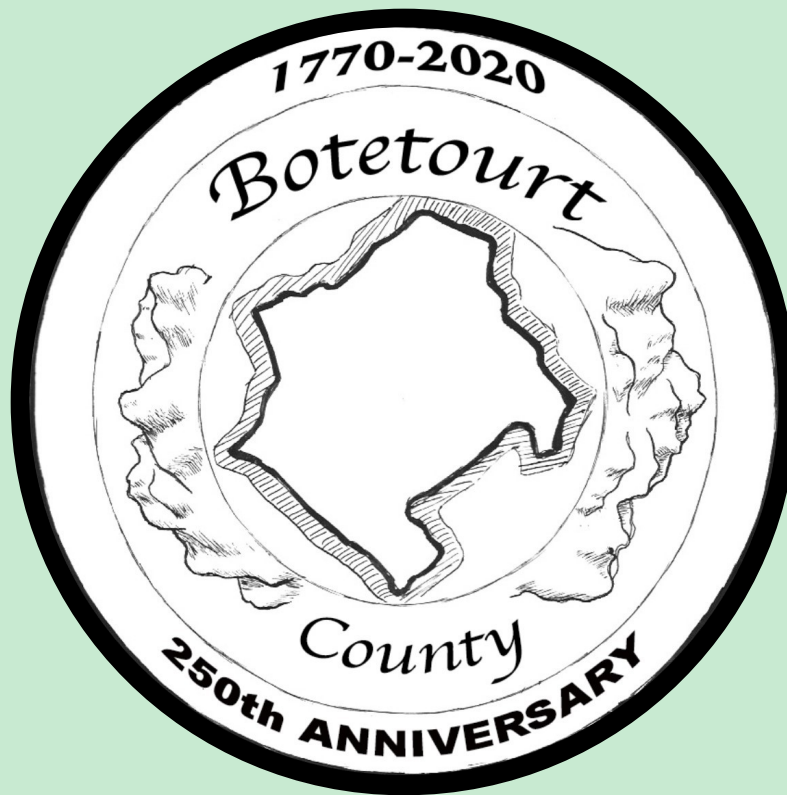


# **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2020  
Botetourt County, Virginia



***Honoring Our History***

***Enjoying Our Present***

***Shaping Our Future***

**COUNTY OF BOTETOURT, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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Prepared By:  
Department of Financial Services

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

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

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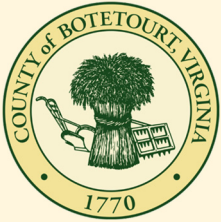
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57 S. Center Drive, Suite 200  
Daleville, Virginia 24083  
Phone (540) 928-2006  
Fax (540) 473-8225

#### **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, 2020

### **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, 2020.

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 comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the thirteenth 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 comprehensive annual 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, 2020. 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 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 2010 census, Botetourt County's population was 33,148, representing a 9% increase since the 2000 Census. Botetourt County enjoys a diverse economy, with the services sector accounting for 39% of the jobs in the County, manufacturing 18%, trade 20%, government 14%, construction 7%, and all others 2%. The civilian labor force totals approximately 17,512 (June 2019). 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.

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 (2018). The County's ranking was 103 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, FY20 construction permit activity for all components (residential, commercial, manufactured, additions and alterations, and miscellaneous) construction realized a 2% drop vs. FY19 results in terms of number of construction permits (FY20 = 460, FY19 = 469). In terms of total dollar value, FY20's total figure



of \$60.6 million was 23% less than FY19's figure, and FY20's construction permit dollar value was 1% less than the 3 year average value from FY17 to FY19.

With respect to residential building construction, FY20's average permit value (\$217,000) increased 1% vs. FY19 and this value was 5% less than the previous three year average. This was the eighth consecutive year that average residential permit values exceeded \$200,000. In reviewing permit applications for FY20, residential growth is being experienced in all districts of the County, and the number of FY20 permit applications (84) was 13% less than the previous three year average. The total value of FY20 residential permit applications was \$18.3 million, which is closer to the residential construction permit value experienced on FY17 (16.3 million).

Regarding commercial construction, FY20's number of permits (93) were 23% less than FY19 permits (121). However, the FY20 commercial construction value was 16% greater than the average value for the previous three years. Total construction permit value for FY20 (\$35.9 million) was 22% less than FY19 (\$45.8 million).

While it is difficult to ascertain, it can be said with some degree of certainty that the COVID-19 epidemic had an impact on construction building activity in the last three months of FY20.

### **Economic Development**

Economic development activity for Botetourt County during FY19 and leading into FY20 continued the 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 Botetourt Center at Greenfield. ELDOR's location to Botetourt County involves new private investment of \$75.2 million and the creation of 350 jobs during the first five years of operation (Phase 1). Construction commenced during 2017 on the 280,000 square foot facility. In February 2019, 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 West Center Drive 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.
- Also, in August 2019, Maag Gala, known locally as Gala Industries, celebrated its fiftieth year of operation in Botetourt County by announcing a \$4.5 million expansion. The company, headquartered in Switzerland, manufactures and globally services pelletizing systems and industrial equipment.
- During 2019, Altec Industries completed the construction of its \$30.2 million expansion, 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 4,542 and has been on a consistent decline since FY2011-2012. However, the most recent enrollment figure of 4,539 approximates the prior year figure (4,540). 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. Another notable achievement was the 2019-2020 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 2020, Four Year Rate) was exceptional and well above the state average of 92.3%.

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 is also a \$22.5 million school construction project financed through VPASA (Virginia Public School Authority) for replacement of the existing Colonial Elementary School which will take place at a new site in the County. A ground breaking ceremony was held in August 2019. The targeted project completion date is Fall 2020. The projected move in date is Winter 2020.

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 FY21 County budget is heavily invested in Maintenance, Technology Services and Community and Economic Development projects. The largest component of the \$1.72 million CIP Budget is reflected in the Maintenance portion (\$1 million), as this largest component is 61% of the total CIP budget, and includes \$500,000 for the second year of a multi-year plan for funding the County's Circuit Courthouse Renovation project. There is also \$386,000 Maintenance for replacing the copper section of the roof of the Greenfield Education & Training Center. For Technology Services there are several high priority projects combined with ongoing personal computer & laptop replacement plan that totals \$263,000 for these items. Community & Economic Development (\$375,000) contains \$300,000 for Year 4 of a 10 year commitment for local grant matching funds for the Daleville YMCA, and \$75,000 for funds for economic development related costs associated with prospects in an effort toward generating a favorable outcome. The balance of funding (\$37,500) is for Fire & EMS for renovation work for the Read Mountain Fire Station.

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.

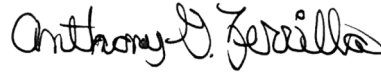
## **Acknowledgements**

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,

A handwritten signature in black ink, appearing to read "Gary Larowe". The signature is fluid and cursive, with a prominent initial "G".

Gary Larowe  
County Administrator

A handwritten signature in black ink, appearing to read "Anthony G. Zerrilla". The signature is cursive and somewhat stylized, with a clear "A" at the beginning.

