	\$	<u>58,567,206</u>

For the County's governmental activities, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 62% of total net position. The County uses these capital assets to provide services to citizens; therefore, the assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. For governmental activities, these assets (\$1,487,836) represent 3% of total net position. The remaining balance of unrestricted net position, which is \$17,997,416 or 35% of total net position, may be used to meet the government's ongoing obligations to citizens and creditors.

During the current fiscal year, the government's net position decreased \$6,505,134 (11.1%). This was largely due to the contribution of assets to the Component-unit School Board of \$6 million.

## Management's Discussion and Analysis

With respect to total liabilities and deferred inflows, there was a \$1,670,626 (2.5%) decrease due primarily to a \$1.4 million (56%) decrease in deferred inflows of resources. In addition, total liabilities decreased 262,877 (0.4%). When compared to FY20, net investment in capital assets for FY21 decreased by \$7,529,646 (18.7%), due in part to a land transfer to the EDA of \$5.6 million.

### Changes in Net Position:

The following tables present the revenues and expenses of the Governmental Activities. Following the table is a brief discussion on key elements of the changes in net position.

County of Botetourt's Changes in Net Position			
	Governmental activities		
	2021	2020	
Revenues:			
Program revenues:			
Charges for services	\$ 1,102,618	\$ 1,193,439	
Operating grants & contributions	14,949,931	8,989,679	
General revenues:			
General property taxes	46,974,383	42,784,283	
Other local taxes	8,618,674	8,117,209	
Use of money and property	576,078	1,604,624	
Other	424,924	391,730	
Grants and contributions not restricted to specific programs	4,660,228	4,650,129	
Total revenues	<u>\$ 77,306,836</u>	<u>\$ 67,731,093</u>	
Expenses:			
General government	\$ 4,781,699	\$ 4,062,260	
Judicial administration	1,616,739	1,509,133	
Public safety	19,620,920	16,767,396	
Public works	4,347,033	2,355,669	
Health and welfare	6,055,077	4,315,321	
Education	30,972,796	26,539,961	
Parks, recreation and cultural	2,684,848	3,247,448	
Community development	12,120,125	3,290,998	
Interest on long-term debt	1,612,733	1,760,043	
Total expense	<u>\$ 83,811,970</u>	<u>\$ 63,848,229</u>	
Increase (decrease) in net position	\$ (6,505,134)	\$ 3,882,864	
Net position, beginning (restated)	58,567,206	54,684,342	
Net position, ending	<u>\$ 52,062,072</u>	<u>\$ 58,567,206</u>	

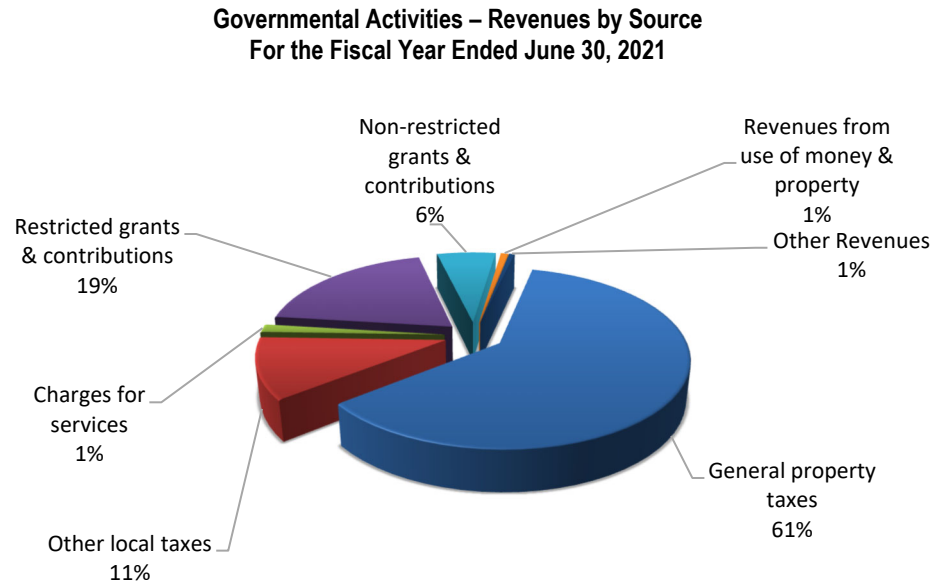
### Governmental Activities

Governmental activities decreased the County's net position by \$6,505,134. Key elements relating to FY21 activities as compared to the prior year (FY20) will be discussed below.



## Management's Discussion and Analysis

The following chart provides a breakdown of the various FY21 revenue components. The largest source is general property taxes (\$47 million), which accounts for 61% of total governmental revenues (\$77.3 million).

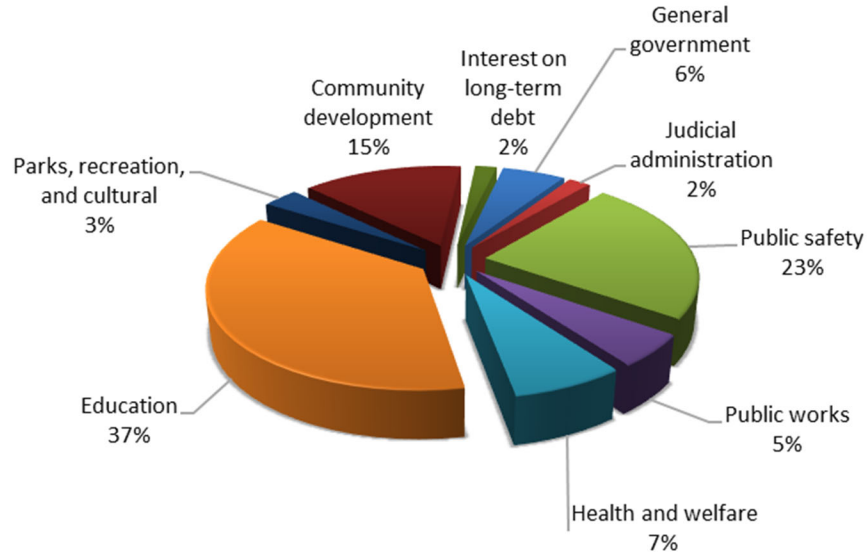


- Revenues: General property taxes increased \$4.2 million (10%). The largest contributor to this increase was Real Property taxes, which increased \$2.9 million (11%) as a result of the scheduled real estate reassessment process and real growth. Real and personal public service corporation's taxes increased \$597,000 (17%) due in part to the reassessment process. Personal Property taxes increased \$393,000 (6%) due to growth and an increase in vehicle values.
- Revenues: Operating grants and contributions increased \$ 6 million (66%) due to receipt of CARES Act funds received from the Federal government passed through from the Commonwealth of Virginia. These funds were primarily classified as a Public Safety grant.
- Revenues: Other local taxes increased \$501,000 (6%) due to increases in nearly all components, and most notably local sales and use taxes (\$207,000, 6%) which received additional revenues through internet sales.
- Revenues: Charges for Services decreased \$91,000 (8%) due primarily to a \$96,000 (83%) decrease in Charges for parks and recreation, as County recreation programs were placed on hold due to the impact of the COVID-19 pandemic.
- Revenues: FY21 total revenues of \$77,306,836 were \$9,575,743 (14%) greater than revenues of \$67,731,093 for FY20.

The following chart reflects the distribution of FY21 governmental expenses. As shown, education expenses account for 37% of total expenses, and when combined with public safety, expenses for these two categories are 60% of total expenses of \$83.8 million.

## Management's Discussion and Analysis

### Governmental Activities – Expenses by Function For the Fiscal Year Ended June 30, 2021



- Expenses: General Government Administration expenses totaling \$4,782,000 increased \$719,000 (18%) vs. FY20. This category included an increase of \$474,000 in non capitalized repairs and maintenance. In addition, there were increased costs in County Administration & Human Resources of \$112,000 relating to professional services and non-capital equipment purchases. Finally, increased costs of \$126,000 in Technology Services were incurred in the professional services, maintenance contracts, and telecommunications areas.
- Expenses: Public Safety expenses totaling \$19,621,000 increased \$2,854,000 (17%). An amount of \$1.8 million of the total increase is classified as Pandemic Response costs relating to the classification of COVID-19 related expenses. In addition, there was an increase of \$300,000 in Sheriff's Department expenses relating to salaries and benefits and operating expenses.
- Expenses: Public Works expenses increased \$2 million (85%) for FY21. A \$1.1 million increase in estimated landfill post closure costs was charged to this fiscal year. In addition, there was a \$513,000 increase in non-capital related repairs and maintenance. Finally, there was a \$105,000 increase in maintenance department salaries. This was offset by a similar reduction in Parks & Recreation salaries. This was due to a reallocation of resources between these two departments.
- Expenses: Community Development costs increased \$8.8 million (268%) for FY21. This increase is due to a) an increase of \$835,000 in the contribution to the Economic Development Authority of Botetourt County, b) expenses of \$2,465,296 relating to Non-capital Broadband projects, and c) an increase of \$5,537,028 in transactions for related to the transfer of assets to the EDA.
- Expenses: Interest on Long-Term Debt decreased \$147,000 (8%) due to a reduction in existing debt.

## **Management's Discussion and Analysis**

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- Expenses: Health & Welfare expenses increased \$1.7 million (40%). This was due the cost of providing tax relief to citizens in the aggregate amount of \$1.9 million. The tax relief was facilitated by a non-profit third party.
- Expenses: Parks, Recreation and Cultural expenses for FY21 decreased \$563,000 (17%). There was a decrease of \$249,000 (21%) in Parks and Recreation expenses due to a reallocation of the cost of resources from Parks and Recreation to the Maintenance department. In addition, there was a \$167,000 (56%) reduction in costs associated with operating the County's Sports Complex due to the impact of COVID-19 on the reduction of events held at the Complex. There was an increase of \$71,000 (6%) in Library operational costs, mostly pertaining to the costs of books and subscriptions, equipment, and services costs.
- Expenses: Education expenses increased \$4.4 million (17%) due to construction related to Colonial Elementary School.
- Overall, for reasons cited above, FY21 expenses for governmental activities increased \$14 million (22%).

### **Financial Analysis of the Government's Funds**

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

#### **Governmental funds**

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements.

In comparing unassigned fund balances as a percentage of governmental fund expenditures, it can be noted that FY21's figure of 32% represents a decrease compared to FY20's figure of 35%. While FY21 unassigned fund balance of \$27.9 million increased \$188,020 (0.68%), total expenditures increased \$8.7 million (11%) due primarily to an \$2.6 million increase in capital projects and \$3.3 million increase in community development.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$31,169,273, a decrease of \$8,975,118 (22%) versus the prior year. Revenues increased \$9.6 million (14%), while FY21 expenditures were \$8.7 million (11%) greater than FY20 expenditures (Exhibit 5). When compared to FY20, the FY21 unassigned component (\$27,909,735) of ending fund balance represents a \$188,020 (0.68%) increase. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

As previously stated, the County's FY21 governmental fund balance decreased \$8,975,118. Fiscal Year 2021 operational highlights include the following:

Revenues: Total FY21 revenues for the Primary Government increased \$9.6 million (14%).

- Local Revenues: (A) General property taxes increased \$4.2 million (10%). Real Property taxes increased \$2.9 million (11%) due primarily to the impact of the FY29 real estate reassessment, which last occurred

## Management's Discussion and Analysis

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in FY16. Public Service Corporation taxes increased \$597,000 (17%) due in part to the impact of the reassessment. Personal property taxes increased \$393,000 (6%) due to an increase in reported values. Machinery & tools taxes increased \$273,000 (6%) due to an increase in manufacturing values. (B) Other Local Taxes increased \$501,000 (6%). Contributing to this increase was Local Sales and Use taxes (+207,000), Taxes on recordation and wills (+\$149,000), Meals Taxes (+58,000), and Hotel and Motel Taxes (+41,000). (C) The balance of the local revenue categories resulted in a revenue reduction of \$1.1 million. Revenue from the use of Money and Property decreased \$1 million (64%) due mostly to a decrease in rates of return. In total, FY20 Local Revenues increased \$3.7 million (7%). This increase was achieved despite the economic slowdown due to the negative impact of COVID-19 for FY21, as the real estate reassessment played a major role in serving to offset a portion of the economic slowdown. Total Local Revenues were \$60 million for FY21 vs. \$56.3 million for FY20.

- State Revenues: FY21 revenues of \$11.5 million from the State represents an \$838,000 (7%) decrease from the previous year. This decrease is due primarily to: The nonrecurrence of \$612,500 of Governor's Opportunity Funds received in FY20, a State grant that was received for a broadband project, with \$566,000 of the grant funds recognized as earned in FY20, and only 193,000 of the grant recognized as earned in FY21.
- Federal Revenues: These revenues totaled \$8.1 million, which represented a \$6.8 million (5113%) increase. The entire increase is reflected in \$6.9 million of COVID-19 Coronavirus relief funds.
- These subject revenues are shown in Schedule 1.

Expenditures: Total expenditures of \$88.6 million for the Primary Government for FY21 increased \$8.7 million (11%). With the exception of the functional areas of Education and Parks & Recreation, all other areas incurred increased expenditures for FY21 in comparison to FY20. The largest factor in categorical and departmental expenditure increases was contained in Capital Projects, which increased \$2.6 million (20%), with the next largest expenditure increase reflected in Public Safety (\$1.7 million, 9%). One item of note is the full year impact of Phase 2 of market-based salary adjustments that were effective January 2020. The incremental impact for FY21 is \$550,000. Explanations of cost variances as compared to FY20 are as follows:

- General Government Administration's costs of \$4,350,000 for FY21 increased \$165,000 (4%). County Administrator department expenditures increased \$85,000 due to the purchase of three vehicles. Technology expenditures reflected a combined \$126,000 increase due to activity relating to equipment repairs, maintenance contracts, and telecommunication costs. Registrar expenditures increased \$41,000 due to costs relating to elections. There were smaller cost increases in several other departments. However, these costs were offset by \$168,000 nonrecurring costs for Assessor and Equalization Board, as their two-year cycle was completed in FY20.
- Judicial Administration costs of \$1,668,000 for FY21 represented a \$79,000 (5%) increase in expenditures, with \$63,000 of the increase showing in Clerk of Circuit Court department, as there was an added support position. The balance of the increase can be found in FY21 expenditures exceeding FY20 costs for Commonwealth's Attorney and Juvenile & Domestic Relations District Court areas.
- Public Safety costs of \$20,380,600 were \$1.7 million (9%) greater than FY20. Expenditures classified as Pandemic Response totaled \$1.8 million. Increased salaries and fringe benefits for Sheriff, Jail, and Fire

## Management's Discussion and Analysis

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& EMS totaled \$820,000. Reductions in capital outlay for vehicles and equipment totaled \$1,501,000. Lastly increased operational expenditures in several public safety departments totaled \$527,000.

- Public Works costs of \$1,976,000 were \$269,000 (16%) greater than FY20 costs. Waste Management expenditures of \$874,000 were \$42,000 (5%) more than FY20 costs. This was primarily due to a \$93,000 (39%) increase in recycling processing costs and a \$47,000 (53%) decrease in professional service costs. Maintenance department expenditures of \$1,102,000 were \$227,000 (26%) greater than costs for FY20. Wages and benefits were \$159,000 higher than in FY20 due in part to new hires and the filling of vacant positions and the assignment of personnel previously charged to Parks & Recreation. In addition, there were utility cost increases of \$79,000 for electricity and heating expenditures relating to the relocation of multiple departments to a central administration building.
- Parks, Recreation, and Cultural expenses of \$2,630,000 were \$345,000 (12%) less than FY20. The Parks & Recreation department's FY21 actual costs were \$249,000 (21%) less than FY20 costs, with \$145,000 of the reduction in the form of salaries and benefits due in part to position vacancies as well as the transfer of positions from this department to the Maintenance department. Curtailed sports program activity resulted in reduced operational savings, which was also the case for the Sports Complex department, as both departments were impacted by COVID-19. In total, the Sports Complex costs for FY21 was \$167,000 (56%) less than FY20. Finally, Library departmental expenditures for FY21 were \$71,000 (6%) greater than in FY20 due to increased costs for marketing, books and subscriptions, vehicle purchases and regional library system cooperative allocated costs.
- Health and Welfare costs of \$6,241,000 were \$1.8 million (40%) more than in FY20. The significant increase is due to real estate tax relief provided to County taxpayers in the amount of \$1.9 million. In terms of other cost variances compared to FY20, Social Services FY21 costs were \$221,000 (12%) less than FY20, and Children's Services Act expenditures were \$105,000 (6%) greater than costs for FY20. Both of these variances relate to the level of activity in each respective area.
- Community Development costs totaling \$6,536,000 increased \$3.3 million (105%) compared to FY20 costs. Approximately \$835,000 of this change was due to an increase in contributions to the EDA. The largest increase was due to Broadband projects activity, which totaled \$2.5 million. In addition, there was a \$67,000 increase regarding Industrial Development expenditures.
- Education expense of \$24,219,000 resulted in a \$1.5 million (6%) decrease due to decreased contributions to the County School Board on a governmental basis.
- Debt Service costs of \$5,156,000 increased \$564,000 (12%) due primarily to an increase in debt service costs for the new Colonial Elementary School.
- Capital Projects – FY21 spending for capital projects totaled \$15.4 million, which represents a \$2.6 million (20%) increase compared to FY20 capital project spending. In identifying the larger components of this increase, approximately \$2.4 million of this increase is due to the progress in construction and completion of the new Colonial Elementary School. Also, there was a \$467,000 increase in spending for a retrofit of the Greenfield Education and Training Center in order to provide reconfigured space for County offices. There was also FY21 incremental spending of \$398,000 for preliminary costs for the Circuit Courthouse Renovation project. With respect to reductions in spending, there was a \$202,000 reduction for the Mobile

## **Management's Discussion and Analysis**

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Classrooms project at the Greenfield Center, as this project completed in FY21. Finally, \$344,000 was spent in FY20 for a major repair / relining of a landfill leachate tank, which completed in FY20.

- Expenditure categorization and activity is reflected in Schedule 2.

### **General Fund Budgetary Highlights**

Differences between the original budgeted expenditures and the final budgeted expenditures for the General Fund totaled \$30,472,991. This difference was primarily due to supplemental appropriations. Major components of this difference are as follows:

- Appropriation of \$14,858,841 for the Colonial Elementary School project
- Appropriation of \$3,354,571 for COVID-19 Pandemic Response
- Appropriation of \$2,465,296 for Broadband projects.
- Appropriations of \$2,792,381 to the Economic Development Authority of Botetourt County.
- Appropriations of budgeted carryover funds from the fiscal year ended June 20, 2020 for programs and capital projects in the amount of \$1,494,398.
- Appropriations for Capital Improvement projects totaling \$1,189,778.
- Appropriations for Sheriff's departments totaling 1,012,902.
- Appropriations for Fire & EMS projects, grants, and operations totaling \$788,963.
- Appropriation of \$554,758 from revenues for tax relief for the elderly.
- Appropriations of \$350,000 for Children's Service Act activity.
- Appropriation of \$261,270 for Waste Management.
- Appropriations of \$206,318 for Courtroom Security.
- Appropriation of \$203,000 for increase program activity for Social Services.

The above-mentioned appropriations for amended budget expenditures total \$29,532,476, accounting for 97% of the difference between the original budget appropriation and the amended budget.

With respect to FY21 amended budget vs. actual results, general fund revenues for the primary government were approximately \$10.8 million (16%) over budget for the year. Results for revenues from local sources accounted for a \$3.2 million (6%) positive variance, due primarily to a) actual results vs. budget in General Property and

## **Management's Discussion and Analysis**

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Other Local Taxes (\$2.8 million), and b) \$395,000 in additional revenues vs. budget for Recovered Costs. State revenue results accounted for a \$480,000 (4%) positive budget variance, primarily reflected in Other Categorical Aid. Federal budget vs actual revenue results yielded a \$7.1 million positive variance due to the receipts of \$6.9 million COVID-19 Coronavirus relief funds.

Amended budget vs. actual results for general fund government expenditures for FY21 reflected a \$11.8 million (12%) positive variance, most notably due to budget vs actual savings for: Contributions to School (\$1.1 million), Public Safety (\$4.6 million), and Capital Projects (\$2.9 million). All functional areas contributed to the positive variance.

### **Capital Asset and Debt Administration**

#### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2021 is \$72,287,748. (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and construction in progress. The total represents a \$52,590 (.07%) decrease from the restated prior year.

Major capital asset transactions included the following for FY21:

- A \$5.6 million reduction in land, as there was a land transfer of \$5.6 million to the EDA.
- A net \$19.1 million (47%) increase in values for buildings & improvements, attributed to the completed Colonial Elementary School (amount covered by debt) asset.
- A \$319,000 (4%) decrease in net machinery & equipment assets, which is attributed to accumulated depreciation.
- Construction in progress activity yielded a \$13.2 million (97%) decrease, as construction was completed on the new Colonial Elementary School.

## Management's Discussion and Analysis

A summary of capital asset balances follows:

### County of Botetourt, Virginia Capital Assets for Governmental Activities (net of depreciation)

	Governmental activities	
	<u>2021</u>	<u>2020</u>
Land	\$ 5,447,579	\$ 11,050,566
Buildings	59,380,891	40,269,603
Machinery and equipment	7,075,588	7,394,118
Construction in progress	383,690	13,626,051
Total	<u>\$ 72,287,748</u>	<u>\$ 72,340,338</u>

Note: Land figure for FY20 has been restated.

### Long-term debt

At the end of the fiscal year the County had the following outstanding obligations:

### County of Botetourt's Outstanding Obligations

	Governmental activities	
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 45,692,719	\$ 48,819,360
Literary Loans	53,860	455,790
Capital Leases	-	-
Landfill closure / post-closure	5,357,468	3,663,967
Compensated absences	679,490	765,001
Net pension liability	4,012,925	1,330,935
Net OPEB liability	1,073,563	1,021,110
Total	<u>\$ 56,870,025</u>	<u>\$ 56,056,163</u>

Botetourt County's FY21 outstanding obligations for governmental activities totaled \$56,870,025, which represented an \$814,000 (1%) increase. This was primarily due to a) a \$2.7 million (202%) increase in the net pension liability and b) a \$1.7 million (46%) increase in Landfill post closure liability. Representing a significant offset to these increases were a) a \$3.1 million (6%) decrease in general obligations bonds, and b) a \$402,000 (88%) decrease in Literary Loans Debt. The decrease in General obligation bond debt was due to scheduled pay down of existing debt and a reduction in unamortized premium on bond issuances, while the decrease in Literary Loans debt was as scheduled. The increase in Landfill post-closure projected costs is driven by updated cost



## **Management's Discussion and Analysis**

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estimates, and the increase in net pension liability is driven by actuarial assumptions and projections, and there was \$ 1 million less of a reduction in the net pension liability calculation for the difference between expected and actual experience. Net pension increases / issuances exceeded decreases / retirements by \$2.7 million.

The County's debt policy establishes debt affordability limits. Results vs. these limits were as follows:

- Net bonded debt-per-capita, limit \$2,000, actual \$1,362
- Net bonded debt to assessed value, limit 4%, actual 0.91%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 5.82%.
- The County continues to maintain its AA bond ratings with all three credit rating agencies.

Additional information on the County's capital asset activity (Note 18) and long-term debt (Notes 7 through 15) can be found in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The FY22 budget process was once again extremely challenging due to the continuing consideration of the COVID-19 epidemic. The efforts made to consider the level of rebounding from the FY21 budgeted negative economic impact of the virus for both the County and School component and other factors required additional rounds of review and a delay in the budget adoption. The FY22 budget was adopted first for the School component in April 2021, with the County budget being adopted in June.

The revenue portion of the County FY22 Budget includes a \$4.5 million (7%) increase vs. the FY21 Budget, with 90% of the revenue increase reflected in local revenues. The FY21 Budget included a \$3.1 million reduction in its local revenue budget due to the anticipated negative impact of COVID-19. While General Property, Public Service Corporations and Machinery & Tool taxes are budgeted to increase a combined \$2.2 million, there was an additional \$2.3 million increase for Personal Property Taxes, Other Taxes, and Local Sales Taxes combined. The balance of the local revenue budget is expected to decrease \$500,000, as Revenues from the Use of Money and Charges for Services were expected to decrease, the latter due to the continuing negative impact of COVID-19. State revenues are projected to increase only an aggregate \$433,000 (4%) due to a) State Compensation Board salary increases and b) an increase in budgeted Emergency Services grants. Federal revenues are expected to increase \$18,000 (1%).

The expenditure portion of the County FY22 budget reflected a \$1.7 million (5%) increase in operational costs. This included a 5% increase in salaries due to a matching of the 5% increase the State is providing their employees and those employees in constitutional offices. The impact of the 5% increase to the County for salaries and fringe benefits (before Compensation Board reimbursements and related adjustments) was budgeted for \$1.1 million.

In terms of functional areas, General Government Administration reflected a \$407,000 increase in expenditures vs. FY20. This was partly due to the upgrading of a position in County Administration and a new Financial Analyst position in Financial Services. Public Safety expenditures increased \$1.7 million (9%) primarily due to the impact of additional Fire & EMS positions approved during FY21 in order to fully staff one fire station that was previously a regional station that was transitioned to a Botetourt County fire station. In addition, there were other Fire & Rescue positions approved during FY21 that were required to replace a reduction in volunteers. The Public Works function expenditures increased \$1.1 million due to a reallocation of resources between Public Works and Parks

## Management's Discussion and Analysis

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and Recreation, with the latter functional area realizing a \$793,000 (24%) decrease. Also, the Health & Welfare function realized a \$2.2 million (37%) reduction due to the nonrecurring effect of a real estate tax relief program (\$2.3 million budget) for County taxpayers. Finally, in addition to the 5% salary increase, there are funds (\$260,000) provided for the next phase of market-based salary adjustments.

With respect to Capital Improvement Projects, the FY22 Budget contains \$2 million of funding, which is an increase of \$300,000 (17%). This is a budget area that's funding was negatively impacted in FY21 due to COVID-19. Approximately 29% of the total budget is included in Community and Economic Development, 25% Maintenance, 24% in General Government, and 13% in Fire & EMS. The remaining 9% of the funding for the FY22 Capital Improvement Plan is spread among Technology Services, Parks & Recreation, and Libraries.

Botetourt County has an Economic Development Authority (EDA) which relies heavily on County funding. With a continuing increase in economic development activity, and the need to provide for local incentives in addition to providing for future projects, \$629,000 (\$32,000, 5% increase) was included in the budget as a contribution to the Botetourt County EDA.

The Debt Service portion of the FY22 budget reflected a \$341,000 (7%) decrease, due to a reduction in Literary Fund debt.

The School portion of the FY22 budget calls for funding of \$26.4 million in operations, a \$1.2 million (5%) increase. FY21 funding to the School Component included \$422,000 in Capital Improvement funding associated with the new Colonial Elementary School.

The total FY22 Botetourt County budget of \$111.5 million (7% increase) was approved in June 2021.

Factors and finer points regarding the FY22 Budget are as follows:

- The most recent unemployment rate published (September 2021) for the County is 2.6 percent, which is a decrease from the rate of 3.9 percent from the same month a year ago and is an improvement while still contending with the negative impact on employment from COVID-19. However, the 2.6 percent compares favorably to the State's September 2021 unemployment rate of 3.80 percent and the current national rate of 4.8 percent.
- The School Board preliminary budget identified their priority needs which included new positions, compensation adjustments, and continued investment in technology. With respect to employee additions, the final School budget included 6 new positions, with one of those positions converted from part-time to full time. These positions will support an instructional and gifted teacher position, a social worker, a maintenance worker, and 2 office employees in elementary schools.
- In terms of FY22 personnel additions for the County, a new School Resource Officer and a part-time position were added to the Sheriff's department, the conversion of a part-time administrative assistant position in Economic Development were included in the personnel budget. In addition, new full-time positions were added to Financial Services (Financial Analyst), Community Development (Clerk of the Works), and Communications Department (Director of Communications), with the latter department representing a new department for the County. As mentioned earlier, due to need several new Fire & EMS positions were approved during FY21. In terms of compensation adjustments,

## **Management's Discussion and Analysis**

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County employees were budgeted to receive a 5% increase that matches what the State approved for State employees. Compensation adjustments for School employees included a step increase for eligible employees, a 3% increase to certificated and classified pay scales, and a 2% increase for administrative staff.

As has been detailed, there are many initiatives incorporated into the FY22 Budget, with revenues and expenditures given due consideration due to the COVID-19 epidemic. At the end of the process, the FY22 Budget anticipates the use of CARES Act funds (currently reported in unearned revenue) to cover necessary expenses related to the pandemic.

All of these factors were considered in the preparation, development, and approval of Botetourt County's budget for the 2022 fiscal year.

### **Contacting the County's Financial Management**

This financial report is designed to provide readers with a general overview of the County of Botetourt's finances. The Component Unit Economic Development Authority (EDA) issues separate financial statements, while the Component Unit School Board does not. The EDA's financial statements may be obtained from the Botetourt County Financial Services Department (address below). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Department, 57 South Center Drive, Daleville, Virginia 24083. Also, please visit the County's website at [www.co.botetourt.va.us](http://www.co.botetourt.va.us)

## **Basic Financial Statements**

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

	Primary Government	Component Units	
	Governmental		
	Activities	School Board	EDA
<b>ASSETS</b>			
Cash and cash equivalents	\$ 35,252,856	\$ 11,473,962	\$ 222,685
Cash in custody of others	-	-	845,985
Investments	2,048,961	-	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	991,701	-	-
Accounts receivable	724,494	45,305	5,912
Note receivable	-	-	1,150,185
Due from primary government	-	-	161,106
Due from other governmental units	1,538,266	2,064,060	-
Inventories	-	86,847	5,134,884
Prepaid items	533,563	-	-
Capital assets (net of accumulated depreciation):			
Land	5,447,579	1,621,728	541,796
Buildings and improvements	59,380,891	19,219,470	2,454,140
Machinery and equipment	7,075,588	5,023,936	189,009
Construction in progress	383,690	-	-
Total assets	<u>\$ 113,377,589</u>	<u>\$ 39,535,308</u>	<u>\$ 10,705,702</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	\$ 575,266	\$ -	\$ -
Pension related items	3,691,154	12,282,771	-
OPEB related items	278,592	1,842,317	-
Total deferred outflows of resources	<u>\$ 4,545,012</u>	<u>\$ 14,125,088</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,103,531	\$ 2,551,133	\$ 1,111,729
Construction and retainage payables	130,456	-	-
Accrued wages and health claims	333,129	5,453,540	-
Accrued interest payable	819,998	2,900	-
Due to component unit	161,106	-	-
Unearned revenue	5,327,726	68,392	28,750
Long-term liabilities:			
Due within one year	3,485,133	918,930	67,181
Due in more than one year	53,384,892	62,140,065	403,504
Total liabilities	<u>\$ 64,745,971</u>	<u>\$ 71,134,960</u>	<u>\$ 1,611,164</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes paid in advance	\$ 279,904	\$ -	\$ -
Pension related items	779,350	3,840,855	-
OPEB related items	55,304	2,113,586	-
Total deferred inflows of resources	<u>\$ 1,114,558</u>	<u>\$ 5,954,441</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 32,576,820	\$ 25,567,373	\$ 3,184,945
Restricted			
Judicial administration	95,482	-	-
Public safety	1,192,041	-	-
Public works	48,531	-	-
Parks, recreation, and cultural	151,782	-	-
Cafeteria operations	-	269	-
School activity fund	-	708,190	-
Unrestricted	17,997,416	(49,704,837)	5,909,593
Total net position	<u>\$ 52,062,072</u>	<u>\$ (23,429,005)</u>	<u>\$ 9,094,538</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Primary Governmental Activities	Component Units	
			Grants and Contributions	Capital Grants and Contributions		School Board	EDA
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 4,781,699	\$ 77,444	\$ 448,043	\$ -	\$ (4,256,212)	\$ -	\$ -
Judicial administration	1,616,739	108,840	785,399	-	(722,500)	-	-
Public safety	19,620,920	636,719	5,832,189	-	(13,152,012)	-	-
Public works	4,347,033	259,088	-	-	(4,087,945)	-	-
Health and welfare	6,055,077	-	2,401,971	-	(3,653,106)	-	-
Education	30,972,796	-	-	-	(30,972,796)	-	-
Parks, recreation, and cultural	2,684,848	20,527	174,866	-	(2,489,455)	-	-
Community development	12,120,125	-	5,307,463	-	(6,812,662)	-	-
Interest on long-term debt	1,612,733	-	-	-	(1,612,733)	-	-
Total governmental activities	\$ 83,811,970	\$ 1,102,618	\$ 14,949,931	\$ -	\$ (67,759,421)	\$ -	\$ -
<b>COMPONENT UNITS:</b>							
School Board	\$ 58,672,353	\$ 1,299,919	\$ 31,920,028	\$ -	\$ -	\$ (25,452,406)	\$ 5,717,406
Economic Development Authority	4,025,282	983,944	2,649,303	6,109,441	-	-	-
Total component units	\$ 62,697,635	\$ 2,283,863	\$ 34,569,331	\$ 6,109,441	\$ -	\$ (25,452,406)	\$ 5,717,406
General revenues:							
General property taxes					\$ 46,974,383	\$ -	\$ -
Other local taxes:							
Local sales and use taxes						-	-
Consumers' utility taxes					3,488,964	-	-
Business license taxes					588,920	-	-
Motor vehicle taxes					1,010,804	-	-
Restaurant food taxes					664,525	-	-
Other local taxes					1,438,291	-	-
					1,427,170	-	-
Unrestricted revenues from the use of money and property					576,078	4,479	30,388
Miscellaneous					424,924	422,755	7,402
Grants and contributions not restricted to specific programs					4,660,228	30,930,656	-
Total general revenues					\$ 61,254,287	\$ 31,357,890	\$ 37,790
Change in net position					\$ (6,505,134)	\$ 5,905,484	\$ 5,755,196
Net position - beginning, as restated					58,567,206	(29,334,489)	3,339,342
Net position - ending					\$ 52,062,072	\$ (23,429,005)	\$ 9,094,538

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

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

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**General**

**ASSETS**

Cash and cash equivalents	\$ 33,144,396
Investments	2,048,961
Receivables (net of allowance for uncollectibles):	
Taxes receivable	991,701
Accounts receivable	724,494
Due from other governmental units	1,538,266
Prepaid items	533,563
Total assets	<u><u>\$ 38,981,381</u></u>

**LIABILITIES**

Accounts payable	\$ 1,103,531
Construction and retainage payables	130,456
Due to component unit	161,106
Unearned revenue	5,327,726
Total liabilities	<u><u>\$ 6,722,819</u></u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue-property taxes	\$ 809,385
Property taxes paid in advance	279,904
Total deferred inflows of resources	<u><u>\$ 1,089,289</u></u>

**FUND BALANCES**

Nonspendable	
Prepaid items	\$ 533,563
Committed	1,238,139
Restricted	1,487,836
Unassigned	27,909,735
Total fund balances	<u><u>\$ 31,169,273</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 38,981,381</u></u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	31,169,273
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 5,447,579	
Buildings and improvements	59,380,891	
Machinery and equipment	7,075,588	
Construction in progress	<u>383,690</u>	72,287,748

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

Unavailable revenue - property taxes		809,385
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 3,691,154	
OPEB related items	<u>278,592</u>	3,969,746

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 position.

1,775,331

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

General obligation bonds/revenue bonds/literary fund loans	\$ (44,053,590)	
Deferred charges on refunding (to be amortized as interest expense)	575,266	
Bond premium (to be amortized over life of debt)	(1,692,989)	
Accrued interest payable	(819,998)	
Landfill post-closure liability	(5,357,468)	
Compensated absences	(679,490)	
Net pension liability	(4,012,925)	
Net OPEB liability	<u>(1,073,563)</u>	(57,114,757)

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

Pension related items	\$ (779,350)	
OPEB related items	<u>(55,304)</u>	(834,654)

Net position of governmental activities

\$ 52,062,072

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



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

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	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 46,961,025
Other local taxes	8,618,674
Permits, privilege fees, and regulatory licenses	389,147
Fines and forfeitures	49,976
Revenue from the use of money and property	576,078
Charges for services	663,495
Miscellaneous	424,924
Recovered costs	2,313,123
Intergovernmental	19,610,159
Total revenues	<u>\$ 79,606,601</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 4,350,405
Judicial administration	1,668,255
Public safety	20,380,600
Public works	1,976,141
Health and welfare	6,241,152
Education	24,218,632
Parks, recreation, and cultural	2,629,689
Community development	6,536,125
Capital projects	15,424,226
Debt service:	
Principal retirement	3,234,693
Interest and other fiscal charges	1,921,801
Total expenditures	<u>\$ 88,581,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,975,118)</u>
Net change in fund balances	\$ (8,975,118)
Fund balances - beginning	40,144,391
Fund balances - ending	<u><u>\$ 31,169,273</u></u>

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

County of Botetourt, 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, 2021

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

Net change in fund balances - total governmental funds	\$	(8,975,118)
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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 capital outlays exceeded depreciation expense in the current period.

Capital outlays	\$ 15,388,389	
Depreciation expense	(3,513,397)	11,874,992

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

Gain (loss) on sale of assets	\$ (5,050)	
Transfer of assets (net) to Component Unit-School Board	(5,962,591)	
Transfer of assets (net) to Component Unit-EDA	(5,959,941)	(11,927,582)

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

Property taxes		13,358
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
(Increase) decrease in accrued landfill post-closure liability	\$ (1,693,501)	
Principal repayments:		
General obligation bonds/literary loans/capital leases	3,234,693	1,541,192

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	\$ 85,511	
Change in accrued interest payable	65,213	
Change in pension related items	125,264	
Change in OPEB related items	28,290	
Amortization of bond premium	293,878	
Amortization of deferred charge on refunding	(50,023)	548,133

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.

419,891

Change in net position of governmental activities	\$	<u>(6,505,134)</u>
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The notes to the financial statements are an integral part of this statement.

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

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	Internal Service <u>Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,108,460
Total assets	<u>\$ 2,108,460</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accrued health claims	\$ 333,129
Total liabilities	<u>\$ 333,129</u>
<b>NET POSITION</b>	
Unrestricted	\$ 1,775,331
Total net position	<u><u>\$ 1,775,331</u></u>

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

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

	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Insurance premiums	\$ 3,817,132
Total operating revenues	<u>\$ 3,817,132</u>
<b>OPERATING EXPENSES</b>	
Insurance claims and expenses	\$ 3,400,691
Total operating expenses	<u>\$ 3,400,691</u>
Operating income (loss)	<u>\$ 416,441</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 3,450
Total nonoperating revenues (expenses)	<u>\$ 3,450</u>
Change in net position	\$ 419,891
Total net position - beginning	1,355,440
Total net position - ending	<u><u>\$ 1,775,331</u></u>

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

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

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	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts for insurance premiums	\$ 3,838,617
Payments for health claims	(3,216,758)
Net cash provided by (used for) operating activities	<u>\$ 621,859</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ 3,450
Net cash provided by (used for) investing activities	<u>\$ 3,450</u>
Net increase (decrease) in cash and cash equivalents	\$ 625,309
Cash and cash equivalents - beginning	1,483,151
Cash and cash equivalents - ending	<u><u>\$ 2,108,460</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ 416,441</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable	\$ 21,485
Increase (decrease) in health claims payable	183,933
Total adjustments	<u>\$ 205,418</u>
Net cash provided by (used for) operating activities	<u><u>\$ 621,859</u></u>

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

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

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	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 378,474
Total assets	<u>\$ 378,474</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 5,713
Total liabilities	<u>\$ 5,713</u>
<b>NET POSITION</b>	
Restricted:	
Amounts held for social services clients	\$ 70,061
Amounts held for employees	8,075
Amounts held for inmates	137,014
Amounts held for performance bond	157,611
Total net position	<u>\$ 372,761</u>
Total liabilities and net position	<u>\$ 378,474</u>

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

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

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Gifts and donations	\$ 78,402
Expenditure reimbursements	5,265
Contributions	48,977
Deposits from inmates	559,618
Performance bond payment	131,076
Sale of assets	20,041
Total additions	<u>\$ 843,379</u>
<b>DEDUCTIONS</b>	
Special welfare payments	\$ 75,089
Benefit expenditures	50,469
Vendor payments for benefit of inmates	48,002
Inmate refunds	452,574
Payment to escrow account	13,200
Return of funds to participants	2,509,338
Regional board expenditures	53,210
Total deductions	<u>\$ 3,201,882</u>
Net increase (decrease) in fiduciary net position	\$ (2,358,503)
Total net position, beginning of year, as restated	<u>2,731,264</u>
Total net position, end of year	<u><u>\$ 372,761</u></u>

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

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

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**Note 1-Summary of Significant Accounting Policies:**

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

**A. Financial Reporting Entity**

The County of Botetourt, 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 - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County’s discretely presented component units.

The Botetourt County School Board (“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. The School Board does not issue separate financial statements.

The Botetourt County Economic Development Authority (“EDA”) encourages and provides financing for industrial development in the County. The EDA board members are appointed by the Board of Supervisors. The EDA is fiscally dependent upon the County because the County provides significant funding and approves all debt issuances. In addition, the EDA does not have separate taxing powers. The EDA is presented as an enterprise fund type. Complete financial statements for the EDA may be obtained at the County’s administrative offices: 1 West Main Street, Fincastle, VA 24090.

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, in conjunction with other localities, participates in supporting the Blue Ridge Community Services Board and the Regional Center for Animal Control and Protection (Pound). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$40,000 to the Blue Ridge Community Services Board and \$313,252 to the Regional Center for Animal Control and Protection.



**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. The interfund services provided by and used for in the internal services fund are not eliminated in the process of consolidation. *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) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or 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, with the exception of custodial funds (discussed below). 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.

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

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Custodial funds use the accrual basis of accounting described in the Governmental Fund Presentation.

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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reported 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 fund:

The *General Fund* is the government's primary operating fund. It is used to account for and report for all financial resources of the general government, except those required to be accounted for and reported in other funds.

The government reports the following major proprietary funds:

The *Internal Service Fund* accounts for and reports the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for and reported in this fund.

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

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Additionally, the government reports the following fund types:

*Fiduciary funds* account for and report assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Roanoke Valley Regional Board, Special Welfare, Cafeteria Plan, Inmate Account, Flexible Benefits Funds and Escrow Funds.

The School Board reports the following major fund types:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 proprietary fund are charges to customers for insurance premiums. Operating expenses for proprietary funds include insurance claims and expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

The government's 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. Accordingly, investments totaling \$7,923,702 are reported in the accompanying financial statements as cash and cash equivalents.

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

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

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 either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

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 on November 1<sup>st</sup>. Personal property taxes are due and collectible annually on November 1<sup>st</sup>. 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 \$44,795 at June 30, 2021 consisting of delinquent taxes.

6. 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.

**Note 1-Summary of Significant Accounting Policies: (Continued)****D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
(Continued)****7. 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 financial statements.

**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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	10-20*
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

\* up to the remaining life of the building

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

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

9. 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 fiduciary net 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.

10. Other postemployment benefit (OPEB) programs

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, HIC and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.

11. Long-term obligations

In the government-wide 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 - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);

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

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

12. Fund balance (Continued)

Restricted - 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 - 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 - 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 - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

13. 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.

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

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

13. Net position (Continued)

- 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.

14. Net position flow assumption

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

15. Prepaid items

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. The consumption method is used in governmental funds to report prepaid items.

16. Restricted assets

Restricted assets consist of cash and cash equivalents that are legally restricted for use by enabling state legislation, grant awards or debt agreements.

17. Inventories

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



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

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

18. Self-insurance

The County was self-insured for health insurance beginning with the fiscal year ending June 30, 2012. The School Board was self-insured for health insurance beginning with the fiscal year ending June 30, 2015. Estimates for the accrued liability at the end of the year have been recorded.

19. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The County only has two 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 is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liabilities and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

**Note 2-Stewardship, Compliance, and Accountability:**

**A. Budgetary information**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or fund level (School Board). Only the Board of Supervisors can revise the appropriation for each department or fund. 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 fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. 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.
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, 2021, expenditures did not exceed appropriations in any departments.

**C. Deficit fund balance**

At June 30, 2021, there were no funds with negative equity.

**D. Debt Limitations**

There is no limitation imposed by state law or local ordinance on the amount of general obligation debt that a county may issue; however, with certain exceptions, all debt which is either directly or indirectly secured by the general obligation of a county must be approved at public referendum prior to issuance.

**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 the 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).

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

<b>Investment Maturities (in years)</b>			
<b>Investment Type</b>	<b>Fair Value</b>	<b>1 Year</b>	<b>1-5 Years</b>
Local Government Investment Pool	\$ 7,923,702	\$ 7,923,702	\$ -
Certificate of Deposit	2,048,961	-	2,048,961
Totals	\$ 9,972,663	\$ 7,923,702	\$ 2,048,961

*Remainder of page left blank intentionally.*

**Note 3-Deposits and Investments: (Continued)****Credit Risk of Debt Securities**

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's rating scale and the ratings are presented below.

<b>County's Rated Debt Investments' Values</b>	
<b><u>Rated Debt Investments</u></b>	<b><u>Fair Quality Ratings</u></b>
	<b><u>AAAm</u></b>
Local Government Investment Pool	\$ 7,923,702

**External Investment Pools**

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

**Custodial Credit Risk**

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name. As of June 30, 2021, the County and Component Unit School Board did not hold any investments that were subject to custodial credit risk.

**Concentration of Credit Risk**

At June 30, 2021, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 4-Due from Other Governmental Units:**

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

	Primary Government	Component Unit- School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 635,411	\$ -
Categorical aid-State sales tax	-	792,824
Categorical aid-Other	492,986	-
Non-categorical aid	127,766	-
Categorical aid-Virginia Public Assistance	48,837	-
Categorical aid-Comprehensive Services Act	154,746	-
<u>Federal Government:</u>		
Categorical aid-Virginia Public Assistance	78,520	-
Categorical aid-Other	-	1,271,236
Totals	<u>\$ 1,538,266</u>	<u>\$ 2,064,060</u>

**Note 5-Interfund/Component Unit Obligations:**

At year end, there were no interfund obligations.

Component unit obligations at June 30, 2021, consisted of the following:

Fund	Due to Component Unit	Due from Primary Government
<u>Primary Government:</u>		
Governmental Activities	\$ -	\$ 161,106
<u>Component Unit:</u>		
EDA	161,106	-
Total	<u>\$ 161,106</u>	<u>\$ 161,106</u>

*Remainder of page left blank intentionally.*

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 6-Interfund Transfers/Component Unit Contributions:**

At year end, there were no interfund transfers.