Anthony G. Zerrilla  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

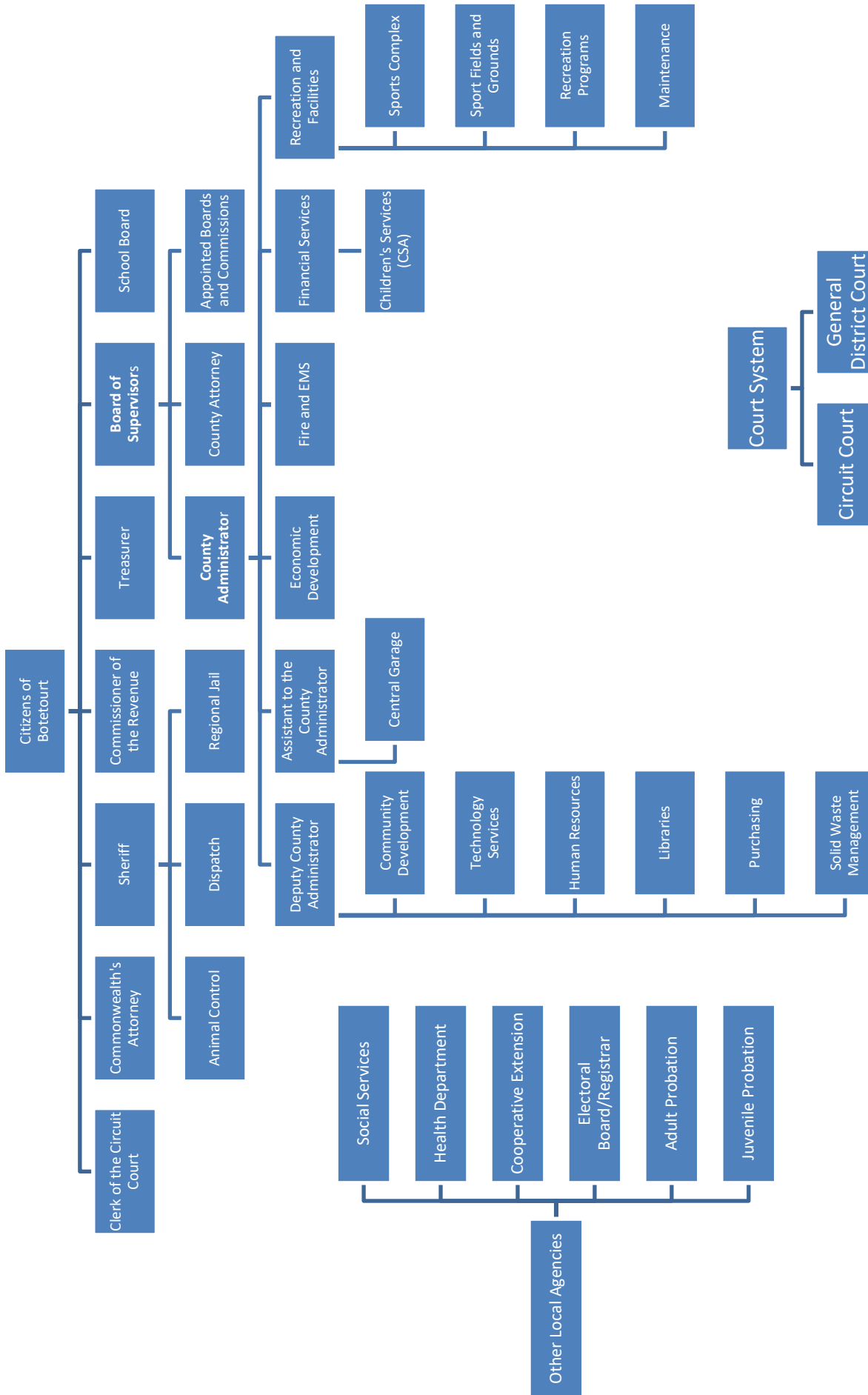
**County of Botetourt  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



Botetourt County Organization Chart



## COUNTY OF BOTETOURT, VIRGINIA

---

### BOARD OF SUPERVISORS

---

|                                      |                   |
|--------------------------------------|-------------------|
| Billy W. Martin, Sr., Chair          |                   |
| Donald M. "Mac" Scothorn, Vice Chair | Richard G. Bailey |
| Stephen P. Clinton                   | I. Ray Sloan      |

### COUNTY SCHOOL BOARD

---

|                         |                       |              |
|-------------------------|-----------------------|--------------|
|                         | Michelle Crook, Chair |              |
| Anna Weddle, Vice Chair |                       | Tim Davidick |
| Michael East            |                       | Dana McCaleb |

### SOCIAL SERVICES BOARD

---

|                              |                         |                  |
|------------------------------|-------------------------|------------------|
|                              | William Burleson, Chair |                  |
| Joseph Obenshain, Vice Chair |                         | Bonnie Henderson |
| Billy W. Martin, Sr.         |                         | Betty Painter    |

### OTHER OFFICIALS

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|                                                        |                             |
|--------------------------------------------------------|-----------------------------|
| 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 .....                                          | Matt 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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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Botetourt, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 15-29, 114-116, and 117-130 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 October 19, 2020, 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.

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
October 19, 2020

## **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, 2020. 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, 2021.

### **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 \$59,554,621 (net position). Of this amount, \$17,396,284 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 \$30,004,313 (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 (see Note 10).

The Government's FY20 net position for governmental activities increased by \$3,882,864, as revenues exceeded expenses by 7%. When compared to FY19 results, Revenues decreased \$1.2 million (3%), and expenses increased \$2.9 million (5%). General Revenues decreased \$1.8 million (3%) due to a non-recurring FY19 Gain on transfer of landfill rights (\$3.1 million). Excluding this item, General Revenues increased \$1.3 million (2%).

The School Board's FY20 net position resulted in an increase of \$1,858,343 (6%). Revenues exceeded net expenses due in part to an increase in both restricted and unrestricted Operating Grants and Contributions.

#### **Fund Financial Statements**

At the end of the current fiscal year, fund balance for the general fund was \$40,144,391 or 50% of total general fund expenditures (See Exhibit 5). This amount includes taxes and accounts receivable reflected in the fiscal year 2020 budget as well as funds allocated to the School Board and County capital improvement projects for fiscal year 2020.

As of the close of the current fiscal year, the County's governmental fund reported an ending fund balance of \$40,144,391, which is a decrease of \$9,910,931 (20%) versus ending fund balance of \$50,055,322 for fiscal year ended June 30, 2019. The FY20 Budget was a balanced budget. Investment in capital projects was the primary reason for the decrease in fund balance. The unassigned portion of fund balance is \$27,721,715, which is 69% of total fund balance at 6/30/20. (See Exhibit 3). The unassigned portion of fund balance increased \$928,000 (3%).

## Management's Discussion and Analysis

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

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements 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 \$59,554,621 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.

|                                  | Governmental activities |                      |
|----------------------------------|-------------------------|----------------------|
|                                  | <u>2020</u>             | <u>2019</u>          |
| Current and other assets         | \$ 50,634,390           | \$ 55,962,637        |
| Capital assets                   | 73,327,753              | 63,132,235           |
| Total assets                     | <u>123,962,143</u>      | <u>119,094,872</u>   |
| Deferred outflows of resources   | \$ 3,123,633            | \$ 1,828,412         |
| Long-term liabilities            | \$ 56,056,163           | \$ 57,332,114        |
| Other liabilities                | 8,952,685               | 5,082,796            |
| Total liabilities                | <u>\$ 65,008,848</u>    | <u>\$ 62,414,910</u> |
| Deferred inflows of resources    | \$ 2,522,307            | \$ 2,836,617         |
| Net position:                    |                         |                      |
| Net investment in capital assets | \$ 41,093,881           | \$ 38,795,003        |
| Restricted                       | 1,064,456               | 593,603              |
| Unrestricted                     | 17,396,284              | 16,283,151           |
| Total net position               | <u>\$ 59,554,621</u>    | <u>\$ 55,671,757</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 69% 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 (\$1,064,456) represent 2% of total net position. The remaining balance of unrestricted net position, which is \$17,396,284 or 29% 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 increased \$3,882,864 (7%). Total assets and deferred outflows increased \$6,162,492 (5.1%) due to a \$10 million (16%) increase capital assets, most notably due to the progress of construction for the new Colonial Elementary School.

## Management's Discussion and Analysis

With respect to total liabilities and deferred inflows, there was a \$2,279,628 (4%) increase due to a \$3.9 million (76%) increase in other liabilities. This was primarily due to a) a \$2.5 million increase unearned revenue from grants and b) a \$1.5 million increase in construction and retainage payables. When compared to FY19, net investment in capital assets for FY20 increased by approximately \$2,298,878 (6%).