Primary government contributions to component units for the year ended June 30, 2021, consisted of the following:

Component Unit:	
School Board	\$ 24,176,492
Capital assets (net) transferred to School Board	5,962,591
EDA	2,649,303
Capital assets (net) transferred to EDA	5,959,941
Total	<u>\$ 38,748,327</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 7-Long-Term Obligations:**

**Primary Government - Governmental Activities Obligations:**

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

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowings and Placements:				
General Obligation and Revenue Bonds	\$ 46,832,493	\$ -	\$ (2,832,763)	\$ 43,999,730
Literary Fund Loans	455,790	-	(401,930)	53,860
Unamortized Premium	1,986,867	-	(293,878)	1,692,989
Landfill post-closure liability	3,663,967	1,693,501	-	5,357,468
Compensated absences	765,001	488,240	(573,751)	679,490
Net pension liability	1,330,935	5,436,395	(2,754,405)	4,012,925
Net OPEB liability	1,021,110	345,608	(293,155)	1,073,563
Total	<u>\$ 56,056,163</u>	<u>\$ 7,963,744</u>	<u>\$ (7,149,882)</u>	<u>\$ 56,870,025</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021Note 7-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Obligations: (Continued)

For governmental activities, compensated absences, landfill closure/post-closure liability, net pension liability, and net OPEB liability are generally liquidated in the General Fund.

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2022	\$ 2,975,515	\$ 1,778,088
2023	3,129,403	1,638,021
2024	3,257,175	1,490,369
2025	3,407,717	1,336,381
2026	3,394,151	1,176,078
2027-2031	13,767,105	3,850,811
2032-2036	9,662,524	1,503,830
2037-2039	4,460,000	241,221
Totals	<u>\$ 44,053,590</u>	<u>\$ 13,014,799</u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 7-Long-Term Obligations: (Continued)**

**Primary Government - Governmental Activities Obligations: (Continued)**

Details of long-term obligations:

Type/ Project	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds:						
2017 School Energy Program - VRA <sup>(1)</sup>	3.75%	7/5/2017	2033	\$ 6,512,144	\$ 5,460,385	\$ 371,434
General Obligation Bonds:						
Fire Truck Loan	4.25%	8/6/2013	2029	446,372	201,454	17,687
2018 Fire Truck Loan	2.8769%	5/1/2018	2025	1,188,185	707,891	169,464
School construction - VPSA	4.1% - 5.1%	5/11/2006	2026	15,890,000	6,485,000	960,000
Jail Construction Bond - VRA	2.011%-5.125%	8/14/2014	2033	13,150,000	10,605,000	670,000
School construction - VPSA	3.05%-5.05%	5/15/2018	2039	21,265,000	20,540,000	760,000
Total Bonds					<u>\$ 43,999,730</u>	<u>\$ 2,948,585</u>
Add:						
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	\$ 1,692,989	\$ -
Net General Obligation Bonds					<u>\$ 45,692,719</u>	<u>\$ 2,948,585</u>
Literary Fund Loans:						
School construction	3.00%	1/15/2003	2023	\$ 538,600	\$ 53,860	\$ 26,930
Total Literary Fund Loans					<u>\$ 53,860</u>	<u>\$ 26,930</u>
Total Direct Borrowings and Placements					<u>\$ 45,746,579</u>	<u>\$ 2,975,515</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 679,490	\$ 509,618
Landfill post-closure liability	n/a	n/a	n/a	n/a	5,357,468	-
Net pension liability	n/a	n/a	n/a	n/a	4,012,925	-
Net OPEB liability	n/a	n/a	n/a	n/a	1,073,563	-
Total Other Obligations					<u>\$ 11,123,446</u>	<u>\$ 509,618</u>
Total Long-term obligations					<u>\$ 56,870,025</u>	<u>\$ 3,485,133</u>

(1) This bond is considered an operating debt as same was used for energy savings improvements for the Component Unit School Board.

The locality's revenue bonds, general obligation bonds and literary loans are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default. In addition, VRA and VPSA bonds can be called in their entirety if an event of default occurs.

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 8-Long-Term Obligations-Component Unit:**

Discretely Presented Component Unit School Board Obligations:

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital leases	\$ 603,134	\$ -	\$ (305,373)	\$ 297,761
Compensated absences	893,503	725,509	(670,127)	948,885
Net OPEB liabilities	11,794,282	2,061,352	(2,552,654)	11,302,980
Net pension liabilities	45,174,190	18,498,829	(13,163,650)	50,509,369
Total	<u>\$ 58,465,109</u>	<u>\$ 21,285,690</u>	<u>\$ (16,691,804)</u>	<u>\$ 63,058,995</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Capital Leases:						
School Buses		11/21/2017		\$ 586,000	\$ 119,362	\$ 119,362
School Buses		3/15/2019		439,890	178,399	87,904
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	948,885	711,664
Net OPEB Liabilities	n/a	n/a	n/a	n/a	11,302,980	-
Net Pension Liabilities	n/a	n/a	n/a	n/a	50,509,369	-
Total long-term obligations					<u>\$ 63,058,995</u>	<u>\$ 918,930</u>

Capital leases, compensated absences, pension liabilities, and net OPEB liabilities of the Component Unit School Board are liquidated by the School Operating Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 9-Capital Leases-Component Unit:****Discretely Presented Component Unit School Board Capital Leases:**

The School Board has entered into capital leases for the purchase of school buses. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through capital leases are as follows:

School buses	\$ 943,047
Total capital assets	\$ 943,047
Accumulated Depreciation	(299,553)
Net Book Value of Capital Assets	<u>\$ 643,494</u>

Present value of future minimum lease payments:

Year Ending June 30,	Capital Leases
2022	\$ 214,767
2023	93,161
Total minimum lease payments	\$ 307,928
Less: amount representing interest	(10,167)
Present value of future minimum lease payments	<u>\$ 297,761</u>

**Note 10-Pension Plans:****Aggregate Pension Information**

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (assets), and pension expense for the year ended June 30, 2021.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,691,154	\$ 779,350	\$ 4,012,925	\$ 1,129,780	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	784,955	-	2,395,476	758,601
School Board Professional	-	-	-	-	11,497,816	3,840,855	48,113,893	4,771,742
Totals	<u>\$ 3,691,154</u>	<u>\$ 779,350</u>	<u>\$ 4,012,925</u>	<u>\$ 1,129,780</u>	<u>\$ 12,282,771</u>	<u>\$ 3,840,855</u>	<u>\$ 50,509,369</u>	<u>\$ 5,530,343</u>

**Note 10-Pension Plans: (Continued)**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service 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.

**Note 10-Pension Plans: (Continued)**

***Benefit Structures (Continued)***

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit 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.

***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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Employees Covered by Benefit Terms***

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

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	140	168
Inactive members:		
Vested inactive members	63	46
Non-vested inactive members	87	75
Inactive members active elsewhere in VRS	101	32
Total inactive members	251	153
Active members	266	133
Total covered employees	657	454

***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, 2021 was 9.51% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,257,819 and \$1,113,996 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 9.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

**Note 10-Pension Plans: (Continued)*****Contributions (Continued)***

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 \$236,879 and \$220,603 for the years ended June 30, 2021 and June 30, 2020, 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 and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

***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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:**

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related Pre-Retirement:  
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Actuarial Assumptions - General Employees (Continued)***

## Post-Retirement:

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

## Post-Disablement:

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

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

## 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's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

**Note 10-Pension Plans: (Continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 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%



**Note 10-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:

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

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

**Note 10-Pension Plans: (Continued)**

***Discount Rate***

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****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, 2019	\$ 52,990,009	\$ 51,659,074	\$ 1,330,935
Changes for the year:			
Service cost	\$ 1,671,154	\$ -	\$ 1,671,154
Interest	3,485,586	-	3,485,586
Differences between expected and actual experience	244,877	-	244,877
Contributions - employer	-	1,113,996	(1,113,996)
Contributions - employee	-	644,985	(644,985)
Net investment income	-	995,424	(995,424)
Benefit payments, including refunds	(2,703,388)	(2,703,388)	-
Administrative expenses	-	(33,613)	33,613
Other changes	-	(1,165)	1,165
Net changes	\$ 2,698,229	\$ 16,239	\$ 2,681,990
Balances at June 30, 2020	\$ 55,688,238	\$ 51,675,313	\$ 4,012,925

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-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, 2019	\$ 13,212,021	\$ 11,874,368	\$ 1,337,653
Changes for the year:			
Service cost	\$ 275,590	\$ -	\$ 275,590
Interest	860,868	-	860,868
Changes of assumptions	-	-	-
Differences between expected and actual experience	488,264	-	488,264
Contributions - employer	-	220,603	(220,603)
Contributions - employee	-	131,196	(131,196)
Net investment income	-	223,459	(223,459)
Benefit payments, including refunds	(916,847)	(916,847)	-
Administrative expenses	-	(7,945)	7,945
Other changes	-	(414)	414
Net changes	\$ 707,875	\$ (349,948)	\$ 1,057,823
Balances at June 30, 2020	\$ 13,919,896	\$ 11,524,420	\$ 2,395,476

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

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

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 11,508,499	\$ 4,012,925	\$ (2,174,907)
Component Unit School Board's (Nonprofessional)			
Net Pension Liability	\$ 3,846,605	\$ 2,395,476	\$ 1,162,327

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,129,780 and \$758,601, respectively. At June 30, 2021, the County 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-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,231	\$ 774,516	\$ 206,030	\$ -
Changes of assumptions	723,345	4,834	-	-
Net difference between projected and actual earnings on pension plan investments	1,532,759	-	342,046	-
Employer contributions subsequent to the measurement date	1,257,819	-	236,879	-
Total	<u>\$ 3,691,154</u>	<u>\$ 779,350</u>	<u>\$ 784,955</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)**

\$1,257,819 and \$236,879 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit-School Board (nonprofessional)</u>
2022	\$ (110,207)	\$ 207,652
2023	712,410	109,407
2024	560,078	119,276
2025	491,704	111,741
Thereafter	-	-

***Pension Plan Data***

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

**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 included in the first section of this note.

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school divisions were \$4,540,820 and \$4,393,399 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the school division reported a liability of \$48,113,893 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.33060% as compared to 0.33309% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$4,771,742. 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, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,820,215
Changes of assumptions	3,284,377	-
Net difference between projected and actual earnings on pension plan investments	3,659,594	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,025	1,020,640
Employer contributions subsequent to the measurement date	4,540,820	-
Total	\$ 11,497,816	\$ 3,840,855

**Note 10-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)***

\$4,540,820 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 fiscal the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (367,064)
2023	940,253
2024	1,424,624
2025	1,188,278
Thereafter	(69,950)

***Actuarial Assumptions***

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

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

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



**Note 10-Pension Plans: (Continued)**

**Component Unit School Board (Professional) (Continued)**

***Actuarial Assumptions (Continued)***

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****Net Pension Liability***

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

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

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

***Long-Term Expected Rate of Return***

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 10-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		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 70,593,886	\$ 48,113,893	\$ 29,520,096

***Pension Plan Fiduciary Net Position***

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

**Note 11-Aggregate OPEB Information:**

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2021.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan:								
County	\$ 278,592	\$ 55,304	\$ 1,073,563	\$ 46,120	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	60,988	13,067	232,469	11,189
School Board Professional	-	-	-	-	490,111	146,818	2,315,677	71,784
School Board Nonprofessional Health Insurance Credit Plan	-	-	-	-	38,743	1,303	201,372	34,689
Teacher Health Insurance Credit Plan	-	-	-	-	440,475	232,398	4,249,462	318,892
School Stand-Alone Plan	-	-	-	-	812,000	1,720,000	4,304,000	203,000
Totals	\$ 278,592	\$ 55,304	\$ 1,073,563	\$ 46,120	\$ 1,842,317	\$ 2,113,586	\$ 11,302,980	\$ 639,554

**Note 12-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 state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Contributions***

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

Contributions to the GLI Plan from the County were \$74,238 and \$68,823 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$15,079 and \$14,911 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$150,683 and \$148,497 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$1,073,563 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit School Board (nonprofessional) reported a liability of \$232,469 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit School Board (professional) reported a liability of \$2,315,677 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2020, the County's proportion was 0.06430% as compared to 0.06275% at June 30, 2019.

At June 30, 2020, the Component Unit School Board (nonprofessional) proportion was 0.01390% as compared to 0.01441% at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 12-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 Component Unit School Board (professional) proportion was 0.13880% as compared to 0.14092% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$46,120. 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, 2021, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$11,189. 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, 2021, the Component Unit School Board (professional) recognized GLI OPEB expense of \$71,784. 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.

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

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	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	\$ 68,859	\$ 9,641	\$ 14,911	\$ 2,088	\$ 148,529	\$ 20,799
Net difference between projected and actual earnings on GLI OPEB plan investments	32,249	-	6,983	-	69,561	-
Change in assumptions	53,690	22,417	11,626	4,854	115,811	48,353
Changes in proportionate share	49,556	23,246	12,389	6,125	5,527	77,666
Employer contributions subsequent to the measurement date	74,238	-	15,079	-	150,683	-
Total	<u>\$ 278,592</u>	<u>\$ 55,304</u>	<u>\$ 60,988</u>	<u>\$ 13,067</u>	<u>\$ 490,111</u>	<u>\$ 146,818</u>

**Note 12-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)***

\$74,238, \$15,079 and \$150,683 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2022	\$ 21,351	\$ 5,825	\$ 18,357
2023	30,458	7,797	38,001
2024	38,400	9,102	56,175
2025	42,728	8,778	66,164
2026	14,617	1,477	13,806
Thereafter	1,496	(137)	107

***Actuarial Assumptions***

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

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

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**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions (Continued)***

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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



**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

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**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

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**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****NET GLI OPEB Liability**

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

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

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

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**Note 12-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:

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

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

**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****Discount Rate***

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

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 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	\$ 1,411,280	\$ 1,073,563	\$ 799,304
Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 305,598	\$ 232,469	\$ 173,081
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 3,044,135	\$ 2,315,677	\$ 1,724,100

**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

***Group Life Insurance Plan Fiduciary Net Position***

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

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan):**

**Component Unit School Board (Nonprofessional)**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****HIC Plan Notes***

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

***Employees Covered by Benefit Terms***

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	42
Active members	133
Total covered employees	<u>175</u>

***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 0.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 Component Unit School Board (Nonprofessional) to the HIC Plan were \$20,944 and \$20,914 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

The Component Unit School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Component Unit School Board (Nonprofessional) (Continued)**

***Actuarial Assumptions***

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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



**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Component Unit School Board (Nonprofessional) (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

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

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

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**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Long-Term Expected Rate of Return***

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

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

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

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

**Component Unit School Board (Nonprofessional) (Continued)**

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)Component Unit School Board (Nonprofessional) (Continued)*Changes in Net HIC OPEB Liability*

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 257,545	\$ 75,277	\$ 182,268
Changes for the year:			
Service cost	\$ 6,970	\$ -	\$ 6,970
Interest	16,678	-	16,678
Benefit changes	11,182	-	11,182
Differences between expected and actual experience	6,274	-	6,274
Contributions - employer	-	20,646	(20,646)
Net investment income	-	1,499	(1,499)
Benefit payments	(20,914)	(20,914)	-
Administrative expenses	-	(144)	144
Other changes	-	(1)	1
Net changes	\$ 20,190	\$ 1,086	\$ 19,104
Balances at June 30, 2020	\$ 277,735	\$ 76,363	\$ 201,372

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**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Sensitivity of the Component Unit School Board's (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (Nonprofessional)			
Net HIC OPEB Liability	\$ 227,488	\$ 201,372	\$ 176,408

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

For the year ended June 30, 2021, the Component Unit School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$34,689. At June 30, 2021, the Component Unit School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (Nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	11,919	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	2,543	-
Change in assumptions	3,337	1,303
Employer contributions subsequent to the measurement date	20,944	-
Total	\$ 38,743	\$ 1,303

**Note 13-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)***

\$20,944 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2022	\$	4,914
2023		6,428
2024		3,952
2025		1,202
2026		-
Thereafter		-

***HIC Plan Data***

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

**Note 14-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.

**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Plan Description (Continued)***

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$337,637 and \$342,694 for the years ended June 30, 2021 and June 30, 2020, respectively.

**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB***

At June 30, 2021, the school division reported a liability of \$4,249,462 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC 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, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Program was 0.3257% as compared to 0.3293% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher HIC OPEB expense of \$318,892. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 56,750
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	18,832	-
Change in assumptions	84,006	23,218
Change in proportion	-	152,430
Employer contributions subsequent to the measurement date	<u>337,637</u>	<u>-</u>
Total	<u>\$ 440,475</u>	<u>\$ 232,398</u>



**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC OPEB (Continued)***

\$337,637 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

2022	\$	(29,112)
2023		(27,245)
2024		(27,871)
2025		(23,869)
2026		(11,374)
Thereafter		(10,089)

***Actuarial Assumptions***

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

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

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

**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)**

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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**Note 14-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 plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

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.

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**Note 14-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:

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

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

**Note 14-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to 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.

***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	\$ 4,756,830	\$ 4,249,462	\$ 3,818,237

***Teacher Employee HIC OPEB Fiduciary Net Position***

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

**Note 15-Other Postemployment Benefits - Health Insurance:*****Plan Description***

The School Board administers a single-employer defined benefit healthcare plan, The Botetourt County Public Schools Post Retirement Health Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

***Benefits Provided***

Postemployment benefits are provided to eligible retirees include health insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the School Board and the employee must be eligible to retire from the School Board under the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through School Board action. The plan is closed to new entrants.

***Plan Membership***

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

Total active employees	602
Total retirees with coverage	<u>26</u>
Total	<u><u>628</u></u>

***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 School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$242,000.

***Total OPEB Liability***

The School Board's total OPEB liability was measured as of July 1, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2020, applied to all periods included in the measurement.

**Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*****Actuarial Assumptions***

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	Future salaries are assumed to increase by 2.50% annually.
Healthcare Cost Trend Rates	6.75% pre-medicare decreasing 0.25% per year to an ultimate rate of 5.00%. 5.00% for post-medicare.
Discount Rate	2.45%

RP-2014 Mortality Table, fully generational with base year 2006, projected two-dimensional mortality improvement scale MP-2020.

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

***Changes in Total OPEB Liability***

		Component Unit School Board Total OPEB Liability
Beginning Balance	\$	4,773,000
Changes for the year:		
Service cost		199,000
Interest		152,000
Difference between expected and actual experience		(939,000)
Benefit payments		(242,000)
Other changes		361,000
Net changes	\$	(469,000)
Ending Balance	\$	4,304,000

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**Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the 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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 5,055,000	\$ 4,304,000	\$ 3,713,000

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

The following presents the total OPEB liability of the 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 (5.75% for Pre-Medicare and 4.00% for Post-Medicare decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (7.75% for Pre-Medicare and 6.00% for Post-Medicare decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rate		
1% Decrease (as noted above)	Healthcare Cost Trend (as noted above)	1% Increase (as noted above)
\$ 3,591,000	\$ 4,304,000	\$ 5,247,000

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 15-Other Postemployment Benefits - Health Insurance: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$203,000. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,436,000
Changes in assumptions	570,000	284,000
Employer contributions subsequent to the measurement date	242,000	-
Total	<u>\$ 812,000</u>	<u>\$ 1,720,000</u>

\$242,000 reported as deferred outflows of resources related to OPEB resulting from the Component Unit School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (156,000)
2023	(156,000)
2024	(156,000)
2025	(156,000)
2026	(156,000)
Thereafter	(370,000)

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

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**Note 16-Line of Duty Act (LODA) (OPEB Benefits):**

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$62,444.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 17-Unearned and Deferred/Unavailable Revenue:**

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessment for future periods are deferred.

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 809,385
Prepaid property taxes due after June 30 but paid in advance by taxpayers	279,904	279,904
Unspent Governor's Opportunity Funds received during the previous fiscal years	1,687,500	1,687,500
Unspent CARES Act funds received during the current fiscal year	385,102	385,102
Unspent ARPA funds received during the current fiscal year	3,245,624	3,245,624
Unspent parks and recreation grant received during the current fiscal year	9,500	9,500
	<u>\$ 5,607,630</u>	<u>\$ 6,417,015</u>

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 18-Capital Assets:**

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

Primary Government:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 11,050,566	\$ -	\$ (5,602,987)	\$ 5,447,579
Construction in progress	13,626,051	14,394,137	(27,636,498)	383,690
Total capital assets not being depreciated	<u>\$ 24,676,617</u>	<u>\$ 14,394,137</u>	<u>\$ (33,239,485)</u>	<u>\$ 5,831,269</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 65,250,502	\$ 21,240,957	\$ (399,937)	\$ 86,091,522
Machinery and equipment	21,199,913	1,427,202	(67,401)	22,559,714
Total capital assets being depreciated	<u>\$ 86,450,415</u>	<u>\$ 22,668,159</u>	<u>\$ (467,338)</u>	<u>\$ 108,651,236</u>
Accumulated depreciation:				
Buildings and improvements	\$ (24,980,899)	\$ (1,772,715)	\$ 42,983	\$ (26,710,631)
Machinery and equipment	(13,805,795)	(1,740,682)	62,351	(15,484,126)
Total accumulated depreciation	<u>\$ (38,786,694)</u>	<u>\$ (3,513,397)</u>	<u>\$ 105,334</u>	<u>\$ (42,194,757)</u>
Total capital assets being depreciated, net	<u>\$ 47,663,721</u>	<u>\$ 19,154,762</u>	<u>\$ (362,004)</u>	<u>\$ 66,456,479</u>
Governmental activities capital assets, net	<u>\$ 72,340,338</u>	<u>\$ 33,548,899</u>	<u>\$ (33,601,489)</u>	<u>\$ 72,287,748</u>

Current year deletions include the following capital asset transfers:

- Land transfer to the EDA with a net book value of \$5,602,987.
- Building transfer to the EDA with a net book value of \$356,954 (cost of \$381,797 and accumulated depreciation of \$24,843).
- Completed construction in progress to the School Board with a net book value of \$5,962,591.

**Note 18-Capital Assets: (Continued)**

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$ 278,338
Judicial administration	42,520
Public safety	1,861,938
Public works	155,155
Health and welfare	23,510
Education	791,573
Parks, recreation, and culture	353,404
Community development	<u>6,959</u>
Total depreciation expense-governmental activities	<u><u>\$ 3,513,397</u></u>

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COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

**Note 18-Capital Assets: (Continued)**

Discretely Presented Component Unit School Board:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,621,728	\$ -	\$ -	\$ 1,621,728
Total capital assets not being depreciated	<u>\$ 1,621,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621,728</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 53,510,136	\$ 6,111,939	\$ -	\$ 59,622,075
Machinery and equipment	9,798,454	3,643,601	-	13,442,055
Total capital assets being depreciated	<u>\$ 63,308,590</u>	<u>\$ 9,755,540</u>	<u>\$ -</u>	<u>\$ 73,064,130</u>
Accumulated depreciation:				
Buildings and improvements	\$ (39,142,544)	\$ (1,260,061)	\$ -	\$ (40,402,605)
Machinery and equipment	(7,696,991)	(721,128)	-	(8,418,119)
Total accumulated depreciation	<u>\$ (46,839,535)</u>	<u>\$ (1,981,189)</u>	<u>\$ -</u>	<u>\$ (48,820,724)</u>
Total capital assets being depreciated, net	<u>\$ 16,469,055</u>	<u>\$ 7,774,351</u>	<u>\$ -</u>	<u>\$ 24,243,406</u>
School Board capital assets, net	<u>\$ 18,090,783</u>	<u>\$ 7,774,351</u>	<u>\$ -</u>	<u>\$ 25,865,134</u>

Current year additions include completed construction in progress from the County with a net book value of \$5,962,591.

**Note 19-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 participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Association of Counties Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Virginia Association of Counties Risk Pool 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 a 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 19-Risk Management: (Continued)**

The Component Unit School Board participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Municipal League Risk Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The School Board pays the Virginia Municipal League Risk Pool 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 a loss, deficit, and 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 20-Contingent Liabilities:**

Federal programs in which the County and its component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*. 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 21-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Tommy Moore, Clerk of the Circuit Court	\$ 270,000
William P. Arney, Treasurer	500,000
Chris Booth, Commissioner of the Revenue	3,000
Matt Ward, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**Note 21-Surety Bonds: (Continued)**

Primary Government: (Continued)

United States Fidelity and Guaranty Company-Surety:

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Board of Supervisors:

Dr. Donald M. (Mac) Scothorn	\$ 1,000
Richard G. Bailey	1,000
Stephen P. Clinton	1,000
Billy W. Martin, Sr.	1,000
Amy S. White	1,000

Selective Insurance Company of America:

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Gary Larrowe, County Administrator	\$ 250,000
David Moorman, Deputy County Administrator	150,000
Anthony Zerrilla, Finance Manager	150,000
Karen Dunbar, Bookkeeper	150,000
Nicole Payne, Payroll	150,000
All administrative employees	50,000
All Social Services employees: blanket bond	100,000

Component Unit School Board:

The Continental Insurance Company:

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LuAnn Delosreyes, Clerk of the School Board	\$ 10,000
All School Board employees: blanket bond	10,000

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**Note 22-Landfill Closure and Post-closure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. On October 1, 2018, the County signed a contract with County Waste which turned over all rights of the landfill to County Waste. As such, County Waste will operate and receive any fees related to the remaining capacity of the landfill. Under the contract, County Waste will be responsible for paying all closure costs and the County is responsible for paying all post-closure care and corrective action costs related to the landfill. At June 30, 2021, the estimated post-closure care and correction action costs are estimated to be \$5,357,468 based on 100% usage of the landfill. Actual costs for post-closure monitoring and correction action costs may change due to inflation, deflation, changes in technology or changes in applicable laws or 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 post-closure 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.

**Note 23-Arbitrage Rebate Compliance:**

As of June 30, 2021 and for the year then ended, the County was not liable for any amounts due under current rules governing arbitrage earnings.

**Note 24-Contingencies and Commitments:**

The County had no major construction commitments at June 30, 2021.

The County, the EDA, Shooting Star Virginia Partners, LLC (Developer), and Munters Corporation (Company) entered into a performance agreement during the fiscal year. In addition, the EDA and the Developer entered into a real estate sale agreement. Key provisions of these agreements are as follow:

- The Developer agreed to purchase tax Parcel Number 88-20 (lots A, B, and C) (the "Site") from the Authority at a price of \$900,000, which such amount placed in escrow to cover anticipated development cost for the Authority to construct a road and to extend public water and sewer (utilities) to the Site. Assets constructed will be conveyed to the Virginia Department of Transportation, the Developer or the Western Virginia Water Authority.
- The County has agreed to provide a workforce training credit to the Company of (up to) \$150,000 in tuition assistance.
- The Developer has agreed to make capital investments of at least \$23,400,000 to the Site. Failure to make the aforementioned improvements could result in a payment of (up to) \$150,000 by the Developer to the EDA.
- The Company has agreed to create at least 180 new jobs. Failure to create these jobs could result in a payment of (up to) \$150,000 by the Developer to the EDA.
- The EDA and the County have entered into a support agreement that limits the EDA's responsibility for the road and utility construction (development cost) to the amount available from the escrow account for same.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 24-Contingencies and Commitments: (Continued)**

As of June 30, 2021, the EDA has reported funds totaling \$845,985, as funds held by others. This balance represents funds held in escrow from the land sale by the Law Firm of Gynn, Waddell, Carroll and Lockaby, P.C.

**Note 25-Self Health Insurance:**

The County established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2021, a total of \$3,633,199 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$333,129 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2020-21	\$ 149,196	\$ 3,817,132	\$ (3,633,199)	\$ 333,129
2019-20	436,760	4,145,640	(4,433,204)	149,196
2018-19	501,716	4,078,198	(4,143,154)	436,760

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 25-Self Health Insurance: (Continued)****Component Unit School Board**

The School Board established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the School Board and are available to pay claims, and administrative costs of the program. During the fiscal year 2010, a total of \$4,994,038 was paid in benefits and administrative costs. The risk assumed by the School Board is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$428,200 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Activity of the School Board self-insurance program is reported within the School Operating Fund. Changes in the claims liability for the current and prior fiscal year are as follows:

			Current Year		
		Balance at	Claims and		Balance at
		Beginning of	Changes in	Claim	End of
Fiscal Year		Fiscal Year	Estimates	Payments	Fiscal Year
2020-21	\$	417,200	\$ 5,005,038	\$ (4,994,038)	\$ 428,200
2019-20		416,000	4,801,800	(4,800,600)	417,200
2018-19		676,995	6,022,491	(6,283,486)	416,000

**Note 26-Litigation:**

At June 30, 2021, 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021Note 27-Restricted Net Position/Fund Balance:

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Restricted Net Position:		
Judicial		
Law Library	95,482	-
Public safety		
Property Seizure	71,945	-
E-Summons Program	37,321	-
Traffic Safety Program	351,173	-
Courtroom Security	163,637	-
Criminal Processing	6,027	-
Fire and EMS Funds	530,221	-
Community Outreach Program - Sheriff	31,717	-
Public works		
Courthouse Maintenance	48,531	-
Parks, recreation, and cultural		
Van Program	32,880	-
Greenfield Preservation Area	75,389	-
Sestercentennial Committee Fund	43,513	-
Cafeteria Operations	-	269
School Activity Fund	-	708,190
Total Restricted Net Position	<u>\$ 1,487,836</u>	<u>\$ 708,459</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Restricted Fund Balance:		
Restricted Net Position Above	\$ 1,487,836	\$ 708,459
Total Restricted Fund Balance	<u>\$ 1,487,836</u>	<u>\$ 708,459</u>
	<u>General Fund</u>	<u>Total School Fund</u>
Committed Fund Balance:		
Construction Projects	\$ 750,639	
Local Economic Incentives	487,500	\$ -
Total Committed Fund Balance	<u>\$ 1,238,139</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021**Note 28-Tax Abatement Agreements:**

The County entered into an agreement with Ballast Point Brewing, Inc. (Ballast Point) to refund local real estate and machinery and tools taxes for fiscal years 2018 through 2022. Terms of the agreement allow Ballast Point to request(s) a return of taxes paid up to 75% of the amount remitted for the first three years of the agreement and 50% for the final two years of the agreement. For calculation purposes, the rebate(s) are based annually on two metrics (jobs and capital investment). Annually, one half of the rebate is based on the number of jobs created at the facility as compared to a target of 188 total jobs. The other half of the rebate is based on the total capital investment at the facility as compared to a target of \$47.8 million. Payments to Ballast Point are contingent on the completion and filing of a performance grant application within two months of each fiscal year close. To date, the County has not remitted any payments and there are no payments currently due to Ballast Point.

The County entered into an agreement with Eldor Automotive Powertrain USA, LLC to refund local real estate and machinery and tools taxes for fiscal years 2019 through 2040. Terms of the agreement allow Eldor to request(s) a refund of taxes paid annually. Annual refunds are based on employment numbers and the value of real estate and capital investments subject to tax by the County. Any refunds are prorated for failure to meet benchmarks established in the agreement and refunds based on real estate and capital investments are reduced over time from a maximum of 50% of the taxes paid to 0% of the taxes paid in the final year of the agreement. For the year ending June 30, 2021, the Company applied for and received refunds totaling \$463,448 and \$191,283 for 2019 and 2020 taxes, respectively.

**Note 29-Incentive Agreements:**

The County has entered into certain local incentive agreements with businesses to encourage economic development in the County. At year end, funds totaling \$487,500 have been committed to fund these incentive agreements. The incentive agreements contain performance measures that must be achieved by the business(es) prior to the release of funds. At year end, no amounts were currently due and/or payable under the current incentive agreements.

**Note 30-Adoption of Accounting Principle:**

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported.

	Fund Balance		Net Position				
	Component Unit-School Board	Component Unit-School Board	Custodial Funds				Roanoke Valley Regional Board
			Special Welfare	Flexible Benefits	Inmate Account	Cafeteria Plan	Escrow
Beginning balance, as previously stated	\$ 6,334,935	\$ (30,004,313)	\$ -	\$ -	\$ -	\$ -	\$ -
Implementation of GASB 84	669,824	669,824	61,589	376	77,972	9,191	39,735
Beginning balance, as restated	\$ 7,004,759	\$ (29,334,489)	\$ 61,589	\$ 376	\$ 77,972	\$ 9,191	\$ 39,735
							\$ 2,542,401

**Note 31-Restatement of Beginning Balance:**

The financial statements have been restated to remove the value of land disposed of in a prior fiscal year:

	Net Position
	Primary
	Government
Beginning balance, as previously stated	\$ 59,554,621
Correction of land disposal	(987,415)
Beginning balance, as restated	<u>\$ 58,567,206</u>

**Note 32-COVID-19 Pandemic Funding and Subsequent Event:**

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

**CARES Act Funding**

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$5,831,358. In addition, the County also received CRF funding related to Broadband and Utility Relief of \$1,375,412 and \$13,729, respectively. The School Board received CRF funding from the Virginia Department of Education in the amount of \$793,958. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$385,102 are reported as unearned revenue as of June 30.

**ARPA Funding**

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

**Note 32-COVID-19 Pandemic Funding and Subsequent Event: (Continued)**

**ARPA Funding (Continued)**

On June 2, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$3,245,624 from the initial allocation are reported as unearned revenue as of June 30.

**ESF Funding**

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

**Note 33-Upcoming Pronouncements:**

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

Statement No. 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. 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.

**Note 33-Upcoming Pronouncements: (Continued)**

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.

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 Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 45,335,562	\$ 45,890,320	\$ 46,961,025	\$ 1,070,705
Other local taxes	6,864,118	6,864,118	8,618,674	1,754,556
Permits, privilege fees, and regulatory licenses	329,473	329,473	389,147	59,674
Fines and forfeitures	68,760	68,760	49,976	(18,784)
Revenue from the use of money and property	1,008,845	1,008,845	576,078	(432,767)
Charges for services	364,109	364,109	663,495	299,386
Miscellaneous	337,475	336,075	424,924	88,849
Recovered costs	1,918,212	1,918,212	2,313,123	394,911
Intergovernmental	12,047,913	12,047,913	19,610,159	7,562,246
Total revenues	\$ 68,274,467	\$ 68,827,825	\$ 79,606,601	\$ 10,778,776
EXPENDITURES				
General government administration:				
Board of supervisors	\$ 235,466	\$ 238,278	\$ 232,616	\$ 5,662
County administrator	679,545	798,610	771,881	26,729
Human resources	353,474	353,113	307,749	45,364
Central garage	102,981	102,931	94,563	8,368
Commissioner of revenue	441,475	441,168	423,282	17,886
Central purchasing	152,893	158,215	144,519	13,696
Treasurer	558,548	558,245	527,251	30,994
Management information systems	1,228,103	1,333,407	1,148,194	185,213
Financial services	343,262	348,129	338,191	9,938
Communications	-	9,999	4,393	5,606
Electoral board/registrar	398,151	399,286	357,766	41,520
Total general government administration	\$ 4,493,898	\$ 4,741,381	\$ 4,350,405	\$ 390,976
Judicial administration:				
Circuit court	\$ 69,385	\$ 69,385	\$ 66,770	\$ 2,615
General district court	23,965	47,716	38,211	9,505
Magistrate	2,985	2,985	2,522	463
Clerk of the circuit court	757,988	772,020	735,845	36,175
Juvenile and domestic relations district court	16,851	16,850	9,923	6,927
Commonwealth's attorney	861,188	861,816	814,984	46,832
Total judicial administration	\$ 1,732,362	\$ 1,770,772	\$ 1,668,255	\$ 102,517
Public safety:				
Sheriff	\$ 5,513,042	\$ 6,354,276	\$ 5,608,370	\$ 745,906
Fire departments and rescue squads	579,614	594,911	594,911	-
Emergency communications	341,640	349,049	302,565	46,484
County operated institutions - jail	5,050,134	5,252,486	5,033,493	218,993
Probation office	4,951	4,951	4,185	766
Juvenile detention	175,000	175,000	165,012	9,988
Building inspections	464,596	470,250	355,895	114,355
Animal control	702,691	745,825	634,134	111,691
Emergency services	4,905,486	6,477,769	4,836,137	1,641,632
Dispatch	939,865	1,036,190	967,496	68,694
Courtroom security	-	206,318	35,221	171,097
Pandemic response	-	3,354,571	1,843,181	1,511,390
Total public safety	\$ 18,677,019	\$ 25,021,596	\$ 20,380,600	\$ 4,640,996

County of Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>EXPENDITURES (Continued)</b>				
Public works:				
Refuse collection and disposal	\$ 654,633	\$ 916,675	\$ 874,133	\$ 42,542
General properties	1,064,905	1,153,528	1,102,008	51,520
Total public works	\$ 1,719,538	\$ 2,070,203	\$ 1,976,141	\$ 94,062
Health and welfare:				
Supplement of local health department	\$ 2,640,817	\$ 2,640,817	\$ 2,213,853	\$ 426,964
Mental health contribution	40,000	40,000	40,000	-
Welfare administration and programs	1,444,132	1,647,131	1,581,413	65,718
Comprehensive services act	1,553,922	1,903,841	1,742,413	161,428
Senior van program	102,804	101,898	81,215	20,683
Tax relief for the elderly*	-	554,758	554,758	-
Other welfare programs	27,500	27,500	27,500	-
Total health and welfare	\$ 5,809,175	\$ 6,915,945	\$ 6,241,152	\$ 674,793
Education:				
Contribution to Community Colleges	\$ 42,140	\$ 42,140	\$ 42,140	\$ -
Contribution to County School Board	25,269,241	25,269,241	24,176,492	1,092,749
Total education	\$ 25,311,381	\$ 25,311,381	\$ 24,218,632	\$ 1,092,749
Parks, recreation, and cultural:				
Supervision of parks and recreation	\$ 1,458,488	\$ 1,458,258	\$ 947,911	\$ 510,347
Sports complex	381,937	381,868	131,664	250,204
Contributions to cultural organizations	23,000	27,500	27,500	-
Library expenses	1,302,754	1,334,060	1,222,614	111,446
YMCA support	300,000	300,000	300,000	-
Total parks, recreation, and cultural	\$ 3,466,179	\$ 3,501,686	\$ 2,629,689	\$ 871,997
Community development:				
Economic development - contributions	\$ 272,663	\$ 272,663	\$ 272,663	\$ -
Environmental management	20,111	20,111	20,111	-
Contribution to Economic Development Authority	597,500	3,389,881	2,649,303	740,578
Industrial development	33,750	137,784	77,632	60,152
Community development	726,676	735,518	556,657	178,861
Broadband	-	2,465,296	2,465,296	-
Economic development	470,197	505,828	445,712	60,116
Extension office	66,416	66,416	48,751	17,665
Total community development	\$ 2,187,313	\$ 7,593,497	\$ 6,536,125	\$ 1,057,372
Capital projects:				
Website design	\$ -	\$ 118,650	\$ 98,060	\$ 20,590
Greenfield education and training	436,000	401,380	400,207	1,173
Community recreation incentive program	-	6,469	1,938	4,531
Economic development program	75,000	75,000	41,040	33,960
Circuit courthouse complex	-	679,437	119,950	559,487
PC/laptop replacement	55,000	55,000	54,340	660

County of Botetourt, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual		Variance with
	Original	Final	Amounts		Final Budget - Positive (Negative)
<b>EXPENDITURES (Continued)</b>					
Capital projects: (Continued)					
Enterprise-wide software	\$ -	\$ 17,500	\$ -	\$ 17,500	
Tax software	-	94,977	48,781	46,196	
E-summons purchases	-	21,190	12,643	8,547	
Colonial elementary	-	14,858,841	13,312,113	1,546,728	
Greenfield preservation area	-	28,105	2,869	25,236	
Greenfield ETC mobile class	-	73,418	73,418	-	
County offices and circuit court relocation	500,000	753,259	753,259	-	
General district courthouse	-	30,000	-	30,000	
Server and Storage Refresh	45,000	108,000	107,729	271	
Voter Registration Expansion	75,000	138,141	138,141	-	
West Center Drive	-	85,000	12,054	72,946	
Comprehensive facility master plan	-	250,000	-	250,000	
Broadband community assessment	-	41,000	41,000	-	
Wireless access points	7,500	7,500	4,647	2,853	
Cisco phone upgrade	80,000	65,796	65,796	-	
LAN switch	15,000	23,812	23,812	-	
Read Mountain fire station renovations	37,500	40,222	40,222	-	
Other capital projects	60,000	336,698	72,207	264,491	
Total capital projects	\$ 1,386,000	\$ 18,309,395	\$ 15,424,226	\$ 2,885,169	
Debt service:					
Principal retirement	\$ 3,224,699	\$ 3,244,699	\$ 3,234,693	\$ 10,006	
Interest and other fiscal charges	1,921,801	1,921,801	1,921,801	-	
Total debt service	\$ 5,146,500	\$ 5,166,500	\$ 5,156,494	\$ 10,006	
Total expenditures	\$ 69,929,365	\$ 100,402,356	\$ 88,581,719	\$ 11,820,637	
Excess (deficiency) of revenues over (under) expenditures	\$ (1,654,898)	\$ (31,574,531)	\$ (8,975,118)	\$ 22,599,413	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	\$ (421,640)	\$ (438,570)	\$ -	\$ 438,570	
Total other financing sources (uses)	\$ (421,640)	\$ (438,570)	\$ -	\$ 438,570	
Net change in fund balances	\$ (2,076,538)	\$ (32,013,101)	\$ (8,975,118)	\$ 23,037,983	
Fund balances - beginning	2,076,538	32,013,101	40,144,391	8,131,290	
Fund balances - ending	\$ -	\$ -	\$ 31,169,273	\$ 31,169,273	

Note 1: GAAP serves as the budgetary basis of accounting  
\* item(s) not subject to appropriation

County of Botetourt, Virginia  
Schedule of Changes in Net Pension Liability and Related Ratios  
Primary Government  
Pension Plans

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

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 1,671,154	\$ 1,433,860	\$ 1,463,887	\$ 1,444,742	\$ 1,506,669	\$ 1,473,286	\$ 1,439,117
Interest	3,485,586	3,386,772	3,321,046	3,207,090	3,057,284	2,912,687	2,727,789
Differences between expected and actual experience	244,877	(708,377)	(1,733,361)	(696,038)	(476,335)	(620,659)	-
Changes of assumptions	-	1,564,443	-	(246,558)	-	-	-
Benefit payments	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)	(1,471,211)
<b>Net change in total pension liability</b>	<b>\$ 2,698,229</b>	<b>\$ 3,538,393</b>	<b>\$ 964,625</b>	<b>\$ 1,633,610</b>	<b>\$ 2,268,159</b>	<b>\$ 2,185,503</b>	<b>\$ 2,695,695</b>
<b>Total pension liability - beginning</b>	<b>\$ 52,990,009</b>	<b>\$ 49,451,616</b>	<b>\$ 48,486,991</b>	<b>\$ 46,853,381</b>	<b>\$ 44,585,222</b>	<b>\$ 42,399,719</b>	<b>\$ 39,704,024</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 55,688,238</b>	<b>\$ 52,990,009</b>	<b>\$ 49,451,616</b>	<b>\$ 48,486,991</b>	<b>\$ 46,853,381</b>	<b>\$ 44,585,222</b>	<b>\$ 42,399,719</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,113,996	\$ 1,038,353	\$ 1,090,914	\$ 1,112,944	\$ 1,310,669	\$ 1,332,674	\$ 1,404,239
Contributions - employee	644,985	602,149	570,181	579,692	553,564	571,538	572,060
Net investment income	995,424	3,273,430	3,397,764	5,055,303	718,947	1,785,372	5,227,639
Benefit payments	(2,703,388)	(2,138,305)	(2,086,947)	(2,075,626)	(1,819,459)	(1,579,811)	(1,471,211)
Administrative charges	(33,613)	(32,121)	(29,123)	(29,044)	(24,969)	(23,760)	(27,445)
Other	(1,165)	(2,062)	(3,036)	(4,493)	(303)	(377)	276
<b>Net change in plan fiduciary net position</b>	<b>\$ 16,239</b>	<b>\$ 2,741,444</b>	<b>\$ 2,939,753</b>	<b>\$ 4,638,776</b>	<b>\$ 738,449</b>	<b>\$ 2,085,636</b>	<b>\$ 5,705,558</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 51,659,074</b>	<b>\$ 48,917,630</b>	<b>\$ 45,977,877</b>	<b>\$ 41,339,101</b>	<b>\$ 40,600,652</b>	<b>\$ 38,515,016</b>	<b>\$ 32,809,458</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 51,675,313</b>	<b>\$ 51,659,074</b>	<b>\$ 48,917,630</b>	<b>\$ 45,977,877</b>	<b>\$ 41,339,101</b>	<b>\$ 40,600,652</b>	<b>\$ 38,515,016</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 4,012,925</b>	<b>\$ 1,330,935</b>	<b>\$ 533,986</b>	<b>\$ 2,509,114</b>	<b>\$ 5,514,280</b>	<b>\$ 3,984,570</b>	<b>\$ 3,884,703</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>92.79%</b>	<b>97.49%</b>	<b>98.92%</b>	<b>94.83%</b>	<b>88.23%</b>	<b>91.06%</b>	<b>90.84%</b>
<b>Covered payroll</b>	<b>\$ 13,397,701</b>	<b>\$ 12,251,621</b>	<b>\$ 11,408,577</b>	<b>\$ 11,583,919</b>	<b>\$ 11,220,923</b>	<b>\$ 11,362,485</b>	<b>\$ 11,163,709</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>29.95%</b>	<b>10.86%</b>	<b>4.68%</b>	<b>21.66%</b>	<b>49.14%</b>	<b>35.07%</b>	<b>34.80%</b>

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 Botetourt, 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, 2020

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 275,590	\$ 233,978	\$ 241,309	\$ 244,440	\$ 246,453	\$ 297,919	\$ 301,655
Interest	860,868	861,276	841,348	844,304	856,146	825,985	800,682
Differences between expected and actual experience	488,264	(33,925)	75,013	(325,615)	(497,217)	61,619	-
Changes of assumptions	-	324,206	-	(14,323)	-	-	-
Benefit payments	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
<b>Net change in total pension liability</b>	<b>\$ 707,875</b>	<b>\$ 430,619</b>	<b>\$ 366,617</b>	<b>\$ (42,205)</b>	<b>\$ (152,729)</b>	<b>\$ 434,352</b>	<b>\$ 371,767</b>
<b>Total pension liability - beginning</b>	<b>13,212,021</b>	<b>12,781,402</b>	<b>12,414,785</b>	<b>12,456,990</b>	<b>12,609,719</b>	<b>12,175,367</b>	<b>11,803,600</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,919,896</b>	<b>\$ 13,212,021</b>	<b>\$ 12,781,402</b>	<b>\$ 12,414,785</b>	<b>\$ 12,456,990</b>	<b>\$ 12,609,719</b>	<b>\$ 12,175,367</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 220,603	\$ 222,836	\$ 235,211	\$ 229,281	\$ 280,851	\$ 279,259	\$ 360,472
Contributions - employee	131,196	131,165	121,316	119,757	115,418	114,370	136,232
Net investment income	223,459	761,552	827,465	1,260,114	179,145	477,032	1,459,455
Benefit payments	(916,847)	(954,916)	(791,053)	(791,011)	(758,111)	(751,171)	(730,570)
Administrative charges	(7,945)	(7,994)	(7,364)	(7,564)	(6,778)	(6,794)	(8,002)
Other	(414)	(474)	(728)	(1,108)	(77)	(99)	77
<b>Net change in plan fiduciary net position</b>	<b>\$ (349,948)</b>	<b>\$ 152,169</b>	<b>\$ 384,847</b>	<b>\$ 809,469</b>	<b>\$ (189,552)</b>	<b>\$ 112,597</b>	<b>\$ 1,217,664</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,874,368</b>	<b>11,722,199</b>	<b>11,337,352</b>	<b>10,527,883</b>	<b>10,717,435</b>	<b>10,604,838</b>	<b>9,387,174</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,524,420</b>	<b>\$ 11,874,368</b>	<b>\$ 11,722,199</b>	<b>\$ 11,337,352</b>	<b>\$ 10,527,883</b>	<b>\$ 10,717,435</b>	<b>\$ 10,604,838</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 2,395,476</b>	<b>\$ 1,337,653</b>	<b>\$ 1,059,203</b>	<b>\$ 1,077,433</b>	<b>\$ 1,929,107</b>	<b>\$ 1,892,284</b>	<b>\$ 1,570,529</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>82.79%</b>	<b>89.88%</b>	<b>91.71%</b>	<b>91.32%</b>	<b>84.51%</b>	<b>84.99%</b>	<b>87.10%</b>
<b>Covered payroll</b>	<b>\$ 2,867,623</b>	<b>\$ 2,823,365</b>	<b>\$ 2,562,104</b>	<b>\$ 2,471,143</b>	<b>\$ 2,351,533</b>	<b>\$ 2,324,240</b>	<b>\$ 2,681,093</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>83.54%</b>	<b>47.38%</b>	<b>41.34%</b>	<b>43.60%</b>	<b>82.04%</b>	<b>81.42%</b>	<b>58.58%</b>