### **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.

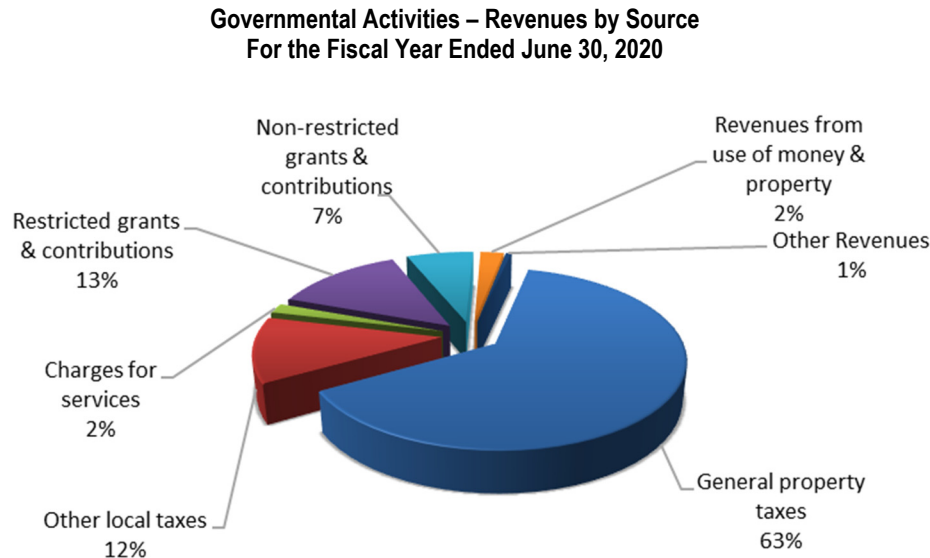
| County of Botetourt's Changes in Net Position                |                         |                      |
|--------------------------------------------------------------|-------------------------|----------------------|
|                                                              | Governmental activities |                      |
|                                                              | <u>2020</u>             | <u>2019</u>          |
| Revenues:                                                    |                         |                      |
| Program revenues:                                            |                         |                      |
| Charges for services                                         | \$ 1,193,439            | \$ 1,474,387         |
| Operating grants & contributions                             | 8,989,679               | 8,129,008            |
| General revenues:                                            |                         |                      |
| General property taxes                                       | 42,784,283              | 40,970,422           |
| Other local taxes                                            | 8,117,209               | 8,099,174            |
| Use of money and property                                    | 1,604,624               | 1,787,364            |
| Other                                                        | 391,730                 | 729,999              |
| Grants and contributions not restricted to specific programs | 4,650,129               | 4,673,792            |
| Special item - Gain on transfer of landfill rights           | -                       | 3,059,966            |
| Total revenues                                               | <u>\$ 67,731,093</u>    | <u>\$ 68,924,112</u> |
| Expenses:                                                    |                         |                      |
| General government                                           | \$ 4,062,260            | \$ 3,850,532         |
| Judicial administration                                      | 1,509,133               | 1,433,388            |
| Public safety                                                | 16,767,396              | 15,568,648           |
| Public works                                                 | 2,355,669               | 2,105,297            |
| Health and welfare                                           | 4,315,321               | 3,612,811            |
| Education                                                    | 26,539,961              | 25,471,753           |
| Parks, recreation and cultural                               | 3,247,448               | 3,045,560            |
| Community development                                        | 3,290,998               | 3,926,147            |
| Interest on long-term debt                                   | 1,760,043               | 1,881,932            |
| Total expense                                                | <u>\$ 63,848,229</u>    | <u>\$ 60,896,068</u> |
| Increase (decrease) in net position                          | \$ 3,882,864            | \$ 8,028,044         |
| Net position, beginning                                      | <u>55,671,757</u>       | <u>47,643,713</u>    |
| Net position, ending                                         | <u>\$ 59,554,621</u>    | <u>\$ 55,671,757</u> |

## Management's Discussion and Analysis

### Governmental Activities

Governmental activities increased the County's net position by \$3,882,864. Key elements relating to FY20 activities as compared to the prior year (FY19) will be discussed below.

The following chart provides a breakdown of the various FY20 revenue components. The largest source is general property taxes (\$43 million), which accounts for 63% of total governmental revenues (\$67.7 million).



- Revenues: General property taxes increased \$1.8 million (4%). The largest contributor to this increase was Real Property taxes, which increased \$659,000 (2%) as a result of real growth. Machinery & Tool taxes increased \$563,000 (15%) due to an increase in reported values. Personal Property taxes increased \$475,000 (7%) as a result of growth and an increase in vehicle values.
- Revenues: Operating grants and contributions increased \$861,000 (11%) due primarily to a State VATI (Virginia Telecommunication Initiative) grant, and increases in Children's Services Act (CSA) and Federal Welfare funds.
- Revenues: Other Revenues decreased \$338,000 (46%) due primarily to a \$271,000 reduction in sale of salvage.
- Revenues: Charges for Services decreased \$281,000 (19%) due to a) a \$151,000 (41%) decrease in building permit fees, b) a \$61,000 (20%) decrease in charges for law enforcement and traffic control, and c) a \$33,000 (22%) decrease in charges for parks & recreation. All of these revenues were negatively impacted by the reduced activity in the fourth quarter of FY20 due to the COVID-19 epidemic.
- Revenues: Due to an agreement between Botetourt County and County Waste, the latter business concerned assumed operation of the County landfill and assumed future landfill closure costs. As a result,

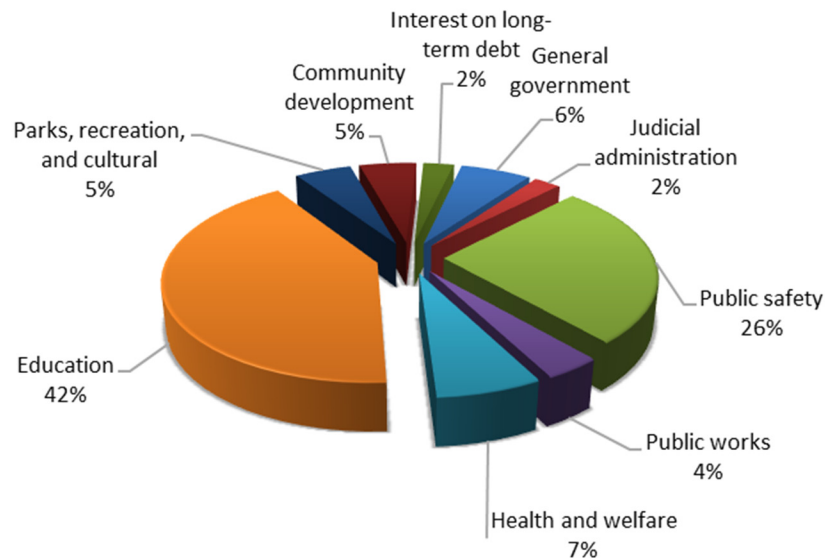
## Management's Discussion and Analysis

this transaction involved a gain on transfer of landfill rights in the amount of \$3,059,966. This transaction occurred in FY19 and was nonrecurring.

- Revenues: FY20 total revenues of \$67,731,093 were \$1,193,019 (2%) less than revenues of \$68,924,112 for FY19. When the impact of the FY19 gain on transfer of landfill rights is excluded, FY20 total revenues exceeded FY19 total revenues by \$1.9 million (3%).

The following chart reflects the distribution of FY20 governmental expenses. As shown, education expenditures account for 42% of total expenditures, and when combined with public safety, expenditures for these two categories are 68% of total expenditures of \$63.8 million.

**Governmental Activities – Expenses by Function  
For the Fiscal Year Ended June 30, 2020**



- Expenses: General Government Administration expenses totaling \$4,062,000 increased \$212,000 (6%) vs. FY19. As will be the case in virtually all County functional groupings, there will be an impact relating to Phase 2 of the market-based salary adjustments that were provided effective January 1, 2020. In addition, there will be a full-year impact for the Phase 1 market-based salary adjustments that were effective January 1, 2019. This total wage and benefit impact from these two factors total \$166,000 for this functional category. Other cost increases compared to FY19 were \$14,000 in professional services in the Deputy Administrator department and \$47,000 in repairs and maintenance contract costs for the Technology Services department.
- Expenses: Public Safety expenses increased \$1,199,000 (8%). The impact of market-based salary adjustments as compared to FY19 total \$774,000. Other cost increases include \$41,000 for emergency response supplies, \$43,000 for Fire & EMS maintenance service contracts and \$230,000 for correction and detention expenses, including food supplies / services and medical and laboratory supplies..

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

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- Expenses: Public Works expenses increased \$250,000 (12%) for FY20. Market-based salary adjustments account for \$38,000 of the increase, with an additional \$117,000 in Waste Management department operating costs, and \$38,000 representing an increase in repair and maintenance supplies for the Maintenance department. These three items comprise 92% of the total increase in this functional area.
- Expenses: Community Development costs decreased \$635,000 (16%). This was due to a \$606,000 decrease in Contributions to the Economic Development Authority of Botetourt County. In addition, there was a \$42,000 decrease in professional services cost for the Community Development department.
- Expenses: Interest on Long-Term Debt decreased \$122,000 (6%) due to a reduction in existing debt..
- Expenses: Health & Welfare expenses increased \$703,000 (19%). This was due to a) the cost of programs for Welfare Services and b) increased activity for Children's Services Act (CSA) for at-risk youths. The CSA Program experienced a large increase in foster care services.
- Expenses: Parks, Recreation and Cultural expenses increased \$202,000 (7%). An increase in the matching contribution to the Daleville Family YMCA in the amount of \$100,000 (based on the funding timetable) was responsible for a large portion of the increase in this functional area. In addition, there was a \$99,000 impact for market-based salary adjustments.
- Expenses: Education expenses increased \$1.1 million (4%) due directly to an increase in the County's contribution to the School Board.
- Overall, for reasons cited above, FY20 expenses for governmental activities increased \$3 million (5%).

### **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 FY20's figure of 35% represents a decrease compared to FY19's figure of 40%. While FY20 unassigned fund balance of \$27.7 million increased \$928,000 (3%), total expenditures increased \$12.1 million (18%) due primarily to a \$9.9 million increase in capital projects.

At the end of the fiscal year, the County's governmental funds reported an ending fund balance of \$40,144,391, a decrease of \$9,910,931 (20%) versus the prior year. Revenues increased \$2 million (3%), while FY20 expenditures were \$12 million (18%) greater than FY19 expenditures (Exhibit 5). When compared to FY19, the FY20 unassigned portion (\$27,721,715) of ending fund balance represents a \$928,000 (3%) increase. Unassigned fund balance provides significant flexibility with respect to future discretionary spending.

## Management's Discussion and Analysis

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As previously stated, the County's FY20 governmental fund balance decreased \$9,910,931. Fiscal Year 2020 operational highlights include the following:

Revenues: Total FY20 revenues for the Primary Government increased \$2 million (3%).

- Local Revenues: (A) General property taxes increased \$1.8 million (4%). Real Property taxes increased \$659,000 (2%) due to real growth. Personal property taxes increased \$475,000 (7%) due to an increase in reported values. Machinery & tools taxes increased \$563,000 (15%) due to an increase in manufacturing values. (B) Other Local Taxes and Recovered Costs increased a combined \$144,000 (1%), and were the only other local categorical revenues (in addition to General Property Taxes) that reflected increases as compared to FY19 figures. The largest dollar decrease was reflected in Miscellaneous Revenues (\$338,000, 46%) due to a decrease in sale of salvage equipment. Revenues from Permits and Fess decreased \$158,000 (30%) due primarily to a decrease in building permits. Revenue from the use of Money and Property decreased \$183,000 due mostly to a decrease in rates of return. In total, FY20 Local Revenues increased \$1.1 million (2%). This increase was achieved despite the economic slowdown due to the negative impact of COVID-19 in the last quarter of FY20. Total Local Revenues were \$56.3 million vs. \$55.2 million for FY19.
- State Revenues: F20 revenues of \$12.3 million from the State represents a \$586,000 (5%) increase from the previous year. This increase is due primarily to: A \$436,000 (16%) increase in Other Categorical Aid due to increases in reimbursements for Welfare administration receipts and CSA reimbursements. In addition, a State Broadband grant was received for a broadband project, with \$566,000 of the grant funds recognized as earned in FY20.
- Federal Revenues: These revenues totaled \$1.3 million, which represented a \$251,000 (23%) increase. This increase was due to: a) an increase of \$193,000 (24%) in Welfare administration receipts and the receipt of a \$53,000 Homeland Security grant.
- These subject revenues are shown in Schedule 1.

Expenditures: Total expenditures of \$79.9 million for the Primary Government for FY20 increased \$12.1 million (18%). While \$9.1 million (75%) of the increase in expenditures was due to the progress of construction of the new Colonial Elementary School, with the exception of Community Development and debt service, all other County functional areas experienced increases in costs compared to FY19. After accounting for the increase in costs due to the construction of the new replacement school, the largest factor in categorical and departmental expenditure increases was due to a) a full year of the Phase 1 market-based salary adjustments (\$600,000) from January 2019, and b) the Phase 2 portion of these adjustments (\$550,000) that were effective January 2020. Therefore, \$10.3 million of the \$12.1 million increase (85%) in expenditures were due to these items. When you then consider the \$1.1 million increase in educational expenditures, you have accounted for \$11.4 million or 94% of the total increase in expenditures from FY19 to FY20. Explanations of cost variances as compared to FY19 are as follows:

- General Government Administration's costs of \$4,185,000 for FY20 increased \$272,000 (7%). Salary adjustments relating to the compensation study increased costs by \$166,000. County Administrator department contained \$36,000 in costs relating to Sestercentennial Committee expenditures. The Deputy County Administrator department experienced a \$14,000 increase in professional services, while

## Management's Discussion and Analysis

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Technology Services included \$47,000 of cost increases for equipment repairs and maintenance service contracts as well as \$30,000 in increased costs for capital outlay items.

- Judicial Administration costs of \$1,590,000 for FY20 represented a \$73,000 (5%) increase in expenditures, with \$52,000 due to market-based salary adjustments, and \$23,000 due to combined increased costs for General District and Juvenile Domestic Relations District Court.
- Public Safety costs of \$18,691,000 were \$730,000 (4%) greater than FY19. The impact of the market-based salary adjustments was approximately \$774,000. In terms of a decrease, Juvenile Detention Center costs were \$50,000 (26%) less than in FY19. In addition, there was a combined decrease in capital outlay expenditures of \$259,000 for Sheriff, Dispatch, and Fire and EMS departments. These two decreases total \$309,000, and served to offset other operational increases in the Public Safety area.
- Public Works costs of \$1,707,000 were \$144,000 (9%) greater than FY19 costs. Market-based salary adjustments were \$38,000 of this increase. There were increase totaling \$88,000 in refuse disposal and recycling costs in Waste Management, which was offset to an extent by positional vacancy savings. Maintenance department increased costs of \$38,000 in repairs and \$47,000 in capital outlay costs.
- Parks, Recreation, and Cultural expenses of \$2,974,000 were \$131,000 (5%) greater than FY19. The planned Year 3 matching contribution to the Daleville Family YMCA increased from \$200,000 to \$300,000. The Recreation Department experienced a cost decrease of \$36,000 (3%) and the Sports Complex (excluding capital outlay items) saw cost decreases of \$55,000, with some of these decreases due to the fourth quarter impact of COVID-19. The epidemic also resulted in year-over-year comparative operational cost savings to offset a portion of the costs associated with certain market-based salary adjustments in this County function area.
- Health and Welfare costs of \$4,443,000 were \$690,000 (18%) more than in FY19. Comprehensive Services Act expenses increased \$313,000 (24%) due primarily to an increase in costs for the providing of mandated youth services. Also, Welfare Services costs increased \$340,000 (23%) due to an increase in caseload regarding operating and program costs. In addition, County support for the Local Health Department increased \$20,000 (6%).
- Community Development costs totaling \$3,195,000 decreased \$764,000 (19%) compared to FY19 costs. Approximately \$606,000 of this reduction was due to a decrease in contributions to the EDA. In addition, there was a \$118,000 reduction in Industrial development expenditures.
- Education expense of \$25,705,000 resulted in a \$1.1 million (5%) increase due to increased contributions to the County School Board on a governmental basis.
- Debt Service costs of \$4,593,000 decreased \$116,000 (2%) due primarily to a reduction in outstanding debt.
- Capital Projects – FY20 spending for capital projects totaled \$12.8 million, which represents a \$9.9 million increase compared to FY19 capital project spending. In identifying the larger components of this increase, approximately \$9.1 million of this increase is due to the progress in construction of the new Colonial Elementary School. Also, there was a \$212,000 increase in spending for the County offices