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 Botetourt, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.33060%	0.33309%	0.33293%	0.34343%	0.34454%	0.35138%	0.36427%
Employer's Proportionate Share of the Net Pension Liability	\$ 48,113,893	\$ 43,836,537	\$ 39,152,000	\$ 42,235,000	\$ 48,284,000	\$ 44,226,000	\$ 44,021,000
Employer's Covered Payroll	28,557,600	27,624,375	26,698,715	26,920,153	26,267,105	26,125,137	26,639,468
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	168.48%	158.69%	146.64%	156.89%	183.82%	169.29%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	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 Botetourt, Virginia  
Schedule of Employer Contributions  
Pension Plans

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 1,257,819	\$ 1,257,819	\$ -	\$ 13,765,981	9.14%
2020	1,113,996	1,113,996	-	13,397,701	8.31%
2019	1,038,353	1,038,353	-	12,251,621	8.48%
2018	1,090,914	1,090,914	-	11,408,577	9.56%
2017	1,112,944	1,112,944	-	11,583,919	9.61%
2016	1,310,669	1,310,669	-	11,220,923	11.68%
2015	1,332,674	1,332,674	-	11,362,485	11.73%
2014	1,404,239	1,404,239	-	11,163,709	12.58%
2013	1,366,312	1,366,312	-	10,835,144	12.61%
2012	1,045,282	1,045,282	-	10,431,955	10.02%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 236,879	\$ 236,879	\$ -	\$ 2,794,257	8.48%
2020	220,603	220,603	-	2,867,623	7.69%
2019	222,836	222,836	-	2,823,365	7.89%
2018	235,211	235,211	-	2,562,104	9.18%
2017	229,281	229,281	-	2,471,143	9.28%
2016	280,851	280,851	-	2,351,533	11.94%
2015	279,259	279,259	-	2,324,240	12.02%
2014	360,472	360,472	-	2,681,093	13.44%
2013	344,690	344,690	-	2,562,753	13.45%
2012	254,719	254,719	-	2,593,879	9.82%
<b>Component Unit School Board (professional)</b>					
2021	\$ 4,540,820	\$ 4,540,820	\$ -	\$ 27,934,547	16.26%
2020	4,393,399	4,393,399	-	28,557,600	15.38%
2019	4,295,989	4,295,989	-	27,624,375	15.55%
2018	4,305,859	4,305,859	-	26,698,715	16.13%
2017	3,923,194	3,923,194	-	26,920,153	14.57%
2016	3,678,209	3,678,209	-	26,267,105	14.00%
2015	3,775,000	3,775,000	-	26,125,137	14.45%
2014	3,106,162	3,106,162	-	26,639,468	11.66%
2013	2,942,672	2,942,672	-	25,237,324	11.66%
2012	1,616,386	1,616,386	-	25,535,324	6.33%

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



**County of Botetourt, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plans**  
**For the Year Ended June 30, 2021**

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

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

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

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

Detailed information about the retirement plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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)
<b>Primary Government</b>					
2020	0.06430%	\$ 1,073,563	\$ 13,235,097	8.11%	52.64%
2019	0.06275%	1,021,110	12,289,430	8.31%	52.00%
2018	0.06019%	914,000	11,408,577	8.01%	51.22%
2017	0.06286%	946,000	11,583,919	8.17%	48.86%
<b>Component Unit School Board (Nonprofessional)</b>					
2020	0.01390%	\$ 232,469	\$ 2,867,623	8.11%	52.64%
2019	0.01441%	234,489	2,823,365	8.31%	52.00%
2018	0.01347%	204,000	2,562,104	7.96%	51.22%
2017	0.01340%	201,000	2,471,143	8.13%	48.86%
<b>Component Unit School Board (Professional)</b>					
2020	0.13880%	\$ 2,315,677	\$ 28,557,600	8.11%	52.64%
2019	0.14092%	2,293,144	27,624,375	8.30%	52.00%
2018	0.14041%	2,133,000	26,698,715	7.99%	51.22%
2017	0.14595%	2,196,000	26,920,153	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 74,238	\$ 74,238	\$ -	\$ 13,765,981	0.54%
2020	68,823	68,823	-	13,235,097	0.52%
2019	63,906	63,906	-	12,289,430	0.52%
2018	59,499	59,499	-	11,408,577	0.52%
2017	60,295	60,295	-	11,583,919	0.52%
2016	53,965	53,965	-	11,220,923	0.48%
2015	54,540	54,540	-	11,362,485	0.48%
2014	53,706	53,706	-	11,163,709	0.48%
2013	52,093	52,093	-	10,835,144	0.48%
2012	29,244	29,244	-	10,431,955	0.28%
<b>Component Unit School Board (Nonprofessional)</b>					
2021	\$ 15,079	\$ 15,079	\$ -	\$ 2,794,257	0.54%
2020	14,911	14,911	-	2,867,623	0.52%
2019	14,681	14,681	-	2,823,365	0.52%
2018	13,323	13,323	-	2,562,104	0.52%
2017	12,850	12,850	-	2,471,143	0.52%
2016	11,287	11,287	-	2,351,533	0.48%
2015	11,156	11,156	-	2,324,240	0.48%
2014	12,869	12,869	-	2,681,093	0.48%
2013	12,301	12,301	-	2,562,753	0.48%
2012	7,263	7,263	-	2,593,879	0.28%
<b>Component Unit School Board (Professional)</b>					
2021	\$ 150,683	\$ 150,683	\$ -	\$ 27,934,547	0.54%
2020	148,497	148,497	-	28,557,600	0.52%
2019	143,643	143,643	-	27,624,375	0.52%
2018	138,836	138,836	-	26,698,715	0.52%
2017	139,985	139,985	-	26,920,153	0.52%
2016	126,095	126,095	-	26,267,105	0.48%
2015	125,401	125,401	-	26,125,137	0.48%
2014	127,869	127,869	-	26,639,468	0.48%
2013	121,139	121,139	-	25,237,324	0.48%
2012	71,499	71,499	-	25,535,324	0.28%

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

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

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of Botetourt, Virginia  
Schedule of Changes in the Employers's Net OPEB Liability and Related Ratios  
Component Unit-School Board (nonprofessional)  
Health Insurance Credit (HIC) Program  
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>				
Service cost	\$ 6,970	\$ 5,079	\$ 6,000	\$ 7,000
Interest	16,678	16,335	15,000	15,000
Benefit changes	11,182	-	-	-
Differences between expected and actual experience	6,274	4,983	11,000	-
Changes of assumptions	-	-	-	(7,000)
Benefit payments	(20,914)	(15,917)	(15,000)	(11,000)
Other	-	6,065	(1,000)	-
<b>Net change in total HIC OPEB liability</b>	<b>\$ 20,190</b>	<b>\$ 16,545</b>	<b>\$ 16,000</b>	<b>\$ 4,000</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>257,545</b>	<b>241,000</b>	<b>225,000</b>	<b>221,000</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 277,735</b>	<b>\$ 257,545</b>	<b>\$ 241,000</b>	<b>\$ 225,000</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 20,646	\$ 20,358	\$ 17,000	\$ 16,000
Net investment income	1,499	4,490	4,000	6,000
Benefit payments	(20,914)	(15,917)	(15,000)	(11,000)
Administrative charges	(144)	(99)	-	-
Other	(1)	445	(1,000)	-
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,086</b>	<b>\$ 9,277</b>	<b>\$ 5,000</b>	<b>\$ 11,000</b>
<b>Plan fiduciary net position - beginning</b>	<b>75,277</b>	<b>66,000</b>	<b>61,000</b>	<b>50,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 76,363</b>	<b>\$ 75,277</b>	<b>\$ 66,000</b>	<b>\$ 61,000</b>
<b>School Division's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 201,372</b>	<b>\$ 182,268</b>	<b>\$ 175,000</b>	<b>\$ 164,000</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>27.49%</b>	<b>29.23%</b>	<b>27.39%</b>	<b>27.11%</b>
<b>Covered payroll</b>	<b>\$ 2,867,623</b>	<b>\$ 2,823,365</b>	<b>\$ 2,562,104</b>	<b>\$ 2,471,143</b>
<b>School Division's net HIC OPEB liability as a percentage of covered payroll</b>	<b>7.02%</b>	<b>6.46%</b>	<b>6.83%</b>	<b>6.64%</b>

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 Botetourt, 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, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.3257%	\$ 4,249,462	\$ 28,557,600	14.88%	9.95%
2019	0.3293%	4,311,381	27,624,375	15.61%	8.97%
2018	0.3301%	4,191,000	26,698,715	15.70%	8.08%
2017	0.3411%	4,327,000	26,920,153	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 Botetourt, Virginia  
Schedule of Employer Contributions  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Component Unit School Board (Nonprofessional)</b>					
2021	\$ 20,944	\$ 20,944	\$ -	\$ 2,794,257	0.75%
2020	20,914	20,914	-	2,867,623	0.73%
2019	20,358	20,358	-	2,823,365	0.72%
2018	16,654	16,654	-	2,562,104	0.65%
2017	16,090	16,090	-	2,471,143	0.65%
2016	13,404	13,404	-	2,351,533	0.57%
2015	13,248	13,248	-	2,324,240	0.57%
2014	16,087	16,087	-	2,681,093	0.60%
2013	15,361	15,361	-	2,562,753	0.60%
2012	14,271	14,271	-	2,593,879	0.55%
<b>Component Unit School Board (Professional)</b>					
2021	\$ 337,637	\$ 337,637	\$ -	\$ 27,934,547	1.21%
2020	342,694	342,694	-	28,557,600	1.20%
2019	331,495	331,495	-	27,624,375	1.20%
2018	328,391	328,391	-	26,698,715	1.23%
2017	298,814	298,814	-	26,920,153	1.11%
2016	278,461	278,461	-	26,267,105	1.06%
2015	276,926	276,926	-	26,125,137	1.06%
2014	295,698	295,698	-	26,639,468	1.11%
2013	280,134	280,134	-	25,237,324	1.11%
2012	153,212	153,212	-	25,535,324	0.60%

County of Botetourt, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2021

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

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

**Component Unit School Board (Nonprofessional):**

**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%

**Component Unit School Board (Professional):**

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



County of Botetourt, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Health Insurance  
Component Unit-School Board  
For the Measurement Dates of July 1, 2017 through July 1, 2020

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost	\$ 199,000	\$ 183,000	\$ 228,000	\$ 222,000
Interest	152,000	166,000	202,000	196,000
Differences between expected and actual experience	(939,000)	(115,000)	(725,000)	-
Benefit payments	(242,000)	(335,000)	(335,000)	(164,000)
Other changes	361,000	309,000	(413,000)	-
<b>Net change in total OPEB liability</b>	<b>\$ (469,000)</b>	<b>\$ 208,000</b>	<b>\$ (1,043,000)</b>	<b>\$ 254,000</b>
<b>Total OPEB liability - beginning</b>	<b>4,773,000</b>	<b>4,565,000</b>	<b>5,608,000</b>	<b>5,354,000</b>
<b>Total OPEB liability - ending</b>	<b>\$ 4,304,000</b>	<b>\$ 4,773,000</b>	<b>\$ 4,565,000</b>	<b>\$ 5,608,000</b>
 <b>Covered-employee payroll</b>	 \$ 28,088,000	 \$ 29,375,000	 \$ 29,375,000	 \$ 27,543,000
 <b>Component Unit-School Board total OPEB liability (asset) as a percentage of covered-employee payroll</b>	 15.32%	 16.25%	 15.54%	 20.36%

**County of Botetourt, Virginia**  
**Notes to Required Supplementary Information - Component Unit-School Board Health Insurance OPEB**  
**For the Year Ended June 30, 2021**

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	2.45%
Healthcare Trend Rate	6.75% pre-medicare decreasing 0.25% per year to an ultimate rate of 5.00%. 5.00% for post-medicare.
Salary Increase Rates	Future salaries are assumed to increase by 2.50% annually.
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected two-dimensional mortality improvement scale MP-2020

## **Other Supplementary Information Section**

## **FIDUCIARY FUNDS - CUSTODIAL FUNDS**

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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.

Cafeteria Plan - The cafeteria plan fund accounts for those funds belonging to County employees as participants in the County's cafeteria plan.

Inmate Account - The Jail Inmate Account fund accounts for the inmate activity.

Escrow - The escrow fund accounts for funds held by the County on behalf of developers, corporations, or individuals to ensure performance under requirements set forth by the County.

Roanoke Valley Regional Board - The Roanoke Valley Regional Board Fund accounts for funds held on behalf of the Roanoke Valley Regional Board.

Flexible Benefits - The Flexible Benefits Fund accounts for funds held on behalf of the employees.

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

	Custodial Funds						Total
	Special Welfare	Flexible Benefits	Inmate Account	Cafeteria Plan	Escrow	Roanoke Valley Regional Board	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 70,061	\$ 376	\$ 137,014	\$ 13,412	\$ 157,611	\$ -	\$ 378,474
Total assets	<u>\$ 70,061</u>	<u>\$ 376</u>	<u>\$ 137,014</u>	<u>\$ 13,412</u>	<u>\$ 157,611</u>	<u>\$ -</u>	<u>\$ 378,474</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 5,713	\$ -	\$ -	\$ 5,713
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,713</u>
<b>NET POSITION</b>							
Restricted:							
Amounts held for social services clients	\$ 70,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,061
Amounts held for employees	-	376	-	7,699	-	-	8,075
Amounts held for inmates	-	-	137,014	-	-	-	137,014
Amounts held for performance bond	-	-	-	-	157,611	-	157,611
Total net position	<u>\$ 70,061</u>	<u>\$ 376</u>	<u>\$ 137,014</u>	<u>\$ 7,699</u>	<u>\$ 157,611</u>	<u>\$ -</u>	<u>\$ 372,761</u>
Total liabilities and net position	<u>\$ 70,061</u>	<u>\$ 376</u>	<u>\$ 137,014</u>	<u>\$ 13,412</u>	<u>\$ 157,611</u>	<u>\$ -</u>	<u>\$ 378,474</u>

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

	Custodial Funds						Total
	Special Welfare	Flexible Benefits	Inmate Account	Cafeteria Plan	Escrow	Roanoke Valley Regional Board	
<b>ADDITIONS</b>							
Gifts and donations	\$ 78,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,402
Expenditure reimbursements	5,159	-	-	-	-	106	5,265
Contributions	-	406	-	48,571	-	-	48,977
Deposits from inmates	-	-	559,618	-	-	-	559,618
Performance bond payment	-	-	-	-	131,076	-	131,076
Sale of assets	-	-	-	-	-	20,041	20,041
Total additions	\$ 83,561	\$ 406	\$ 559,618	\$ 48,571	\$ 131,076	\$ 20,147	\$ 843,379
<b>DEDUCTIONS</b>							
Special welfare payments	\$ 75,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,089
Benefit expenditures	-	406	-	50,063	-	-	50,469
Vendor payments for benefit of inmates	-	-	48,002	-	-	-	48,002
Inmate refunds	-	-	452,574	-	-	-	452,574
Payment to escrow account	-	-	-	-	13,200	-	13,200
Return of funds to participants	-	-	-	-	-	2,509,338	2,509,338
Regional board expenditures	-	-	-	-	-	53,210	53,210
Total deductions	\$ 75,089	\$ 406	\$ 500,576	\$ 50,063	\$ 13,200	\$ 2,562,548	\$ 3,201,882
Net increase (decrease) in fiduciary net position	\$ 8,472	\$ -	\$ 59,042	\$ (1,492)	\$ 117,876	\$ (2,542,401)	\$ (2,358,503)
Total net position, beginning of year, as restated	61,589	376	77,972	9,191	39,735	2,542,401	2,731,264
Total net position, end of year	\$ 70,061	\$ 376	\$ 137,014	\$ 7,699	\$ 157,611	\$ -	\$ 372,761

**DISCRETELY PRESENTED COMPONENT UNIT SCHOOL  
BOARD**

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**MAJOR GOVERNMENTAL FUNDS**

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

School Activity Fund - The School Activity Fund accounts for and reports the operations of the individual schools.

County of Botetourt, Virginia  
Balance Sheet  
Discretely Presented Component Unit School Board  
June 30, 2021

	School Operating Fund	School Activity Fund	Total School Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,662,890	\$ 811,072	\$ 11,473,962
Receivables (net of allowance for uncollectibles):			
Accounts receivable	45,305	-	45,305
Due from other funds	28,654	-	28,654
Due from other governmental units	2,064,060	-	2,064,060
Inventories	86,847	-	86,847
Total assets	<u>\$ 12,887,756</u>	<u>\$ 811,072</u>	<u>\$ 13,698,828</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,545,297	\$ 5,836	\$ 2,551,133
Accrued wages and health claims	5,453,540	-	5,453,540
Due to other funds	-	28,654	28,654
Unearned revenue	-	68,392	68,392
Total liabilities	<u>\$ 7,998,837</u>	<u>\$ 102,882</u>	<u>\$ 8,101,719</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	\$ 86,847	\$ -	\$ 86,847
Restricted:			
School cafeterias	269	-	269
School activity fund	-	708,190	708,190
Unassigned	4,801,803	-	4,801,803
Total fund balances	<u>\$ 4,888,919</u>	<u>\$ 708,190</u>	<u>\$ 5,597,109</u>
Total liabilities and fund balances	<u>\$ 12,887,756</u>	<u>\$ 811,072</u>	<u>\$ 13,698,828</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 5,597,109
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land			1,621,728
Buildings and improvements			19,219,470
Machinery and equipment			5,023,936
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items			12,282,771
OPEB related items			1,842,317
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases			(297,761)
Accrued interest payable			(2,900)
Compensated absences			(948,885)
Net OPEB liabilities			(11,302,980)
Net pension liabilities			(50,509,369)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items			(3,840,855)
OPEB related items			(2,113,586)
Net position of governmental activities			<u>\$ (23,429,005)</u>



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

	School Operating Fund	School Activity Fund*	Total School Fund
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 4,479	\$ -	\$ 4,479
Charges for services	142,371	1,157,548	1,299,919
Miscellaneous	422,755	-	422,755
Recovered costs	128,659	-	128,659
Intergovernmental	56,096,520	-	56,096,520
Total revenues	<u>\$ 56,794,784</u>	<u>\$ 1,157,548</u>	<u>\$ 57,952,332</u>
<b>EXPENDITURES</b>			
Education	\$ 57,954,466	\$ 1,086,154	\$ 59,040,620
Debt service:			
Principal retirement	305,373	-	305,373
Interest and other fiscal charges	13,989	-	13,989
Total expenditures	<u>\$ 58,273,828</u>	<u>\$ 1,086,154</u>	<u>\$ 59,359,982</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,479,044)</u>	<u>\$ 71,394</u>	<u>\$ (1,407,650)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 157,676	\$ 124,648	\$ 282,324
Transfers out	(124,648)	(157,676)	(282,324)
Total other financing sources and uses	<u>\$ 33,028</u>	<u>\$ (33,028)</u>	<u>\$ -</u>
Net change in fund balances	\$ (1,446,016)	\$ 38,366	\$ (1,407,650)
Fund balances - beginning, as restated	6,334,935	669,824	7,004,759
Fund balances - ending	<u>\$ 4,888,919</u>	<u>\$ 708,190</u>	<u>\$ 5,597,109</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 \$ (1,407,650)

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

Capital outlays	3,792,949
Depreciation expenses	(1,981,189)

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

Transfer of assets (net) from primary government	5,962,591
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:	
Capital leases	305,373

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	(55,382)
Change in accrued interest payable	2,788
Change in OPEB related items	42,167
Change in pension related items	(756,163)

Change in net position of governmental activities	<u>\$ 5,905,484</u>
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\*The School Activity Fund does not require a legally adopted budget.