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

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relocation project. In addition, \$344,000 was spent regarding a major repair / relining of a leachate tank. Lastly, there was \$145,000 in combined road work in a) using escrow funds to complete a road project that will result in the road being maintained by VDOT, and road work that will assist in economic development efforts in the Greenfield area.

- 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 \$29,479,451. This difference was primarily due to supplemental appropriations. Major components of this difference are as follows:

- Appropriation of \$20,719,914 for the Colonial Elementary School project.
- Appropriations of \$2,506,090 to the Economic Development Authority of Botetourt County.
- Appropriations of budgeted carryover funds from the fiscal year ended June 20, 2019 for programs and capital projects in the amount of \$2,254,457.
- Appropriations for Capital Improvement projects totaling \$1,015,757.
- Appropriations for Fire & EMS projects, grants, and operations totaling \$901,855.
- Appropriation of \$523,407 from revenues for tax relief for the elderly.
- Appropriations of \$517,500 for increased program activity for Social Services.
- Appropriations of \$463,000 for Children's Services Act activity.
- Appropriation of \$290,874 for Sheriff's Departments.

The above-mentioned appropriations for amended budget expenditures total \$29,192,854, accounting for 99% of the difference between the original budget appropriation and the amended budget.

With respect to FY20 amended budget vs. actual results, general fund revenues for the primary government were approximately \$3.2 million (5%) over budget for the year. Results for revenues from local sources accounted for a \$1.5 million (3%) positive variance, due primarily to a) actual results vs. budget in General Property and Other Local Taxes (\$637,000 (1%) positive variance) b) \$370,000 (91%) in additional revenues vs. budget for Charges for Services, and c) a \$323,000 (25%) budget surplus for Revenue from the Use of Money and Property. Local Revenues accounts for \$1.5 million of the \$3.2 million total budget surplus for revenues. State grant funds account for another \$1.2 million of the positive revenue budget variance.

Amended budget vs. actual results for general fund government expenditures for FY20 reflected a \$16.6 million (17%) positive variance, most notably due to the appropriation for Colonial Elementary School financing proceeds



## Management's Discussion and Analysis

(\$20.7 million). Excluding this appropriation, actual expenditures were \$6.8 million (7%) less than the amended budget. This budget savings can be found in General Government Administration (\$565,000), Public Safety (\$2.2 million), Community Development (\$1.4 million), and Capital Projects (\$1.8 million).

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

#### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2020 is \$73,327,753 (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 \$10.2 million (16%) increase from the prior year.

Major capital asset transactions included the following for FY20:

- A net \$1.2 million (3%) decrease in values for buildings & improvements, attributed to an increase in accumulated depreciation.
- A \$470,000 (7%) increase in net machinery & equipment assets.
- Construction in progress activity yielded a \$10.9 million (1412%) increase, as construction continued on the new Colonial Elementary School.

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

|                          | Governmental activities |                      |
|--------------------------|-------------------------|----------------------|
|                          | <u>2020</u>             | <u>2019</u>          |
| Land                     | \$ 12,037,981           | \$ 12,037,981        |
| Buildings                | 40,269,603              | 41,507,034           |
| Machinery and equipment  | 7,394,118               | 6,924,437            |
| Construction in progress | 13,626,051              | 2,662,783            |
| Total                    | <u>\$ 73,327,753</u>    | <u>\$ 63,132,235</u> |

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## Management's Discussion and Analysis

### 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>2020</u>             | <u>2019</u>          |
| General obligation bonds        | \$ 48,819,360           | \$ 51,145,429        |
| Literary Loans                  | 455,790                 | 857,720              |
| Capital Leases                  | -                       | 121,359              |
| Landfill closure / post-closure | 3,663,967               | 3,106,162            |
| Compensated absences            | 765,001                 | 653,458              |
| Net pension liability           | 1,330,935               | 533,986              |
| Net OPEB liability              | 1,021,110               | 914,000              |
| Total                           | <u>\$ 56,056,163</u>    | <u>\$ 57,332,114</u> |

Botetourt County's FY20 outstanding obligations for governmental activities totaled \$56,056,163, which represented a \$1.3 million (2%) decrease. This was primarily due to a) a \$2.3 million (4.5%) decrease in General obligation bonds and b) a \$402,000 (47%) 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. This combined \$2.7 million reduction in outstanding debt provided the ability to absorb increases on other debt obligations. There was a \$558,000 (17%) increase in Landfill post-closure projected costs and a \$797,000 increase in Net pension liability, which 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. Finally, a capital lease was paid off in FY20, representing a \$121,000 reduction in debt for that component.

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 \$1,480
- Net bonded debt to assessed value, limit 4%, actual 1.09%
- Ratio of debt service to total general governmental expenditures, limit 10%, actual 5.75%.
- 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 16) can be found in the notes to the financial statements.

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## Management's Discussion and Analysis

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

The FY21 budget process was extremely challenging due to the onset of the COVID-19 epidemic, which required a rework of revenues, expenditures, and capital projects. The efforts made to consider the negative economic impact of the virus for both the County and School component required additional rounds of review and a delay in the budget adoption. The FY21 budget was adopted first for the School component in May 2020, with the County budget being adopted in June.

The revenue portion of the County FY21 Budget includes a \$2 million (3%) increase vs. the FY20 Budget, with virtually all of the revenue increase reflected in local revenues. While General Property, Public Service Corporations and Machinery & Tool taxes are budgeted to increase a combined \$3.7 million, the balance of the local revenue budget is expected to decrease \$1.8 million. This is due to an anticipated decrease of a combined \$3.1 million loss of revenues due to the anticipated negative impact of the COVID-19 epidemic. Revenue areas budgeted to incur a reduction compared to budgeted figures for FY19 are Personal Property, Local Sales, Business License, Hotel and Meals taxes. State revenues are projected to increase only an aggregate \$30,000 (0.3%) and Federal revenues are expected to increase \$94,000 (8%).

The expenditure portion of the County FY21 budget reflected a \$3 million (9%) increase in operational costs. As a means of providing monetary relief to County taxpayers in light of the negative economic consequences of COVID-19, \$2.3 million was provided as a real estate tax reduction, which was the equivalent of a one-time \$.05 cent tax rate break, with the real estate tax rate remaining unchanged. The \$2.3 million tax break was reflected as an expenditure in the FY21 Budget. FY21 is the year that includes the results of the most recent real estate tax reassessment, which was a 9.3% increase.

In terms of County operational expenditures, all categorical functions included budget increases vs. FY20. Across County functions and departments, a full-year impact of FY20 mid-year market-based salary adjustments, a 9% increase in the Virginia Retirement System's employer rate, and a budgeted increase in employer hospital and medical costs contributed to the cost increases for each respective functional area. Therefore, the \$3 million increase in County operational expenditures can be summarized as being due to a) \$2.3 million in taxpayer relief, b) \$550,000 for the market-based salary adjustments (full year FY21 impact vs. half-year FY20 impact), and c) \$247,000 of personnel additions for public safety.

With respect to Capital Improvement Projects, the FY21 Budget contains \$1.7 million of funding, which is a decrease of \$467,000 (21%) vs. the FY20 Budget. This is a budget area that's funding was also negatively impacted due to COVID-19. Approximately 60% of the total budget is included in Maintenance, including \$500,000 applied to the multi-year Circuit Courthouse Renovation project, and \$386,000 for a section replacement of the Greenfield Administration Building roof. Community and Economic Development projects were provided \$375,000, and Technology Services received \$263,000 in project funding.

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, \$597,500 (\$200,000 increase) was included in the budget as a contribution to the Botetourt County EDA.

The Debt Service portion of the FY21 budget reflected a \$564,000 (12%) increase, due to an increase in the new Colonial Elementary School debt.

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

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The School portion of the FY21 budget called for funding of \$25.3 million, a \$732,000 (3%) increase, which includes \$422,000 in Capital Improvement funding associated with the new Colonial Elementary School.

The total FY21 Botetourt County budget of \$104.0 million (3% increase) was approved in June 2020.

Factors and finer points regarding the FY21 Budget are as follows:

- The most recent unemployment rate published (September, 2020) for the County is 3.9 percent, which is an increase from the rate of 2.5 percent from the same month a year ago and is attributed to the negative impact on employment from COVID-19. However, the 3.9 percent compares favorably to the State's September 2020 unemployment rate of 6.0 percent and the current national rate of 7.7 percent. .
- The School Board preliminary budget identified approximately \$1.9 million in new needs. The School budget process then prioritized needs and addressed operational priorities. With respect to employee compensation and changes, there were 7.5 full-time equivalent positions, with 6.5 of these positions to be employed as Special Education staff.
- In terms of FY21 personnel additions for the County, a new School Resource Officer and four (4) personnel additions beginning 1/1/21 for Fire personnel for the Read Mountain Fire Station were included in the budget. This fire station was previously shared and funded per agreement with neighboring Roanoke County, with Botetourt County assuming full operational responsibilities. per agreement. As was the case with Schools, there were no CPI-based compensation increases included in the FY21 Budget.

As has been detailed, there are many initiatives incorporated into the FY21 Budget, with revenues and expenditures given due consideration due to the COVID-19 epidemic. At the end of the process, the FY21 Budget anticipates the use of CARES Act funds (currently reported in unearned revenue) to cover necessary expenses related to the pandemic. As a means of monitoring and scrutinizing revenues and expenditures, the FY21 Budget will begin funding with a partial appropriation in July, followed by reviews and other justified partial appropriations as the County moves through the fiscal year.

All of these factors were considered in preparation, development, and approval of Botetourt County's budget for the 2021 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, 6 East Main Street, #6, Fincastle, Virginia 24090. 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, 2020

|                                                    | Primary Government    | Component Units        |                     |
|----------------------------------------------------|-----------------------|------------------------|---------------------|
|                                                    | Governmental          |                        |                     |
|                                                    | <u>Activities</u>     | <u>School Board</u>    | <u>EDA</u>          |
| <b>ASSETS</b>                                      |                       |                        |                     |
| Cash and cash equivalents                          | \$ 28,748,145         | \$ 11,558,600          | \$ 29,762           |
| Investments                                        | 5,144,410             | -                      | -                   |
| Receivables (net of allowance for uncollectibles): |                       |                        |                     |
| Taxes receivable                                   | 889,857               | -                      | -                   |
| Accounts receivable                                | 683,379               | 12,665                 | -                   |
| Note receivable                                    | -                     | -                      | 534,787             |
| Due from primary government                        | -                     | -                      | 99,388              |
| Due from other governmental units                  | 1,476,143             | 1,215,639              | -                   |
| Inventories                                        | -                     | 95,157                 | -                   |
| Prepaid items                                      | 269,373               | -                      | -                   |
| Restricted assets:                                 |                       |                        |                     |
| Cash and cash equivalents                          | 13,423,083            | -                      | -                   |
| Capital assets (net of accumulated depreciation):  |                       |                        |                     |
| Land                                               | 12,037,981            | 1,621,728              | 1,035,699           |
| Buildings and improvements                         | 40,269,603            | 14,367,592             | 2,302,631           |
| Machinery and equipment                            | 7,394,118             | 2,101,463              | -                   |
| Construction in progress                           | 13,626,051            | -                      | 60,359              |
| Total assets                                       | <u>\$ 123,962,143</u> | <u>\$ 30,972,844</u>   | <u>\$ 4,062,626</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                       |                        |                     |
| Deferred charge on refunding                       | \$ 625,289            | \$ -                   | \$ -                |
| Pension related items                              | 2,260,665             | 9,118,703              | -                   |
| OPEB related items                                 | 237,679               | 1,604,404              | -                   |
| Total deferred outflows of resources               | <u>\$ 3,123,633</u>   | <u>\$ 10,723,107</u>   | <u>\$ -</u>         |
| <b>LIABILITIES</b>                                 |                       |                        |                     |
| Accounts payable                                   | \$ 1,265,568          | \$ 1,420,685           | \$ 99,388           |
| Construction and retainage payables                | 1,757,280             | -                      | -                   |
| Accrued liabilities                                | -                     | -                      | -                   |
| Accrued wages and health claims                    | 149,196               | 5,126,441              | -                   |
| Accrued interest payable                           | 885,211               | 5,688                  | -                   |
| Due to component unit                              | 99,388                | -                      | -                   |
| Unearned revenue                                   | 4,796,042             | -                      | 28,750              |
| Long-term liabilities:                             |                       |                        |                     |
| Due within one year                                | 3,796,168             | 975,500                | 64,103              |
| Due in more than one year                          | 52,259,995            | 57,489,609             | 470,684             |
| Total liabilities                                  | <u>\$ 65,008,848</u>  | <u>\$ 65,017,923</u>   | <u>\$ 662,925</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                       |                        |                     |
| Property taxes paid in advance                     | \$ 271,058            | \$ -                   | \$ -                |
| Pension related items                              | 2,156,115             | 5,255,803              | -                   |
| OPEB related items                                 | 95,134                | 1,426,538              | -                   |
| Total deferred inflows of resources                | <u>\$ 2,522,307</u>   | <u>\$ 6,682,341</u>    | <u>\$ -</u>         |
| <b>NET POSITION</b>                                |                       |                        |                     |
| Net investment in capital assets                   | \$ 41,093,881         | \$ 17,487,649          | \$ 3,398,689        |
| Restricted                                         |                       |                        |                     |
| Judicial administration                            | 91,274                | -                      | -                   |
| Public safety                                      | 841,953               | -                      | -                   |
| Public works                                       | 35,636                | -                      | -                   |
| Parks, recreation, and cultural                    | 95,593                | -                      | -                   |
| Cafeteria operations                               | -                     | 72,351                 | -                   |
| Unrestricted                                       | 17,396,284            | (47,564,313)           | 1,012               |
| Total net position                                 | <u>\$ 59,554,621</u>  | <u>\$ (30,004,313)</u> | <u>\$ 3,399,701</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, 2020