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

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 20,250	\$ 20,250	\$ 4,479	\$ (15,771)
Charges for services	90,500	90,500	142,371	51,871
Miscellaneous	204,784	204,784	422,755	217,971
Recovered costs	282,000	282,000	128,659	(153,341)
Intergovernmental	58,523,559	58,945,199	56,096,520	(2,848,679)
Total revenues	\$ 59,121,093	\$ 59,542,733	\$ 56,794,784	\$ (2,747,949)
<b>EXPENDITURES</b>				
Education	\$ 60,418,679	\$ 62,460,990	\$ 57,954,466	\$ 4,506,524
Debt service:				
Principal retirement	305,374	430,373	305,373	125,000
Interest and other fiscal charges	13,989	13,989	13,989	-
Total expenditures	\$ 60,738,042	\$ 62,905,352	\$ 58,273,828	\$ 4,631,524
Excess (deficiency) of revenues over (under) expenditures	\$ (1,616,949)	\$ (3,362,619)	\$ (1,479,044)	\$ 1,883,575
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 157,676	\$ 157,676
Transfers out	-	-	(124,648)	(124,648)
Total other financing sources and uses	\$ -	\$ -	\$ 33,028	\$ 33,028
Net change in fund balances	\$ (1,616,949)	\$ (3,362,619)	\$ (1,446,016)	\$ 1,916,603
Fund balances - beginning	1,616,949	3,362,619	6,334,935	2,972,316
Fund balances - ending	\$ -	\$ -	\$ 4,888,919	\$ 4,888,919

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

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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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 29,749,138	\$ 30,303,896	\$ 30,410,702	\$ 106,806
Real and personal public service corporation taxes	3,823,815	3,823,815	4,102,040	278,225
Personal property taxes	6,870,150	6,870,150	7,427,621	557,471
Mobile home taxes	51,570	51,570	42,187	(9,383)
Machinery and tools taxes	4,554,389	4,554,389	4,700,259	145,870
Penalties	162,350	162,350	169,466	7,116
Interest	124,150	124,150	108,750	(15,400)
Total general property taxes	\$ 45,335,562	\$ 45,890,320	\$ 46,961,025	\$ 1,070,705
Other local taxes:				
Local sales and use taxes	\$ 2,671,500	\$ 2,671,500	\$ 3,488,964	\$ 817,464
Consumers' utility taxes	561,540	561,540	588,920	27,380
Local consumption tax	155,665	155,665	154,479	(1,186)
Business license taxes	795,839	795,839	1,010,804	214,965
Franchise license tax	55,390	55,390	31,615	(23,775)
Motor vehicle licenses	654,175	654,175	664,525	10,350
Bank stock taxes	205,325	205,325	222,036	16,711
Taxes on recordation and wills	369,584	369,584	566,371	196,787
Hotel and motel room taxes	315,100	315,100	452,669	137,569
Restaurant food taxes	1,080,000	1,080,000	1,438,291	358,291
Total other local taxes	\$ 6,864,118	\$ 6,864,118	\$ 8,618,674	\$ 1,754,556
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 19,100	\$ 19,100	\$ 17,900	\$ (1,200)
Land use application fees	477	477	1,306	829
Transfer fees	1,146	1,146	1,417	271
Building permits and other licenses	198,162	198,162	249,182	51,020
Zoning fees	31,323	31,323	23,496	(7,827)
E-summons fees	-	-	18,666	18,666
Other permits, fees and licenses	79,265	79,265	77,180	(2,085)
Total permits, privilege fees, and regulatory licenses	\$ 329,473	\$ 329,473	\$ 389,147	\$ 59,674
Fines and forfeitures:				
Court fines and forfeitures	\$ 68,760	\$ 68,760	\$ 49,976	\$ (18,784)
Total fines and forfeitures	\$ 68,760	\$ 68,760	\$ 49,976	\$ (18,784)
Revenue from use of money and property:				
Revenue from use of money	\$ 636,301	\$ 636,301	\$ 245,914	\$ (390,387)
Revenue from use of property	372,544	372,544	330,164	(42,380)
Total revenue from use of money and property	\$ 1,008,845	\$ 1,008,845	\$ 576,078	\$ (432,767)

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

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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>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 40,748	\$ 40,748	\$ 241,601	\$ 200,853
Charges for courthouse maintenance	-	-	12,895	12,895
Charges for courtroom security	-	-	67,379	67,379
Court appointed attorneys	716	716	1,129	413
Miscellaneous jail and inmate fees	10,791	10,791	4,040	(6,751)
Charges for Commonwealth's Attorney	35,574	35,574	52,110	16,536
Charges for board and care of animals	2,101	2,101	1,560	(541)
Charges for sanitation and waste removal	71,625	71,625	250,986	179,361
Charges for parks and recreation	167,840	167,840	19,819	(148,021)
Charges for engineering reviews	5,014	5,014	6,796	1,782
Other charges for services	95	95	264	169
Charges for law library	-	-	4,208	4,208
Charges for library	29,605	29,605	708	(28,897)
Total charges for services	\$ 364,109	\$ 364,109	\$ 663,495	\$ 299,386
Miscellaneous:				
Miscellaneous	\$ 204,731	\$ 204,731	\$ 87,250	\$ (117,481)
Sale of salvage	54,435	54,435	111,028	56,593
Sponsorships	5,729	5,729	500	(5,229)
Telephone commissions	68,760	68,760	135,058	66,298
Donations	3,820	2,420	91,088	88,668
Total miscellaneous	\$ 337,475	\$ 336,075	\$ 424,924	\$ 88,849
Recovered costs:				
Local jails	\$ 280,000	\$ 280,000	\$ 357,333	\$ 77,333
ES cost recoveries	1,200,000	1,200,000	1,361,130	161,130
Regional jail	104,416	104,416	104,416	-
Medical co-pay	24,830	24,830	44,833	20,003
CSA refunds	2,865	2,865	-	(2,865)
Social services refunds	1,146	1,146	1,849	703
Town of Buchanan	9,550	9,550	-	(9,550)
Other recovered costs	295,405	295,405	443,562	148,157
Total recovered costs	\$ 1,918,212	\$ 1,918,212	\$ 2,313,123	\$ 394,911
Total revenue from local sources	\$ 56,226,554	\$ 56,779,912	\$ 59,996,442	\$ 3,216,530

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

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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>
<b>General Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 167,000	\$ 167,000	\$ 229,815	\$ 62,815
Communications sales and use taxes	585,000	585,000	526,729	(58,271)
Motor vehicle carriers' tax	3,000	3,000	-	(3,000)
Mobile home titling tax	122,000	122,000	163,272	41,272
Grantor's tax	118,000	118,000	-	(118,000)
Game of skills	-	-	61,200	61,200
Personal property tax relief funds	3,418,137	3,418,137	3,418,137	-
Total noncategorical aid	<u>\$ 4,413,137</u>	<u>\$ 4,413,137</u>	<u>\$ 4,399,153</u>	<u>\$ (13,984)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 456,000	\$ 456,000	\$ 452,272	\$ (3,728)
Sheriff	3,610,000	3,610,000	3,630,224	20,224
Commissioner of revenue	118,000	118,000	118,141	141
Treasurer	125,000	125,000	124,785	(215)
Registrar/electoral board	42,000	42,000	45,911	3,911
Clerk of the Circuit Court	328,000	328,000	333,127	5,127
Total shared expenses	<u>\$ 4,679,000</u>	<u>\$ 4,679,000</u>	<u>\$ 4,704,460</u>	<u>\$ 25,460</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 414,000	\$ 414,000	\$ 466,457	\$ 52,457
Comprehensive services act	955,787	955,787	1,017,951	62,164
Library grant	157,740	157,740	174,866	17,126
Property seizure	-	-	7,144	7,144
Fire program	110,000	110,000	118,850	8,850
Wireless E-911	115,900	115,900	121,988	6,088
Four for life	37,000	37,000	38,917	1,917
Local law enforcement block grants	7,500	7,500	-	(7,500)
VDEM grant	-	-	67,956	67,956
VATI Grant	-	-	192,864	192,864
Other categorical aid	100,200	100,200	159,206	59,006
Total other categorical aid	<u>\$ 1,898,127</u>	<u>\$ 1,898,127</u>	<u>\$ 2,366,199</u>	<u>\$ 468,072</u>
Total categorical aid	<u>\$ 6,577,127</u>	<u>\$ 6,577,127</u>	<u>\$ 7,070,659</u>	<u>\$ 493,532</u>
Total revenue from the Commonwealth	<u>\$ 10,990,264</u>	<u>\$ 10,990,264</u>	<u>\$ 11,469,812</u>	<u>\$ 479,548</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 235,000	\$ 235,000	\$ 261,075	\$ 26,075

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

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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>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Public assistance and welfare administration	\$ 803,649	\$ 803,649	\$ 917,563	\$ 113,914
Emergency management grant	-	-	7,500	7,500
Child support enforcement	3,000	3,000	3,400	400
State and community highway safety	16,000	16,000	17,269	1,269
FEMA disaster	-	-	41,457	41,457
COVID-19 Coronavirus relief funds	-	-	6,892,083	6,892,083
Total categorical aid	<u>\$ 822,649</u>	<u>\$ 822,649</u>	<u>\$ 7,879,272</u>	<u>\$ 7,056,623</u>
Total revenue from the federal government	<u>\$ 1,057,649</u>	<u>\$ 1,057,649</u>	<u>\$ 8,140,347</u>	<u>\$ 7,082,698</u>
Total General Fund	<u>\$ 68,274,467</u>	<u>\$ 68,827,825</u>	<u>\$ 79,606,601</u>	<u>\$ 10,778,776</u>
Total Primary Government	<u>\$ 68,274,467</u>	<u>\$ 68,827,825</u>	<u>\$ 79,606,601</u>	<u>\$ 10,778,776</u>
<b>Discretely Presented Component Unit School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 250	\$ 250	\$ 4,479	\$ 4,229
Revenue from the use of property	20,000	20,000	-	(20,000)
Total revenue from use of money and property	<u>\$ 20,250</u>	<u>\$ 20,250</u>	<u>\$ 4,479</u>	<u>\$ (15,771)</u>
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 109,503	\$ 109,503
Transportation of pupils	20,000	20,000	-	(20,000)
Tuition and payments from other divisions	70,500	70,500	32,868	(37,632)
Total charges for services	<u>\$ 90,500</u>	<u>\$ 90,500</u>	<u>\$ 142,371</u>	<u>\$ 51,871</u>
Miscellaneous:				
Miscellaneous	\$ 204,784	\$ 204,784	\$ 422,755	\$ 217,971
Total miscellaneous	<u>\$ 204,784</u>	<u>\$ 204,784</u>	<u>\$ 422,755</u>	<u>\$ 217,971</u>
Recovered costs:				
Other recovered costs	\$ 282,000	\$ 282,000	\$ 128,659	\$ (153,341)
Total recovered costs	<u>\$ 282,000</u>	<u>\$ 282,000</u>	<u>\$ 128,659</u>	<u>\$ (153,341)</u>
Total revenue from local sources	<u>\$ 597,534</u>	<u>\$ 597,534</u>	<u>\$ 698,264</u>	<u>\$ 100,730</u>

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

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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>
<b>Discretely Presented Component Unit School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Botetourt, Virginia	\$ 26,096,901	\$ 26,518,541	\$ 24,176,492	\$ (2,342,049)
Total revenues from local governments	\$ 26,096,901	\$ 26,518,541	\$ 24,176,492	\$ (2,342,049)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,350,028	\$ 5,350,028	\$ 6,076,025	\$ 725,997
Basic school aid	13,883,262	13,883,262	13,158,350	(724,912)
Remedial summer education	16,746	16,746	26,926	10,180
Regular foster care	65,250	65,250	96,320	31,070
Adult secondary education	8,386	8,386	8,387	1
Gifted and talented	146,256	146,256	137,350	(8,906)
Remedial education	227,998	227,998	217,687	(10,311)
School food	22,871	22,871	17,488	(5,383)
Special education	1,756,918	1,756,918	1,634,215	(122,703)
Textbook payment	291,702	291,702	278,510	(13,192)
Standards of Learning algebra readiness	34,617	34,617	32,504	(2,113)
Vocational education SOQ payments	341,997	341,997	326,531	(15,466)
Social security fringe benefits	814,279	814,279	777,455	(36,824)
Share of fringe benefits	1,897,269	1,897,269	1,811,469	(85,800)
Group life insurance instructional	57,000	57,000	54,422	(2,578)
State lottery payments	1,019,066	1,019,066	1,080,709	61,643
Early reading intervention	81,392	81,392	77,108	(4,284)
Homebound education	11,261	11,261	7,349	(3,912)
Vocational education	133,924	133,924	63,194	(70,730)
Special education - foster children	67,463	67,463	23,180	(44,283)
At risk payments	208,218	208,218	198,801	(9,417)
Mentor teacher program	1,264	1,264	2,351	1,087
Reduced K-3	70,658	70,658	75,035	4,377
At risk four-year olds	125,777	125,777	87,409	(38,368)
English as a second language	55,340	55,340	59,231	3,891
VPSA technology grant	336,000	336,000	344,488	8,488
Learning loss PPA	-	-	90,165	90,165
No loss funding	-	-	984,913	984,913
Other state funds	14,540	14,540	21,064	6,524
Total categorical aid	\$ 27,039,482	\$ 27,039,482	\$ 27,768,636	\$ 729,154
Total revenue from the Commonwealth	\$ 27,039,482	\$ 27,039,482	\$ 27,768,636	\$ 729,154

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

Schedule 1  
Page 6 of 6

<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>
<b>Discretely Presented Component Unit School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Schools and Roads Grant	\$ 50,000	\$ 50,000	\$ 47,784	\$ (2,216)
School breakfast and lunch program	1,877,768	1,877,768	1,301,073	(576,695)
School food distribution	-	-	103,386	103,386
Title V - Part A	25,000	25,000	17,592	(7,408)
Title I	510,000	510,000	425,238	(84,762)
Title VI-B, Special education flow-through	1,461,750	1,461,750	1,108,438	(353,312)
Vocational education	57,500	57,500	52,661	(4,839)
Adult basic education	35,000	35,000	-	(35,000)
Language acquisition grant	10,000	10,000	2,789	(7,211)
Improving teacher quality	150,000	150,000	65,370	(84,630)
COVID-19 Coronavirus Relief Funds	1,210,158	1,210,158	793,958	(416,200)
ESSER funds	-	-	206,170	206,170
TANF-preschool	-	-	26,933	26,933
Total categorical aid	\$ 5,387,176	\$ 5,387,176	\$ 4,151,392	\$ (1,235,784)
Total revenue from the federal government	\$ 5,387,176	\$ 5,387,176	\$ 4,151,392	\$ (1,235,784)
Total School Operating Fund	\$ 59,121,093	\$ 59,542,733	\$ 56,794,784	\$ (2,747,949)



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

<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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 235,466	\$ 238,278	\$ 232,616	\$ 5,662
Total legislative	\$ 235,466	\$ 238,278	\$ 232,616	\$ 5,662
General and financial administration:				
County administrator	\$ 679,545	\$ 798,610	\$ 771,881	\$ 26,729
Human resources	353,474	353,113	307,749	45,364
Central garage	102,981	102,931	94,563	8,368
Commissioner of revenue	441,475	441,168	423,282	17,886
Central purchasing	152,893	158,215	144,519	13,696
Treasurer	558,548	558,245	527,251	30,994
Management information systems	1,228,103	1,333,407	1,148,194	185,213
Financial services	343,262	348,129	338,191	9,938
Communications	-	9,999	4,393	5,606
Total general and financial administration	\$ 3,860,281	\$ 4,103,817	\$ 3,760,023	\$ 343,794
Board of elections:				
Electoral board/registrar	\$ 398,151	\$ 399,286	\$ 357,766	\$ 41,520
Total board of elections	\$ 398,151	\$ 399,286	\$ 357,766	\$ 41,520
Total general government administration	\$ 4,493,898	\$ 4,741,381	\$ 4,350,405	\$ 390,976
Judicial administration:				
Courts:				
Circuit court	\$ 69,385	\$ 69,385	\$ 66,770	\$ 2,615
General district court	23,965	47,716	38,211	9,505
Magistrate	2,985	2,985	2,522	463
Clerk of the circuit court	757,988	772,020	735,845	36,175
Juvenile and domestic relations district court	16,851	16,850	9,923	6,927
Total courts	\$ 871,174	\$ 908,956	\$ 853,271	\$ 55,685
Commonwealth's attorney:				
Commonwealth's attorney	\$ 861,188	\$ 861,816	\$ 814,984	\$ 46,832
Total commonwealth's attorney	\$ 861,188	\$ 861,816	\$ 814,984	\$ 46,832
Total judicial administration	\$ 1,732,362	\$ 1,770,772	\$ 1,668,255	\$ 102,517
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 5,513,042	\$ 6,354,276	\$ 5,608,370	\$ 745,906
Total law enforcement and traffic control	\$ 5,513,042	\$ 6,354,276	\$ 5,608,370	\$ 745,906

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

<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>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Fire departments and rescue squads	\$ 579,614	\$ 594,911	\$ 594,911	\$ -
Emergency communications	341,640	349,049	302,565	46,484
Total fire and rescue services	\$ 921,254	\$ 943,960	\$ 897,476	\$ 46,484
Correction and detention:				
County operated institutions - jail	\$ 5,050,134	\$ 5,252,486	\$ 5,033,493	\$ 218,993
Juvenile detention	175,000	175,000	165,012	9,988
Probation office	4,951	4,951	4,185	766
Total correction and detention	\$ 5,230,085	\$ 5,432,437	\$ 5,202,690	\$ 229,747
Development services:				
Building, planning, zoning and engineering	\$ 464,596	\$ 470,250	\$ 355,895	\$ 114,355
Total inspections	\$ 464,596	\$ 470,250	\$ 355,895	\$ 114,355
Other protection:				
Animal control	\$ 702,691	\$ 745,825	\$ 634,134	\$ 111,691
Emergency services	4,905,486	6,477,769	4,836,137	1,641,632
Dispatch	939,865	1,036,190	967,496	68,694
Courtroom security	-	206,318	35,221	171,097
Pandemic response	-	3,354,571	1,843,181	1,511,390
Total other protection	\$ 6,548,042	\$ 11,820,673	\$ 8,316,169	\$ 3,504,504
Total public safety	\$ 18,677,019	\$ 25,021,596	\$ 20,380,600	\$ 4,640,996
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 654,633	\$ 916,675	\$ 874,133	\$ 42,542
Total sanitation and waste removal	\$ 654,633	\$ 916,675	\$ 874,133	\$ 42,542
Maintenance of general buildings and grounds:				
General properties	\$ 1,064,905	\$ 1,153,528	\$ 1,102,008	\$ 51,520
Total maintenance of general buildings and grounds	\$ 1,064,905	\$ 1,153,528	\$ 1,102,008	\$ 51,520
Total public works	\$ 1,719,538	\$ 2,070,203	\$ 1,976,141	\$ 94,062
Health and welfare:				
Health:				
Supplement of local health department	\$ 2,640,817	\$ 2,640,817	\$ 2,213,853	\$ 426,964
Total health	\$ 2,640,817	\$ 2,640,817	\$ 2,213,853	\$ 426,964
Mental health and mental retardation:				
Mental health contribution	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total mental health and mental retardation	\$ 40,000	\$ 40,000	\$ 40,000	\$ -

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

<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>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and programs	\$ 1,444,132	\$ 1,647,131	\$ 1,581,413	\$ 65,718
Comprehensive services act	1,553,922	1,903,841	1,742,413	161,428
Senior van program	102,804	101,898	81,215	20,683
Tax relief for the elderly*	-	554,758	554,758	-
Other welfare programs	27,500	27,500	27,500	-
Total welfare	\$ 3,128,358	\$ 4,235,128	\$ 3,987,299	\$ 247,829
Total health and welfare	\$ 5,809,175	\$ 6,915,945	\$ 6,241,152	\$ 674,793
Education:				
Other instructional costs:				
Contribution to Community Colleges	\$ 42,140	\$ 42,140	\$ 42,140	\$ -
Contribution to County School Board	25,269,241	25,269,241	24,176,492	1,092,749
Total education	\$ 25,311,381	\$ 25,311,381	\$ 24,218,632	\$ 1,092,749
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 1,458,488	\$ 1,458,258	\$ 947,911	\$ 510,347
Sports complex	381,937	381,868	131,664	250,204
YMCA support	300,000	300,000	300,000	-
Total parks and recreation	\$ 2,140,425	\$ 2,140,126	\$ 1,379,575	\$ 760,551
Cultural enrichment:				
Contributions to cultural organizations	\$ 23,000	\$ 27,500	\$ 27,500	\$ -
Total cultural enrichment	\$ 23,000	\$ 27,500	\$ 27,500	\$ -
Library:				
Library expenses	\$ 1,302,754	\$ 1,334,060	\$ 1,222,614	\$ 111,446
Total library	\$ 1,302,754	\$ 1,334,060	\$ 1,222,614	\$ 111,446
Total parks, recreation, and cultural	\$ 3,466,179	\$ 3,501,686	\$ 2,629,689	\$ 871,997
Community development:				
Planning and community development:				
Economic development - contributions	\$ 272,663	\$ 272,663	\$ 272,663	\$ -
Environmental management	20,111	20,111	20,111	-
Industrial development	33,750	137,784	77,632	60,152
Community development	726,676	735,518	556,657	178,861
Economic development	470,197	505,828	445,712	60,116
Contribution to Economic Development Authority	597,500	3,389,881	2,649,303	740,578
Broadband	-	2,465,296	2,465,296	-
Total planning and community development	\$ 2,120,897	\$ 7,527,081	\$ 6,487,374	\$ 1,039,707

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

<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>
<b>General Fund: (Continued)</b>				
Community development: (Continued)				
Cooperative extension program:				
Extension office	\$ 66,416	\$ 66,416	\$ 48,751	\$ 17,665
Total cooperative extension program	66,416	66,416	48,751	17,665
 Total community development	 \$ 2,187,313	 \$ 7,593,497	 \$ 6,536,125	 \$ 1,057,372
 Capital projects:				
Website design	\$ -	\$ 118,650	\$ 98,060	\$ 20,590
Greenfield education and training	436,000	401,380	400,207	1,173
Community recreation incentive program	-	6,469	1,938	4,531
Economic development program	75,000	75,000	41,040	33,960
Circuit courthouse complex	-	679,437	119,950	559,487
PC/laptop replacement	55,000	55,000	54,340	660
Enterprise-wide software	-	17,500	-	17,500
Tax software	-	94,977	48,781	46,196
E-summons purchases	-	21,190	12,643	8,547
Colonial elementary	-	14,858,841	13,312,113	1,546,728
Greenfield preservation area	-	28,105	2,869	25,236
Greenfield ETC mobile class	-	73,418	73,418	-
County offices and circuit court relocation	500,000	753,259	753,259	-
General district courthouse	-	30,000	-	30,000
Server and Storage Refresh	45,000	108,000	107,729	271
Voter Registration Expansion	75,000	138,141	138,141	-
West Center Drive	-	85,000	12,054	72,946
Comprehensive facility master plan	-	250,000	-	250,000
Broadband community assessment	-	41,000	41,000	-
Wireless access points	7,500	7,500	4,647	2,853
Cisco phone upgrade	80,000	65,796	65,796	-
LAN switch	15,000	23,812	23,812	-
Read Mountain fire station renovations	37,500	40,222	40,222	-
Other capital projects	60,000	336,698	72,207	264,491
Total capital projects	\$ 1,386,000	\$ 18,309,395	\$ 15,424,226	\$ 2,885,169
 Debt service:				
Principal retirement	\$ 3,224,699	\$ 3,244,699	\$ 3,234,693	\$ 10,006
Interest and other fiscal charges	1,921,801	1,921,801	1,921,801	-
Total debt service	\$ 5,146,500	\$ 5,166,500	\$ 5,156,494	\$ 10,006
 Total General Fund	 \$ 69,929,365	 \$ 100,402,356	 \$ 88,581,719	 \$ 11,820,637
 Total Primary Government	 \$ 69,929,365	 \$ 100,402,356	 \$ 88,581,719	 \$ 11,820,637

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

<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>
<b>Discretely Presented Component Unit School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 2,438,262	\$ 2,392,104	\$ 2,592,839	\$ (200,735)
Total administration of schools	<u>2,438,262</u>	<u>2,392,104</u>	<u>2,592,839</u>	<u>(200,735)</u>
Instruction costs:				
Instructional costs	\$ 44,808,375	\$ 44,178,673	\$ 40,336,427	\$ 3,842,246
Total instruction costs	<u>44,808,375</u>	<u>44,178,673</u>	<u>40,336,427</u>	<u>3,842,246</u>
Operating costs:				
Pupil transportation	\$ 4,096,426	\$ 3,699,298	\$ 3,698,191	\$ 1,107
Operation and maintenance of school plant	4,894,978	5,531,592	5,684,181	(152,589)
School food service	1,907,712	2,040,075	1,764,290	275,785
Facilities	77,000	2,244,309	965,155	1,279,154
Technology	2,195,926	2,374,939	2,763,883	(388,944)
Contribution to Botetourt EDA	-	-	149,500	(149,500)
Total operating costs	<u>\$ 13,172,042</u>	<u>\$ 15,890,213</u>	<u>\$ 15,025,200</u>	<u>\$ 865,013</u>
Total education	<u>\$ 60,418,679</u>	<u>\$ 62,460,990</u>	<u>\$ 57,954,466</u>	<u>\$ 4,506,524</u>
Debt service:				
Principal retirement	\$ 305,374	\$ 430,373	\$ 305,373	\$ 125,000
Interest and other fiscal charges	13,989	13,989	13,989	-
Total debt service	<u>\$ 319,363</u>	<u>\$ 444,362</u>	<u>\$ 319,362</u>	<u>\$ 125,000</u>
Total School Operating Fund	<u>\$ 60,738,042</u>	<u>\$ 62,905,352</u>	<u>\$ 58,273,828</u>	<u>\$ 4,631,524</u>

Note: Appropriations to the School Board are enforced at the fund level only.

\* item not subject to appropriation

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## STATISTICAL SECTION

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## Statistical Section

The statistical section of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the County's overall financial health. This information has not been audited by the independent auditor.