| Functions/Programs                                           | Program Revenues |                                |                                    |                                 | Net (Expense) Revenue and<br>Changes in Net Position      |                 |              |
|--------------------------------------------------------------|------------------|--------------------------------|------------------------------------|---------------------------------|-----------------------------------------------------------|-----------------|--------------|
|                                                              | <u>Expenses</u>  | Charges for<br><u>Services</u> | Operating                          |                                 | Primary Governmental<br>Governmental<br><u>Activities</u> | Component Units |              |
|                                                              |                  |                                | Grants and<br><u>Contributions</u> | Capital<br><u>Contributions</u> |                                                           | School Board    | <u>EDA</u>   |
| <b>PRIMARY GOVERNMENT :</b>                                  |                  |                                |                                    |                                 |                                                           |                 |              |
| Governmental activities:                                     |                  |                                |                                    |                                 |                                                           |                 |              |
| General government administration                            | \$ 4,062,260     | \$ 84,832                      | \$ 347,300                         | \$ -                            | \$ (3,630,128)                                            | \$ -            | \$ -         |
| Judicial administration                                      | 1,509,133        | 100,747                        | 787,623                            | -                               | (620,763)                                                 | -               | -            |
| Public safety                                                | 16,767,396       | 617,684                        | 3,879,276                          | -                               | (12,270,436)                                              | -               | -            |
| Public works                                                 | 2,355,669        | 256,710                        | -                                  | -                               | (2,098,959)                                               | -               | -            |
| Health and welfare                                           | 4,315,321        | -                              | 2,636,982                          | -                               | (1,678,339)                                               | -               | -            |
| Education                                                    | 26,539,961       | -                              | -                                  | -                               | (26,539,961)                                              | -               | -            |
| Parks, recreation, and cultural                              | 3,247,448        | 133,466                        | 159,862                            | -                               | (2,954,120)                                               | -               | -            |
| Community development                                        | 3,290,998        | -                              | 1,178,636                          | -                               | (2,112,362)                                               | -               | -            |
| Interest on long-term debt                                   | 1,760,043        | -                              | -                                  | -                               | (1,760,043)                                               | -               | -            |
| Total governmental activities                                | \$ 63,848,229    | \$ 1,193,439                   | \$ 8,989,679                       | \$ -                            | \$ (53,665,111)                                           | \$ -            | \$ -         |
| <b>COMPONENT UNITS:</b>                                      |                  |                                |                                    |                                 |                                                           |                 |              |
| School Board                                                 | \$ 44,419,029    | \$ 922,796                     | \$ 29,563,248                      | \$ -                            | \$ -                                                      | \$ (13,932,985) | \$ -         |
| Economic Development Authority                               | 1,985,488        | 345,000                        | 1,814,170                          | -                               | -                                                         | -               | 173,682      |
| Total component units                                        | \$ 46,404,517    | \$ 1,267,796                   | \$ 31,377,418                      | \$ -                            | \$ -                                                      | \$ (13,932,985) | \$ 173,682   |
| General revenues:                                            |                  |                                |                                    |                                 |                                                           |                 |              |
| General property taxes                                       |                  |                                |                                    |                                 | \$ 42,784,283                                             | \$ -            | \$ -         |
| Other local taxes:                                           |                  |                                |                                    |                                 |                                                           |                 |              |
| Local sales and use taxes                                    |                  |                                |                                    |                                 | 3,281,555                                                 | -               | -            |
| Consumers' utility taxes                                     |                  |                                |                                    |                                 | 584,390                                                   | -               | -            |
| Business license taxes                                       |                  |                                |                                    |                                 | 976,576                                                   | -               | -            |
| Motor vehicle taxes                                          |                  |                                |                                    |                                 | 657,354                                                   | -               | -            |
| Restaurant food taxes                                        |                  |                                |                                    |                                 | 1,380,403                                                 | -               | -            |
| Other local taxes                                            |                  |                                |                                    |                                 | 1,236,931                                                 | -               | -            |
| Unrestricted revenues from the use of money and property     |                  |                                |                                    |                                 | 1,604,624                                                 | 30,491          | 26,938       |
| Miscellaneous                                                |                  |                                |                                    |                                 | 391,730                                                   | 189,470         | -            |
| Grants and contributions not restricted to specific programs |                  |                                |                                    |                                 | 4,650,129                                                 | 15,571,367      | -            |
| Total general revenues                                       |                  |                                |                                    |                                 | \$ 57,547,975                                             | \$ 15,791,328   | \$ 26,938    |
| Change in net position                                       |                  |                                |                                    |                                 | \$ 3,882,864                                              | \$ 1,858,343    | \$ 200,620   |
| Net position - beginning                                     |                  |                                |                                    |                                 | \$ 55,671,757                                             | \$ (31,862,656) | \$ 3,199,081 |
| Net position - ending                                        |                  |                                |                                    |                                 | \$ 59,554,621                                             | \$ (30,004,313) | \$ 3,399,701 |

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

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

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|                                                                     | <u>General</u>       |
|---------------------------------------------------------------------|----------------------|
| <b>ASSETS</b>                                                       |                      |
| Cash and cash equivalents                                           | \$ 27,264,994        |
| Investments                                                         | 5,144,410            |
| Receivables (net of allowance for uncollectibles):                  |                      |
| Taxes receivable                                                    | 889,857              |
| Accounts receivable                                                 | 661,894              |
| Due from other governmental units                                   | 1,476,143            |
| Prepaid items                                                       | 269,373              |
| Restricted assets:                                                  |                      |
| Cash and cash equivalents                                           | 13,423,083           |
| Total assets                                                        | <u>\$ 49,129,754</u> |
| <b>LIABILITIES</b>                                                  |                      |
| Accounts payable                                                    | \$ 1,265,568         |
| Construction and retainage payables                                 | 1,757,280            |
| Due to component unit                                               | 99,388               |
| Unearned revenue                                                    | 4,796,042            |
| Total liabilities                                                   | <u>\$ 7,918,278</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                      |
| Unavailable revenue-property taxes                                  | \$ 796,027           |
| Property taxes paid in advance                                      | 271,058              |
| Total deferred inflows of resources                                 | <u>\$ 1,067,085</u>  |
| <b>FUND BALANCES</b>                                                |                      |
| Nonspendable                                                        |                      |
| Prepaid items                                                       | \$ 269,373           |
| Committed                                                           | 487,500              |
| Restricted                                                          | 11,665,803           |
| Unassigned                                                          | 27,721,715           |
| Total fund balances                                                 | <u>\$ 40,144,391</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 49,129,754</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, 2020

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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                                                                                                                                                                                                                     |                    | \$ 40,144,391               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                  |                    |                             |
| Land                                                                                                                                                                                                                                                                                       | \$ 12,037,981      |                             |
| Buildings and improvements                                                                                                                                                                                                                                                                 | 40,269,603         |                             |
| Machinery and equipment                                                                                                                                                                                                                                                                    | 7,394,118          |                             |
| Construction in progress                                                                                                                                                                                                                                                                   | <u>13,626,051</u>  | 73,327,753                  |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                                                                                                                                                                 |                    |                             |
| Unavailable revenue - property taxes                                                                                                                                                                                                                                                       |                    | 796,027                     |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.                                                                                                                                                     |                    |                             |
| Pension related items                                                                                                                                                                                                                                                                      | \$ 2,260,665       |                             |
| OPEB related items                                                                                                                                                                                                                                                                         | <u>237,679</u>     | 2,498,344                   |
| 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. |                    | 1,355,440                   |
| 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                                                                                                                                                                                                                                 | \$ (47,288,283)    |                             |
| Deferred charges on refunding (to be amortized as interest expense)                                                                                                                                                                                                                        | 625,289            |                             |
| Bond premium (to be amortized over life of debt)                                                                                                                                                                                                                                           | (1,986,867)        |                             |
| Accrued interest payable                                                                                                                                                                                                                                                                   | (885,211)          |                             |
| Landfill post-closure liability                                                                                                                                                                                                                                                            | (3,663,967)        |                             |
| Compensated absences                                                                                                                                                                                                                                                                       | (765,001)          |                             |
| Net pension liability                                                                                                                                                                                                                                                                      | (1,330,935)        |                             |
| Net OPEB liability                                                                                                                                                                                                                                                                         | <u>(1,021,110)</u> | (56,316,085)                |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.                                                                                                                                                                 |                    |                             |
| Pension related items                                                                                                                                                                                                                                                                      | \$ (2,156,115)     |                             |
| OPEB related items                                                                                                                                                                                                                                                                         | <u>(95,134)</u>    | (2,251,249)                 |
| Net position of governmental activities                                                                                                                                                                                                                                                    |                    | <u><u>\$ 59,554,621</u></u> |