### Contents

### Tables

#### Financial Trends

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

1 - 6

#### Revenue Capacity

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

7 - 10

#### Debt Capacity

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

11 - 14

#### Demographic and Economic Information

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

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#### Operating Information

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

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

Table 1

**COUNTY OF BOTETOURT, VIRGINIA**  
Net Position by Component  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Net investment in capital assets	\$ 35,235,486	\$ 35,731,696	\$ 37,238,281	\$ 37,094,464	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820
Restricted	186,710	187,390	285,943	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836
Unrestricted	10,617,666	14,637,371	13,957,491	13,655,336	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416
Total governmental activities net position	\$ 46,039,862	\$ 50,556,457	\$ 51,481,715	\$ 50,999,192	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072
<b>Business-type activities</b>										
Net investment in capital assets	\$ 10,215,268	\$ 10,091,246	\$ 10,222,456	\$ 10,039,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,615,419	3,520,581	3,773,638	1,044,299	-	-	-	-	-	-
Total business-type activities net position	\$ 12,830,687	\$ 13,611,827	\$ 13,996,094	\$ 11,083,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Primary government</b>										
Net investment in capital assets	\$ 45,450,754	\$ 45,822,942	\$ 47,460,737	\$ 47,133,730	\$ 38,247,104	\$ 34,392,020	\$ 36,914,554	\$ 38,795,003	\$ 41,093,881	\$ 32,576,820
Restricted	186,710	187,390	285,943	249,392	276,250	122,663	430,509	593,603	1,064,456	1,487,836
Unrestricted	13,233,085	18,157,952	17,731,129	14,699,635	12,502,865	13,976,126	10,298,650	16,283,151	17,396,284	17,997,416
Total primary government net position	\$ 58,870,549	\$ 64,168,284	\$ 65,477,809	\$ 62,082,757	\$ 51,026,219	\$ 48,490,809	\$ 47,643,713	\$ 55,671,757	\$ 59,554,621	\$ 52,062,072

Source: County financial reports



COUNTY OF BOTETOURT, VIRGINIA  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 3,009,226	\$ 2,932,750	\$ 3,258,654	\$ 3,352,349	\$ 3,568,952	\$ 3,262,899	\$ 3,271,312	\$ 3,850,532	\$ 4,062,260	\$ 4,781,699
Judicial administration	1,284,630	1,317,267	1,421,543	1,359,135	1,375,872	1,447,717	1,387,205	1,433,388	1,509,133	1,616,739
Public safety	12,689,537	12,734,181	14,178,649	13,795,657	14,128,003	15,488,178	14,814,140	15,568,648	16,767,396	19,620,920
Public works	1,709,623	2,230,035	2,010,971	1,937,224	2,120,535	3,037,534	1,844,947	2,105,297	2,355,669	4,347,033
Health and welfare	3,427,728	3,249,941	3,415,997	3,343,542	3,518,667	3,670,109	3,521,856	3,612,811	4,315,321	6,055,077
Education	21,703,533	22,291,399	22,911,062	23,089,557	24,384,045	28,951,576	29,253,247	25,471,753	26,539,961	30,972,796
Parks, recreation and cultural	3,193,686	2,980,612	3,194,559	3,167,746	3,586,367	2,907,748	2,850,232	3,045,560	3,247,448	2,684,848
Community development	533,841	307,960	246,185	1,042,460	3,449,970	5,287,420	2,432,431	3,926,147	3,290,998	12,120,125
Interest on long-term debt	1,805,765	1,595,978	1,509,639	1,230,403	1,134,705	1,039,664	1,571,127	1,881,932	1,760,043	1,612,733
Total governmental activities expenses	\$ 49,357,569	\$ 49,640,123	\$ 52,147,259	\$ 52,318,073	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970
Business-type activities:										
Water	\$ 2,664,729	\$ 2,819,888	\$ 2,883,325	\$ 2,789,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government expenses	\$ 52,022,298	\$ 52,460,011	\$ 55,030,584	\$ 55,107,668	\$ 57,267,066	\$ 65,092,845	\$ 60,946,497	\$ 60,896,068	\$ 63,848,229	\$ 83,811,970
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 308	\$ 1,154	\$ 600	\$ 736	\$ 131,950	\$ 68,472	\$ 84,938	\$ 91,880	\$ 84,832	\$ 77,444
Judicial administration	223,594	240,931	276,141	263,000	217,156	180,704	126,667	115,017	100,747	108,840
Public safety	395,365	479,049	550,788	591,880	623,338	547,878	592,072	864,333	617,684	636,719
Public works	141,865	155,792	162,979	163,934	171,249	184,054	200,839	222,436	256,710	259,088
Parks, recreation and cultural	183,585	165,958	183,661	186,413	167,683	160,335	150,661	180,721	133,466	20,527
Operating grants and contributions	6,848,849	6,565,401	6,753,916	6,788,151	8,642,874	10,392,900	6,904,529	8,129,008	8,989,679	14,949,931
Total governmental activities program revenues	\$ 7,793,566	\$ 7,608,285	\$ 7,928,085	\$ 7,994,114	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549
Business-type activities:										
Charges for services:										
Water	\$ 3,019,701	\$ 3,577,258	\$ 3,270,261	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business-type activities program revenues	\$ 3,019,701	\$ 3,577,258	\$ 3,270,261	\$ 3,001,021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government program revenues	\$ 10,813,267	\$ 11,185,543	\$ 11,198,346	\$ 10,995,135	\$ 9,954,250	\$ 11,534,343	\$ 8,059,706	\$ 9,603,395	\$ 10,183,118	\$ 16,052,549

**COUNTY OF BOTETOURT, VIRGINIA**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) / revenue										
Governmental activities	\$ (41,564,003)	\$ (42,031,838)	\$ (44,219,174)	\$ (44,323,959)	\$ (47,312,816)	\$ (53,558,502)	\$ (52,886,791)	\$ (51,292,673)	\$ (53,665,111)	\$ (67,759,421)
Business-type activities	354,972	757,370	386,936	211,426	-	-	-	-	-	-
Total primary government net expense	<u>\$ (41,209,031)</u>	<u>\$ (41,274,468)</u>	<u>\$ (43,832,238)</u>	<u>\$ (44,112,533)</u>	<u>\$ (47,312,816)</u>	<u>\$ (53,558,502)</u>	<u>\$ (52,886,791)</u>	<u>\$ (51,292,673)</u>	<u>\$ (53,665,111)</u>	<u>\$ (67,759,421)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 29,822,572	\$ 33,065,115	\$ 33,063,716	\$ 33,933,251	\$ 34,668,727	\$ 38,120,606	\$ 39,698,191	\$ 40,970,422	\$ 42,784,283	\$ 46,974,383
Local sales and use taxes	2,164,312	2,226,360	2,514,913	2,677,918	2,900,954	2,835,846	2,744,051	3,034,992	3,281,555	3,488,964
Taxes on recordation and wills	256,065	310,308	269,869	263,879	305,433	381,730	352,757	397,587	416,941	588,920
Motor vehicle licenses taxes	647,083	647,951	661,412	668,174	657,801	666,327	653,037	674,493	657,354	664,525
Consumers' utility taxes	695,430	702,303	710,204	712,242	709,924	714,794	571,118	574,527	584,390	588,920
Business licenses taxes	829,929	875,526	840,808	823,543	851,925	813,572	910,399	947,815	976,576	1,010,804
Other local taxes	1,689,951	1,689,435	1,821,605	1,804,665	1,918,323	2,021,210	2,302,760	2,469,760	2,200,393	2,276,541
Unrestricted grants and contributions	4,619,808	4,663,034	4,653,193	4,636,128	4,655,097	4,647,481	4,695,818	4,673,792	4,650,129	4,660,228
Unrestricted revenues from use of money and property	647,477	571,498	369,202	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078
Miscellaneous	235,015	217,703	221,521	195,928	236,630	236,602	185,589	729,999	391,730	424,924
Gain (loss) on disposal of capital assets	-	1,582,755	-	-	-	-	-	-	-	-
Special item - Gain on transfer of landfill rights	-	-	-	-	-	-	-	3,059,966	-	-
Transfers	7,657	(3,555)	17,989	2,975,826	9,999	-	-	-	-	-
Total governmental activities	<u>\$ 41,615,299</u>	<u>\$ 46,548,433</u>	<u>\$ 45,144,432</u>	<u>\$ 49,169,331</u>	<u>\$ 47,339,843</u>	<u>\$ 51,023,092</u>	<u>\$ 53,074,400</u>	<u>\$ 59,320,717</u>	<u>\$ 57,547,975</u>	<u>\$ 61,254,287</u>
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 26,128	\$ 20,215	\$ 15,320	\$ 14,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special item - Loss on transfer of operations	-	-	-	-	(11,073,566)	-	-	-	-	-
Transfers	(7,657)	3,555	(17,989)	(2,975,826)	(9,999)	-	-	-	-	-
Total business-type activities	<u>\$ 18,471</u>	<u>\$ 23,770</u>	<u>\$ (2,669)</u>	<u>\$ (2,961,523)</u>	<u>\$ (11,083,565)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 41,633,770</u>	<u>\$ 46,572,203</u>	<u>\$ 45,141,763</u>	<u>\$ 46,207,808</u>	<u>\$ 36,256,278</u>	<u>\$ 51,023,092</u>	<u>\$ 53,074,400</u>	<u>\$ 59,320,717</u>	<u>\$ 57,547,975</u>	<u>\$ 61,254,287</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 51,296	\$ 4,516,595	\$ 925,258	\$ 4,845,372	\$ 27,027	\$ (2,535,410)	\$ 187,609	\$ 8,028,044	\$ 3,882,864	\$ (6,505,134)
Business-type activities	373,443	781,140	384,267	(2,750,097)	(11,083,565)	-	-	-	-	-
Total primary government	<u>\$ 424,739</u>	<u>\$ 5,297,735</u>	<u>\$ 1,309,525</u>	<u>\$ 2,095,275</u>	<u>\$ (11,056,538)</u>	<u>\$ (2,535,410)</u>	<u>\$ 187,609</u>	<u>\$ 8,028,044</u>	<u>\$ 3,882,864</u>	<u>\$ (6,505,134)</u>

Source: County financial reports

Table 3

**COUNTY OF BOTETOURT, VIRGINIA**  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

Fiscal Year	Property Tax	Local sales and use Tax	Consumers' Utility Tax	Motor		Record-ation and Wills Tax	Business License Tax	Restaurant Food Tax	Other Local Taxes	Total
				Vehicle License Tax						
2021	\$ 46,974,383	\$ 3,488,964	\$ 588,920	\$ 664,525	\$ 588,920	\$ 1,010,804	\$ 1,438,291	\$ 838,250	\$ 55,593,057	
2020	42,784,283	3,281,555	584,390	657,354	416,941	976,576	1,380,403	819,990	50,901,492	
2019	40,970,422	3,034,992	574,527	674,493	397,587	947,815	1,529,324	940,436	49,069,596	
2018	39,698,191	2,744,051	572,118	653,037	352,757	910,399	1,431,301	871,459	47,233,313	
2017	38,120,606	2,835,846	714,794	666,327	381,730	813,572	1,302,205	719,005	45,554,085	
2016	34,668,727	2,900,954	709,924	657,801	305,433	851,925	1,294,246	624,077	42,013,087	
2015	33,933,251	2,677,918	712,242	668,174	263,879	823,543	1,244,855	559,810	40,883,672	
2014	33,063,716	2,514,913	710,204	661,412	269,869	840,808	1,209,735	611,870	39,882,527	
2013	33,065,115	2,226,360	702,303	647,951	310,308	875,526	1,135,809	553,626	39,516,998	
2012	29,822,572	2,164,312	695,430	647,083	256,065	829,929	1,142,513	547,438	36,105,342	

Source: County financial reports

Note: The motor vehicle license tax was not collected In FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Table 4

**COUNTY OF BOTETOURT, VIRGINIA**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Reserved/Restricted	\$ 186,710	\$ 187,390	\$ 285,943	\$ 775,696	\$ 276,250	\$ 122,663	\$ 23,005,779	\$ 21,785,746	\$ 11,665,803	\$ 1,487,836
Assigned/Committed	-	1,643,315	992,671	1,300,957	-	-	-	800,000	487,500	1,238,139
Unreserved/Unassigned	15,545,586	18,164,705	18,289,310	22,478,701	21,862,769	22,988,746	25,517,069	26,793,545	27,721,715	27,909,735
Non-spendable	121,510	255,005	227,218	251,649	235,716	147,063	1,317,058	676,031	269,373	533,563
Total general fund	\$ 15,853,806	\$ 20,250,415	\$ 19,795,142	\$ 24,807,003	\$ 22,374,735	\$ 23,258,472	\$ 49,839,906	\$ 50,055,322	\$ 40,144,391	\$ 31,169,273

Note: The County implemented GASB 54 during the fiscal year ending June 30, 2011. As such, fund balance classifications have changed to include amounts that are restricted assigned, and nonspendable as reported above for years ending on June 30, 2011 and thereafter.

Source: County financial reports

Table 5

**COUNTY OF BOTETOURT, VIRGINIA**  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
General property taxes	\$ 29,814,950	\$ 33,052,057	\$ 33,167,127	\$ 34,032,340	\$ 34,656,986	\$ 38,014,898	\$ 39,686,234	\$ 40,967,373	\$ 42,787,623	\$ 46,961,025
Other local taxes	6,282,770	6,451,883	6,818,811	6,950,421	7,344,360	7,433,479	7,535,122	8,099,174	8,117,209	8,618,674
Permits, privilege fees and regulatory licenses	174,240	237,446	245,505	312,369	498,046	384,983	475,519	525,329	366,880	389,147
Fines and forfeitures	154,048	132,627	139,238	141,023	105,481	112,769	77,064	64,213	50,775	49,976
Revenue from use of money and property	647,477	571,498	369,202	477,777	425,030	584,924	959,680	1,787,364	1,604,624	576,078
Charges for services	616,429	672,811	789,426	752,571	707,849	643,691	602,594	884,845	775,784	663,495
Miscellaneous	235,015	217,703	221,521	195,928	236,630	236,602	185,589	729,999	391,730	424,924
Recovered costs	1,657,121	1,396,735	1,391,628	1,563,432	1,546,004	1,813,036	2,072,357	2,128,298	2,254,453	2,313,123
Intergovernmental:										
Commonwealth	9,961,769	9,854,658	10,229,724	10,507,516	12,355,099	14,118,464	10,568,246	11,722,009	12,307,520	11,469,812
Federal	1,506,888	1,373,777	1,171,385	916,763	942,872	921,917	1,032,101	1,080,791	1,332,288	8,140,347
<b>Total revenues</b>	<b>\$ 51,050,707</b>	<b>\$ 53,961,195</b>	<b>\$ 54,549,567</b>	<b>\$ 55,850,140</b>	<b>\$ 58,818,357</b>	<b>\$ 64,264,763</b>	<b>\$ 63,194,506</b>	<b>\$ 67,989,395</b>	<b>\$ 69,988,886</b>	<b>\$ 79,606,601</b>
<b>Expenditures</b>										
General government administration	\$ 3,163,761	\$ 2,865,931	\$ 3,443,109	\$ 3,630,519	\$ 3,877,689	\$ 3,430,318	\$ 3,489,398	\$ 3,913,231	\$ 4,185,054	\$ 4,350,405
Judicial administration	1,277,824	1,308,558	1,419,922	1,418,447	1,436,618	1,508,125	1,426,771	1,516,370	1,589,592	1,668,255
Public safety	13,447,745	13,406,454	15,094,607	14,972,418	15,911,380	16,283,139	15,758,959	17,961,187	18,691,250	20,380,600
Public works	1,727,229	1,666,210	1,739,422	1,735,611	1,855,518	1,995,355	1,714,161	1,563,162	1,707,163	1,976,141
Health and welfare	3,471,988	3,293,613	3,458,579	3,461,038	3,606,886	3,739,064	3,546,407	3,752,760	4,443,166	6,241,152
Education	20,577,954	21,165,820	21,785,483	21,963,977	23,258,465	24,052,579	23,922,434	24,607,991	25,705,391	24,218,632
Parks, recreation and cultural	2,908,001	2,687,058	3,030,846	2,963,364	3,456,445	2,690,490	2,630,626	2,843,713	2,974,340	2,629,689
Community development	289,055	304,429	242,770	211,088	3,417,586	5,274,461	2,043,143	3,958,438	3,194,929	6,536,125
Capital projects	261,819	92,247	776,212	122,404	594,223	1,035,549	8,712,817	2,948,598	12,816,202	15,424,226
Debt service										
Principal	2,838,515	2,787,190	2,881,768	3,055,330	2,587,313	2,150,758	2,199,943	2,789,648	2,541,442	3,234,693
Bond issuance cost	-	-	-	108,500	-	-	261,812	-	-	-
Interest and other fiscal charges	1,799,409	1,688,774	1,596,483	1,243,450	1,311,631	1,218,669	1,152,285	1,918,881	2,051,288	1,921,801
<b>Total expenditures</b>	<b>\$ 51,763,310</b>	<b>\$ 51,266,284</b>	<b>\$ 55,469,201</b>	<b>\$ 54,886,146</b>	<b>\$ 61,313,754</b>	<b>\$ 63,378,507</b>	<b>\$ 66,858,756</b>	<b>\$ 67,773,979</b>	<b>\$ 79,899,817</b>	<b>\$ 88,581,719</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (712,603)</b>	<b>\$ 2,694,911</b>	<b>\$ (919,634)</b>	<b>\$ 963,994</b>	<b>\$ (2,495,397)</b>	<b>\$ 886,256</b>	<b>\$ (3,664,250)</b>	<b>\$ 215,416</b>	<b>\$ (9,910,931)</b>	<b>\$ (8,975,118)</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 7,657	\$ -	\$ 17,989	\$ 3,175,826	\$ 9,999	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	(3,555)	-	-	-	(2,519)	-	-	-	-
Proceeds from refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	14,985,611	-	-	-	-	-	-
Proceeds of general obligation bonds	-	-	-	(14,878,212)	-	-	-	-	-	-
Premium on general obligation bonds	-	-	446,372	-	-	-	28,965,329	-	-	-
Premium on general obligation bonds	-	-	-	-	-	-	1,280,355	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-	-
Sale of assets	341,901	1,705,253	-	526,304	53,130	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ 349,558</b>	<b>\$ 1,701,698</b>	<b>\$ 464,361</b>	<b>\$ 4,047,867</b>	<b>\$ 63,129</b>	<b>\$ (2,519)</b>	<b>\$ 30,245,684</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net change in fund balances</b>	<b>\$ (363,045)</b>	<b>\$ 4,396,609</b>	<b>\$ (455,273)</b>	<b>\$ 5,011,861</b>	<b>\$ (2,432,268)</b>	<b>\$ 883,737</b>	<b>\$ 26,581,434</b>	<b>\$ 215,416</b>	<b>\$ (9,910,931)</b>	<b>\$ (8,975,118)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>9.15%</b>	<b>8.88%</b>	<b>8.40%</b>	<b>8.00%</b>	<b>6.61%</b>	<b>5.41%</b>	<b>5.39%</b>	<b>7.42%</b>	<b>6.95%</b>	<b>7.05%</b>

Source: County financial reports

Table 6

**COUNTY OF BOTETOURT, VIRGINIA**  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

Fiscal Year	Property		Local sales and use		Consumers' Utility		Motor Vehicle License		Record-ation and Wills Tax		Business License Tax		Other Local Taxes		Total	
	Tax		Tax		Tax		Tax		Tax		Tax		Tax			
2021	\$	46,961,025	\$	3,488,964	\$	588,920	\$	664,525	\$	566,371	\$	1,010,804	\$	2,299,090	\$	55,579,699
2020		42,787,623		3,281,555		584,390		657,354		416,941		976,576		2,200,393		50,904,832
2019		40,967,373		3,034,992		574,527		674,493		397,587		947,815		2,469,760		49,066,547
2018		39,686,234		2,744,051		572,118		653,037		352,757		910,399		2,302,760		47,221,356
2017		38,014,898		2,835,846		568,681		666,327		381,730		813,572		2,167,323		45,448,377
2016		34,656,986		2,900,954		565,368		657,801		305,433		851,925		2,062,879		42,001,346
2015		34,032,340		2,677,918		562,325		668,174		263,879		823,543		1,954,582		40,982,761
2014		33,167,127		2,514,913		558,366		661,412		269,869		840,808		1,973,443		39,985,938
2013		33,052,057		2,226,360		702,303		647,951		310,308		875,526		1,689,435		39,503,940
2012		29,814,950		2,164,312		695,430		647,083		256,065		829,929		1,689,951		36,097,720

Note: The motor vehicle license tax was not collected in FY08, as the County eliminated vehicle decals. The tax will be a fee collected with the personal property taxes due each December.

Source: County financial reports

Table 7

**COUNTY OF BOTETOURT, VIRGINIA**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2021	\$ 3,819,528,400	\$ 412,607,816	\$ 5,668,078	\$ 260,336,873	n/a	\$ 518,671,936	0.997	\$ 5,016,813,103	\$ 5,016,813,103	100.00%
2020	3,434,468,603	398,475,627	6,493,769	246,438,071	n/a	443,090,758	1.010	4,528,966,828	4,528,966,828	100.00%
2019	3,383,680,365	373,024,564	6,269,452	214,817,351	n/a	421,609,952	1.002	4,399,401,684	4,399,401,684	100.00%
2018	3,341,675,855	353,464,762	5,956,583	206,025,238	n/a	377,553,798	0.997	4,284,676,236	4,284,676,236	100.00%
2017	3,351,117,360	351,925,121	6,090,836	192,175,546	n/a	285,856,059	0.998	4,187,164,922	4,187,164,922	100.00%
2016	3,307,696,135	332,372,947	6,992,559	191,005,313	n/a	246,481,530	0.926	4,084,548,484	4,084,548,484	100.00%
2015	3,287,828,902	318,709,760	7,060,247	186,676,796	n/a	220,905,260	0.922	4,021,180,965	4,021,180,965	100.00%
2014	3,257,599,002	314,360,176	7,134,407	175,191,835	n/a	218,475,707	0.919	3,972,761,127	3,972,761,127	100.00%
2013	3,242,699,650	311,958,061	6,950,130	182,418,399	n/a	208,049,845	0.921	3,952,076,085	3,952,076,085	100.00%
2012	3,218,025,862	310,059,737	6,997,205	173,908,916	n/a	194,395,467	0.870	3,903,387,187	3,903,387,187	100.00%

Source: Commissioner of Revenue  
Tax rate is per \$100 of assessed value.

Table 8

**COUNTY OF BOTETOURT, VIRGINIA**  
Property Tax Rates (1)  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Years	Direct Rates							Overlapping Rates	
	Town of Buchanan							Town of Buchanan	
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital	Total Direct Tax Rate	Real Estate	Personal Property	
2021 \$	0.79	\$ 2.71	\$ 0.79	1.80	n/a	\$ -	0.19	\$ 0.32	
2020	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32	
2019	0.79	2.71	0.79	1.80	n/a	1.002	0.19	0.32	
2018	0.79	2.71	0.79	1.80	n/a	0.997	0.19	0.32	
2017	0.79	2.71	0.79	1.80	n/a	0.998	0.19	0.32	
2016	0.72	2.63	0.72	1.80	n/a	0.926	0.19	0.32	
2015	0.72	2.63	0.72	1.80	n/a	0.922	0.19	0.32	
2014	0.72	2.63	0.72	1.80	n/a	0.919	0.19	0.32	
2013	0.72	2.63	0.72	1.80	n/a	0.921	0.19	0.32	
2012	0.65	2.55	0.65	1.80	n/a	0.870	0.19	0.32	

Source: Commissioner of the Revenue

(1) Per \$100 of assessed value

Total Direct Tax Rate is for County only; information to develop direct rate inclusive of Town was not readily available.



Table 9

**COUNTY OF BOTETOURT, VIRGINIA**  
Principal Property Taxpayers  
Current Year and the Period Nine Years Prior  
(dollars in millions)

Taxpayer	Type Business	Fiscal Year 2021			Fiscal Year 2012		
		2020	% of Total		2011	% of Total	
		Assessed Valuation	Assessed Valuation		Assessed Valuation	Assessed Valuation	
American Electric Power	Utility	\$ 364.0	7.33%		\$ 77.4	1.98%	
Roanoke Cement	Manufacturing	114.9	2.32%		102.5	2.63%	
Dynax America Corporation	Manufacturing	63.1	1.27%		32.9	0.84%	
Metalsa Roanoke	Manufacturing	57.6	1.16%		46.8	1.20%	
Eldor Corporation	Manufacturing	45.2	0.91%		-	-	
New River Electrical	Construction	41.0	0.83%		15.2	0.39%	
Ballast Point (Constellation Brands)	Brewing Company	37.2	0.75%		-	-	
Altec Industries	Manufacturing	37.1	0.75%		12.9	0.33%	
Roanoke Gas	Utility	31.4	0.63%		14.5	0.37%	
CSX Transportation	Railroad	24.1	0.49%		15.7	0.40%	
	Totals	\$ 815.6	16.44%		\$ 317.9	8.14%	

Source: Commissioner of Revenue

Table 10

**COUNTY OF BOTETOURT, VIRGINIA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30	Total Tax Levy for Fiscal Year(1)	Collected within the			Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2021	\$ 43,750,156	\$ 43,198,536	98.74%	\$ -	-	43,198,536	98.74%
2020	42,055,900	41,531,794	98.75%	379,538	379,538	41,911,332	99.66%
2019	40,311,541	39,741,256	98.59%	439,001	439,001	40,180,257	99.67%
2018	38,998,700	38,608,350	99.00%	389,826	389,826	38,998,176	100.00%
2017	37,675,151	36,987,684	98.18%	443,498	443,498	37,431,182	99.35%
2016	34,091,602	33,612,597	98.59%	407,226	407,226	34,019,823	99.79%
2015	33,381,580	32,921,494	98.62%	390,340	390,340	33,311,834	99.79%
2014	32,788,844	32,281,609	98.45%	464,083	464,083	32,745,692	99.87%
2013	32,638,807	32,057,003	98.22%	572,599	572,599	32,629,602	99.97%
2012	29,469,926	28,899,357	98.06%	487,435	487,435	29,386,792	99.72%

(1) Levy and collections include amounts due under the State Personal Property Tax Relief Act.

Source of information: Commissioner of the Revenue's assessment records and the Treasurer's collections records.

Table 11

**COUNTY OF BOTETOURT, VIRGINIA**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Years	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
	General		Literary Fund Loans	Other		Revenue Bonds	Capital							
	Obligation	Bonds		Notes/ Bonds	Leases		Leases							
2021	\$	45,692,719	\$	53,860	\$	-	\$	-	\$	-	\$	45,746,579	2.65%	\$ 1,362
2020		48,819,360		455,790		-		-		-		49,275,150	2.95%	1,471
2019		51,145,429		857,720		-		121,359		-		52,124,508	3.26%	1,566
2018		53,471,360		1,509,650		-		239,315		-		55,220,325	3.54%	1,656
2017		24,845,517		2,161,580		-		353,964		-		27,361,061	1.76%	825
2016		26,423,079		2,813,510		-		465,397		-		29,701,986	1.90%	887
2015		28,432,950		3,465,440		-		526,304		8,949,142		41,373,836	2.65%	1,234
2014		29,907,498		4,117,370		-		-		9,152,023		43,176,891	2.85%	1,292
2013		31,735,140		4,769,300		-		-		9,126,667		45,631,107	3.02%	1,371
2012		33,914,576		5,421,230		-		-		7,820,511		47,156,317	3.23%	1,412

Source: County financial reports

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

(1) See the Schedule of Demographic and Economic Statistics - Table 16

Table 12

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service		Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)		Net Bonded Debt per Capita (1)
2021	\$ 45,746,579	\$ -	\$ -	\$ 45,746,579	0.91%	\$	1,362
2020	49,275,150	-	-	49,275,150	1.09%		1,471
2019	52,003,149	-	-	52,003,149	1.18%		1,562
2018	54,981,010	-	-	54,981,010	1.28%		1,649
2017	27,007,097	-	-	27,007,097	0.64%		814
2016	29,236,589	-	-	29,236,589	0.72%		873
2015	31,898,390	-	-	31,898,390	0.79%		952
2014	34,024,868	-	-	34,024,868	0.86%		1,018
2013	36,504,440	-	-	36,504,440	0.92%		1,096
2012	39,335,806	-	-	39,335,806	1.01%		1,178

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 16

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

(3) Includes all long-term general obligation bonded debt, Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences. Bond indebtedness includes debt to be repaid with general government resources.

Source: County financial reports

Table 13

**COUNTY OF BOTETOURT, VIRGINIA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with taxes: Town of Troutville	\$ 244,829	100%	\$ 244,829
Subtotal, overlapping debt			<u>\$ 244,829</u>
County of Botetourt, direct debt			\$ 45,746,579
Total direct and overlapping debt			<u>\$ 45,991,408</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This table estimates the portion of the outstanding debt of those overlapping government's that is borne by the residents and businesses of the County of Botetourt. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries and dividing it by the Town's total taxable assessed value.

Source: Financial reports of Towns within the County.

Table 14

**COUNTY OF BOTETOURT, VIRGINIA**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Water/Sewer Revenue Bonds					Special Assessment Bonds			
	Water/ Sewer Charges and Other(1)	Less: Operating Expenses	Net Available Revenue		Debt Service	Special Assessment Collections	Principal	Interest	Coverage
			Revenue	Interest					
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2019	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2018	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2017	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2015 \$	3,015,324 \$	1,559,272 \$	1,456,052 \$	290,208	675,725 \$	n/a	n/a	n/a	n/a
2014	6,812,390	1,774,092	5,038,298	327,591	604,659	n/a	n/a	n/a	n/a
2013	7,136,660	1,736,393	5,400,267	268,949	527,590	n/a	n/a	n/a	n/a
2012	5,590,913	1,595,354	3,995,559	284,171	498,158	n/a	n/a	n/a	n/a

Note: The County has had no special assessment bonds activity during this period.

(1) Other includes cash and cash equivalents and contributions available for funding debt service.

Effective July 1, 2015, the County's water and sewer operations were transferred to the Western Virginia Water Authority; therefore, no activity occurs after this date.

Source: County financial reports

Table 15

**COUNTY OF BOTETOURT, VIRGINIA**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income		Per Capita Personal Income	Median Age	School Enrollment	Unemploy- ment Rate
		(thousands of dollars)	(thousands of dollars)				
2021	33,596	\$	1,729,024	\$ 51,465	47.2	4,301	3.90%
2020	33,494		1,672,975	49,948	47.0	4,539	3.73%
2019	33,288		1,598,263	48,013	47.2	4,540	2.58%
2018	33,350		1,559,046	46,748	46.9	4,548	3.10%
2017	33,176		1,553,002	46,811	46.9	4,553	3.64%
2016	33,486		1,508,712	45,055	44.9	4,675	3.70%
2015	33,521		1,564,224	46,664	44.9	4,780	4.62%
2014	33,423		1,514,730	45,320	44.9	4,777	5.07%
2013	33,293		1,508,839	45,320	44.9	4,876	5.18%
2012	33,399		1,460,238	43,721	44.9	4,984	5.57%

Population Source: Weldon Cooper Center (most recent year not available; estimate used)

Income Source: U.S. Bureau of Economic Analysis (most recent year not available)

Median Age figures are estimates using year 2010 (provided by U.S. Census Bureau) as benchmark

School enrollment is derived from March ADM (Average Daily Membership) figures

Unemployment Rate Source: Virginia Employment Commission

Table 16

## COUNTY OF BOTETOURT, VIRGINIA

## Principal Employers

Current Year and Nine Years Ago

	Fiscal Year 2021			Fiscal Year 2012		
	Employer	Rank	Ownership	Number of Employees	Rank	Ownership
	Altec Industries Inc	1	Private	1000 and over	3	Private
	Botetourt County School Board	2	Local Government	500 to 999	1	Local Government
	Dynax America Corporation	3	Private	250 to 499	2	Private
	County of Botetourt	4	Local Government	250 to 499	4	Local Government
	Metalsa Roanoke Inc	5	Private	250 to 499	6	Private
	Lawrence Transportation Services	6	Private	250 to 499	7	Private
	The Glebe Inc Dip	7	Private	100 to 249	-	-
	Eldor Automotive Powertrain Usa LLC	8	Private	100 to 249	-	-
	Virginia Truck Center, Inc.	9	Private	100 to 249	13	Private
	Arkay Packaging Corporation	10	Private	100 to 249	8	Private
	Gala Industries, Inc.	11	Private	100 to 249	9	Private
	Roanoke Cement Comp LLC	12	Private	100 to 249	11	Private
	Single Source Security	13	Private	100 to 249	-	-
	Food Lion	14	Private	100 to 249	-	-
	Kroger	15	Private	100 to 249	-	-
	The Pepsi Bottling Group	16	Private	100 to 249	-	-
	Canatal Steel	17	Private	100 to 249	10	Private
	Kissito Healthcare	18	Private	100 to 249	-	-
	Cracker Barrel Old Country Store	19	Private	100 to 249	-	-
	Workforce Unlimited LLC	20	Private	100 to 249	-	-
	Lanford Brothers	-	-	-	5	Private
	Tread Corporation	-	-	-	12	Private
	nTelos	-	-	-	14	Private
	Virginia Forge	-	-	-	15	Private
	Bank of Botetourt	-	-	-	16	Private
	Loomis Fargo	-	-	-	17	Private
	Howell's Motor Freight	-	-	-	18	Private
	Carneuse Lime & Stone - James River	-	-	-	19	Private
	Bank of Fincastle	-	-	-	20	Private



Table 17

**COUNTY OF BOTETOURT, VIRGINIA**  
Full-time Equivalent County Government Employees by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General government administration</b>	30	29	30	31	31	31	31	32	33	33
<b>Judicial administration</b>	17	17	17	17	17	17	17	17	17	18
<b>Public safety:</b>										
Sheriffs department	114	113	115	115	115	116	117	117	118	119
Fire & rescue	29	30	34	34	34	40	43	43	44	55
Inspections (Development Services)	8	9	8	9	10	10	11	12	12	13
Animal control	4	4	4	4	4	4	4	4	4	4
GIS / Communications	0	0	0	0	0	0	0	0	0	0
<b>Public works:</b>										
Utilities/General Services	12	12	11	11	4	4	2	1	1	1
General maintenance	7	7	7	7	7	7	7	8	8	8
Waste Management	4	4	4	4	4	4	4	4	4	4
Engineering	0	0	0	0	0	0	0	0	0	0
<b>Health and welfare:</b>										
Department of social services	16	15	17	19	20	21	21	21	21	21
Comprehensive Services	1	1	1	1	1	1	1	1	1	1
<b>Culture and recreation:</b>										
Parks and recreation	14	14	13	13	13	13	14	14	15	14
Library	14	13	13	13	13	13	13	13	13	13
<b>Community development:</b>										
Planning	1	1	2	2	2	2	2	3	3	3
<b>Totals</b>	<u>271</u>	<u>269</u>	<u>276</u>	<u>280</u>	<u>275</u>	<u>283</u>	<u>287</u>	<u>290</u>	<u>294</u>	<u>307</u>

Source: Individual county departments

Note: GIS employees have been reallocated to General Government, then Public Works.

Note: Engineering employees have been reallocated to Development Services and Utilities.

Note: Planning employees have been reallocated Development Services.

Table 18

**COUNTY OF BOTETOURT, VIRGINIA**  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Sheriffs department:										
Physical arrests	2,290	2,302	2,051	2,417	2,448	2,375	2,413	2,719	2,643	2,845
Traffic violations	2,951	2,560	3,180	3,199	2,742	2,865	3,349	5,435	4,173	4,736
Civil papers	6,813	6,750	6,335	6,494	6,398	6,761	6,858	7,335	7,220	6,381
Fire and rescue:										
Number of calls answered	4,730	4,719	4,618	4,396	4,633	4,783	4,860	5,236	5,862	5,634
Building inspections:										
Permits issued (same as Planning)	378	395	411	421	399	446	471	469	460	478
Animal control:										
Number of calls answered	6,100	5,210	4,790	5,543	5,878	5,051	5,398	4,616	4,988	4,833
Public works										
General maintenance:										
Trucks/vehicles	3	3	4	6	5	6	6	6	6	6
Landfill:										
Refuse collected (tons/day)	5.6	6.4	7.1	6.7	6.8	6.9	6.0	16.1	14.2	11.8
Recycling (tons/day)	8.3	10.3	10.7	10.0	10.9	9.3	7.8	8.4	7.9	8.8
Health and welfare										
Department of Social Services:										
Caseload	4,152	4,479	5,014	5,929	5,437	6,840	4,148	4,651	4,907	3,572
Culture and recreation										
Parks and recreation:										
Recreation permits issued	97	129	118	156	115	106	94	285	285	n/a
Youth sports participants	2,292	2,447	2,755	2,766	2,917	3,590	2,490	2,771	2,771	n/a
Community development										
Planning:										
Zoning permits issued	378	395	411	421	399	446	471	469	460	478
Component Unit - School Board										
Education:										
School age population (per census)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Number of teachers	414	408	398	393	399	390	388	385	384	382
Local expenditures per pupil	4,304	4,721	5,246	5,015	5,402	5,823	6,044	5,830	6,007	6,045

Source: Individual county departments. Prior year information provided to the extent available.

Note: Landfill - Increase in FY19 is due to County Waste assuming operation of the landfill and opening the landfill to their customers.

Note: Number of Youth sports participants was calculated using a new method compared to previous years and factored for figures used for 2010 to 2017.

Note: Increase in number of reported traffic violations for FY19 is due to implementation of a new Traffic Safety Program.

Note: Social Services caseload based on data from the Department of Social Services.

Table 19

**COUNTY OF BOTETOURT, VIRGINIA**  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government administration										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	3	5	4	4	4	3	3	2	4
Public safety										
Sheriffs department:										
Patrol units	51	51	51	51	51	51	48	49	49	49
Other vehicles	15	16	18	18	21	22	22	22	22	22
Development Services / Building inspections:										
Vehicles	7	6	8	8	9	8	6	7	8	12
Animal control:										
Vehicles	4	4	4	4	4	4	4	4	4	4
Public works										
General maintenance:										
Trucks/vehicles	19	22	19	20	12	12	8	8	7	18
Landfill:										
Vehicles	6	6	6	6	6	6	6	6	6	6
Equipment	9	9	9	9	9	9	9	9	7	7
Sites	2	2	2	2	2	2	2	2	2	2
Health and welfare										
Department of Social Services: Vehicles	-		2	2	3	3	4	5	3	3
County Van Program - Vehicles	2	2	2	2	3	4	3	4	3	3
Culture and recreation										
Parks and recreation:										
Community centers	2	1	1	1	1	1	1	1	1	1
Vehicles - Parks & Recreation, Library	20	21	21	20	21	21	21	23	23	11
Parks acreage	158	158	158	158	158	158	158	158	158	158
Tennis courts	4	4	4	4	4	4	4	4	4	4
Component Unit - School Board										
Education:										
Schools	12	12	13	13	13	13	13	13	13	13
School buses	96	95	94	95	96	98	97	96	99	99

Source: Individual county departments.

Beginning in FY12, Planning vehicles are combined into Development Services.

Note: Public Works - General maintenance vehicles includes Public Works, Utilities, and Maintenance.

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## COMPLIANCE SECTION

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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***

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**The Honorable Members of the Board of Supervisors  
County of Botetourt, Virginia  
Fincastle, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Botetourt, Virginia's basic financial statements, and have issued our report thereon dated November 15, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Botetourt, 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 Botetourt, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Botetourt, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Galax, 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*.

## **County of Botetourt, Virginia's Response to Findings**

The County of Botetourt, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Botetourt, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
November 15, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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

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**The Honorable Members of the Board of Supervisors  
County of Botetourt, Virginia  
Fincastle, Virginia**

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County of Botetourt, 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 Botetourt, 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the County of Botetourt, Virginia's compliance.

***Basis for Qualified Opinion on COVID-19 Coronavirus Relief Fund***

As described in the accompanying schedule of findings and questioned costs, the County of Botetourt, Virginia did not comply with requirements regarding subrecipient monitoring for CFDA 21.019 Coronavirus Relief Fund as described in finding 2021-002. Compliance with such requirements is necessary, in our opinion, for the County of Botetourt, Virginia to comply with the requirements applicable to that program.

***Qualified Opinion on COVID-19 Coronavirus Relief Fund***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County of Botetourt, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the COVID-19 Coronavirus Relief Fund for the year ended June 30, 2021.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the County of Botetourt, 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

### ***Other Matters***

The County of Botetourt, Virginia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Botetourt, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the County of Botetourt, 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 Botetourt, 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 Botetourt, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be material weaknesses.

The County of Botetourt, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Botetourt, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
November 15, 2021



County of Botetourt, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

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Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>DEPARTMENT OF AGRICULTURE:</b>				
Pass through payments from:				
<i>Department of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120/0010121/ 0040120/0040121	\$ 215,735	
<i>Department of Education:</i>				
Forest Service School And Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841		47,784
Child Nutrition Cluster:				
COVID-19 - School Breakfast Program	10.553	40263	\$ 1,370	
Summer Food Service Program for Children	10.559	60302/60303	\$ 1,208,973	
COVID-19 Summer Food Service Program for Children	10.559	60175/60176	83,466	1,292,439
COVID-19 - National School Lunch Program	10.555	40264	\$ 7,264	
<i>State Department of Agriculture:</i>				
Food Distribution-Schools (Note C)	10.555	Unknown	103,386	110,650
Total Child Nutrition Cluster				1,404,459
Total Department of Agriculture				\$ 1,667,978
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Pass through payments from:				
<i>Department of Education:</i>				
Temporary Assistance for Needy Families	93.558	40274	\$ 26,933	
<i>Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	0400120/0400121	124,411	151,344
MaryLee Allen Promoting Safe and Stable Families	93.556	0950119/0950120		6,368
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500119/0500120		283
Low Income Home Energy Assistance	93.568	0600420/0600421		20,400
Social Services Block Grant	93.667	1000120/1000121		153,399
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9152121		2,146
Children's Health Insurance Program	93.767	0540120/0540121		1,959
Medicaid Cluster:				
Medical Assistance Program	93.778	1200120/1200121		160,983
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121		69
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121		26,394
Foster Care - Title IV E	93.658	1100120/1100121		116,597
Adoption Assistance	93.659	1120120/1120121		88,819
Child Support Enforcement	93.563	Unknown		3,400
Total Department of Health and Human Services				\$ 732,161
<b>DEPARTMENT OF HOMELAND SECURITY:</b>				
Pass through payments from:				
<i>Department of Emergency Management:</i>				
Emergency Management Performance Grants	97.042	116308	\$ 7,500	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	116792	41,457	
Total Department of Homeland Security			\$ 48,957	
<b>DEPARTMENT OF TRANSPORTATION:</b>				
Pass through payments from:				
<i>Department of Motor Vehicles:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	50326	\$ 6,308	
National Priority Safety Programs	20.616	Unknown	10,961	
Total Highway Safety Cluster			\$ 17,269	
Total Department of Transportation			\$ 17,269	
<b>DEPARTMENT OF TREASURY:</b>				
Pass through payments from:				
<i>Virginia Department of Accounts:</i>				
COVID-19 Coronavirus Relief Funds	21.019	SLT022	\$ 6,835,396	\$ 3,785,561
<i>Department of Education:</i>				
COVID-19 Coronavirus Relief Funds	21.019	70056	793,958	\$ 7,629,354
Total Department of Treasury			\$ 7,629,354	
<b>DEPARTMENT OF ELECTIONS:</b>				
Pass through payments from:				
<i>Elections Assistance Commission:</i>				
COVID-19 Help America Vote Act Requirements Payments	90.401	116912	\$ 56,687	
Total Department of Elections			\$ 56,687	

County of Botetourt, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

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**DEPARTMENT OF EDUCATION:**

Pass through payments from:

Virginia Tech:

English Language Acquisition State Grants	84.365	Unknown		\$ 2,789
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Department of Education:

Career and Technical Education -- Basic Grants to States	84.048	60031		52,661
Student Support and Academic Enrichment Program	84.424	60281		17,592
Supporting Effective Instruction State Grants	84.367	60022/61480		65,370
Title I Grants to Local Educational Agencies	84.010	42901		425,238
Special Education Cluster - IDEA:				
Special Education - Grants to States	84.027	43071	\$ 1,087,900	
Special Education - Preschool Grants	84.173	62521	20,538	
Total Special Education Cluster - IDEA				1,108,438
Education Stabilization Fund Cluster:				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037	\$ 38,406	
COVID 19 Elementary and Secondary School Emergency Relief Fund	84.425D	60173/60177	167,764	
Total Education Stabilization Fund Cluster				206,170
Total Department of Education				<u>\$ 1,878,258</u>

Total Expenditures of Federal Awards	<u>\$ 12,030,664</u>
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**Notes to Schedule of Expenditures of Federal Awards**

Note A--Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Botetourt, Virginia under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Botetourt, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Botetourt, Virginia.

Note B--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 allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying number 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 C--Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D--Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note E--Relationship to the Financial Statements:

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

Primary government:		
General Fund - Intergovernmental		\$ 19,610,159
Less: Revenue from the Commonwealth		(11,469,812)
Less: Payment in Lieu of Taxes		(261,075)
Component Unit School Board:		
School Operating Fund - Intergovernmental		56,096,520
Less: Revenue from local governments		(24,176,492)
Less: Revenue from the Commonwealth		<u>(27,768,636)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards		<u>\$ 12,030,664</u>

County of Botetourt, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	Yes

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.425	Education Stabilization Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Botetourt, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021 (Continued)

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Section II - Financial Statement Findings

**2021-001**  
Material Weakness

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Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The County's financial statements required year end adjusting entries as recommended by the Auditor to ensure such statements were presented in accordance with current reporting standards.
Cause:	Financial agreements with the EDA (such as the conveyance of land to the EDA) were not reviewed for financial statement implications and some entries were missed in the final close of the books.
Effect:	There is a reasonable possibility that a misstatement of the entity's financial statements would not have been prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Overall, the County does a good job of identifying year end adjustment entries; however, we recommend that the Finance Department begin reviewing EDA agreements to determine if same require adjustments to the County's books or subsidiary ledgers.
Management's Response:	The County's current staff has a good understanding of the books and accounting processes and agree that a review of EDA contracts going forward is necessary to identify potential impacts on the County's financial statements.

County of Botetourt, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021 (Continued)

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Section III - Federal Award Findings and Questioned Costs

**2021-002**  
(Noncompliance and  
Material Weakness)

Agency: Department of Treasury

Program Title: COVID-19 Coronavirus Relief Fund

Assistance Listing Number: 21.019

Pass-through Entity: Virginia Department of Accounts

Criteria: Pass-through entities should establish guidelines and monitor compliance with same for subrecipients of federal awards.

Condition: The County and EDA transferred CARES Act Funding to the Roanoke Valley Broadband Authority (RVBA) (a governmental organization) to carry out part of a federal award; however, agreements (and related guidelines) were not in place to ensure compliance with terms of the award at the onset of same.

Context: A pass-through entity (PTE) must clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1); (2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award.

Questioned Costs: Not Applicable

Effect: Failure to properly document requirements of subrecipients could result in the misuse of federal funds.

Cause: The project was fast-tracked due to the COVID-19 pandemic and the consideration of the sub-recipient relationship was inadequate.

Recommendation: Going forward the County and EDA should follow federal guidelines for subawards.

Views of Responsible Officials: Management agrees with the recommendation and will expand procedures related to subrecipients in the future. Management has performed procedures to ensure grant funds were properly spent and is in the process of closing out the subaward.