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, 2020

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|                                                           | <u>General</u>              |
|-----------------------------------------------------------|-----------------------------|
| <b>REVENUES</b>                                           |                             |
| General property taxes                                    | \$ 42,787,623               |
| Other local taxes                                         | 8,117,209                   |
| Permits, privilege fees, and regulatory licenses          | 366,880                     |
| Fines and forfeitures                                     | 50,775                      |
| Revenue from the use of money and property                | 1,604,624                   |
| Charges for services                                      | 775,784                     |
| Miscellaneous                                             | 391,730                     |
| Recovered costs                                           | 2,254,453                   |
| Intergovernmental                                         | 13,639,808                  |
| Total revenues                                            | <u>\$ 69,988,886</u>        |
| <b>EXPENDITURES</b>                                       |                             |
| Current:                                                  |                             |
| General government administration                         | \$ 4,185,054                |
| Judicial administration                                   | 1,589,592                   |
| Public safety                                             | 18,691,250                  |
| Public works                                              | 1,707,163                   |
| Health and welfare                                        | 4,443,166                   |
| Education                                                 | 25,705,391                  |
| Parks, recreation, and cultural                           | 2,974,340                   |
| Community development                                     | 3,194,929                   |
| Capital projects                                          | 12,816,202                  |
| Debt service:                                             |                             |
| Principal retirement                                      | 2,541,442                   |
| Interest and other fiscal charges                         | 2,051,288                   |
| Total expenditures                                        | <u>\$ 79,899,817</u>        |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (9,910,931)</u>       |
| Net change in fund balances                               | \$ (9,910,931)              |
| Fund balances - beginning                                 | 50,055,322                  |
| Fund balances - ending                                    | <u><u>\$ 40,144,391</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, 2020

---

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

|                                                        |    |             |
|--------------------------------------------------------|----|-------------|
| Net change in fund balances - total governmental funds | \$ | (9,910,931) |
|--------------------------------------------------------|----|-------------|

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       | \$ 13,842,793 |            |
| Depreciation expenses | (3,451,592)   | 10,391,201 |

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

|                    |  |           |
|--------------------|--|-----------|
| Deletion of assets |  | (195,683) |
|--------------------|--|-----------|

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

|                |  |         |
|----------------|--|---------|
| Property taxes |  | (3,340) |
|----------------|--|---------|

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 | \$ (557,805) |           |
| Principal repayments:                                          |              |           |
| General obligation bonds/literary loans/capital leases         | 2,541,442    | 1,983,637 |

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               | \$ (111,543) |         |
| Change in accrued interest payable           | 33,352       |         |
| Change in pension related items              | 737,546      |         |
| Change in OPEB related items                 | 44,529       |         |
| Amortization of bond premium                 | 307,916      |         |
| Amortization of deferred charge on refunding | (50,023)     | 961,777 |

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.

|  |  |         |
|--|--|---------|
|  |  | 656,203 |
|--|--|---------|

|                                                   |  |  |
|---------------------------------------------------|--|--|
| Change in net position of governmental activities |  |  |
|---------------------------------------------------|--|--|

|  |    |           |
|--|----|-----------|
|  | \$ | 3,882,864 |
|--|----|-----------|

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, 2020

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|                           | Internal<br>Service<br><u>Fund</u> |
|---------------------------|------------------------------------|
| <b>ASSETS</b>             |                                    |
| Current assets:           |                                    |
| Cash and cash equivalents | \$ 1,483,151                       |
| Accounts receivable       | 21,485                             |
| Total assets              | <u>\$ 1,504,636</u>                |
| <b>LIABILITIES</b>        |                                    |
| Current liabilities:      |                                    |
| Accrued health claims     | \$ 149,196                         |
| Total liabilities         | <u>\$ 149,196</u>                  |
| <b>NET POSITION</b>       |                                    |
| Unrestricted              | \$ 1,355,440                       |
| Total net position        | <u><u>\$ 1,355,440</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, 2020

|                                         | <b>Internal<br/>Service<br/><u>Fund</u></b> |
|-----------------------------------------|---------------------------------------------|
| <b>OPERATING REVENUES</b>               |                                             |
| Charges for services:                   |                                             |
| Insurance premiums                      | \$ 4,145,640                                |
| Total operating revenues                | <u>\$ 4,145,640</u>                         |
| <b>OPERATING EXPENSES</b>               |                                             |
| Insurance claims and expenses           | \$ 3,500,089                                |
| Total operating expenses                | <u>\$ 3,500,089</u>                         |
| Operating income (loss)                 | <u>\$ 645,551</u>                           |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                             |
| Interest income                         | \$ 10,652                                   |
| Total nonoperating revenues (expenses)  | <u>\$ 10,652</u>                            |
| Change in net position                  | \$ 656,203                                  |
| Total net position - beginning          | 699,237                                     |
| Total net position - ending             | <u><u>\$ 1,355,440</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, 2020

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|                                                                                                               | <b>Internal<br/>Service<br/>Fund</b> |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                   |                                      |
| Receipts for insurance premiums                                                                               | \$ 4,151,063                         |
| Payments for health claims                                                                                    | (3,787,653)                          |
| Net cash provided by (used for) operating activities                                                          | <u>\$ 363,410</u>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                   |                                      |
| Interest income                                                                                               | \$ 10,652                            |
| Net cash provided by (used for) investing activities                                                          | <u>\$ 10,652</u>                     |
| Net increase (decrease) in cash and cash equivalents                                                          | \$ 374,062                           |
| Cash and cash equivalents - beginning                                                                         | 1,109,089                            |
| Cash and cash equivalents - ending                                                                            | <u><u>\$ 1,483,151</u></u>           |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used for) operating activities:</b> |                                      |
| Operating income (loss)                                                                                       | <u>\$ 645,551</u>                    |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities:  |                                      |
| (Increase) decrease in accounts receivable                                                                    | \$ 5,423                             |
| Increase (decrease) in health claims payable                                                                  | (287,564)                            |
| Total adjustments                                                                                             | <u>\$ (282,141)</u>                  |
| Net cash provided by (used for) operating activities                                                          | <u><u>\$ 363,410</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, 2020

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|                                          | <u>Agency<br/>Funds</u> |
|------------------------------------------|-------------------------|
| <b>ASSETS</b>                            |                         |
| Cash and cash equivalents                | \$ 2,644,027            |
| Receivables:                             |                         |
| Due from other governments               | 109,889                 |
| Total assets                             | <u>\$ 2,753,916</u>     |
| <b>LIABILITIES</b>                       |                         |
| Accounts payable                         | \$ 24,669               |
| Amounts held for social services clients | 61,589                  |
| Amounts held for employees               | 15,280                  |
| Amounts held for other agencies          | 2,534,671               |
| Amounts held for performance bond        | 39,735                  |
| Amounts held for inmates                 | 77,972                  |
| Total liabilities                        | <u>\$ 2,753,916</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, 2020

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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 \$328,838 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 agency 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)

Agency funds use the accrual basis of accounting, but have no measurement focus as they do not report equity.

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. Agency funds include the Roanoke Valley Regional Board, Special Welfare, Cafeteria Plan, Inmate Trust and Canteen, Flexible Benefits Funds and Escrow Funds.

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 \$27,967,492 are reported in the accompanying financial statements as cash and cash equivalents.

2. Investments

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

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

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

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 \$38,586 at June 30, 2020 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.

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 and proprietary fund financial statements.

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

| <b>Assets</b>                      | <b>Years</b> |
|------------------------------------|--------------|
| 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

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

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

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

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' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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);

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;

**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)

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.

- 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.

**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)

- 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.

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.



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

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

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.

**Note 2-Stewardship, Compliance, and Accountability: (Continued)**

A. Budgetary information (Continued)

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, 2020, expenditures did not exceed appropriations in any departments.

C. Deficit fund equity

At June 30, 2020, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 3-Deposits and Investments:**

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

| Investment Maturities (in years) |               |               |           |
|----------------------------------|---------------|---------------|-----------|
| Investment Type                  | Fair Value    | 1 Year        | 1-5 Years |
| Local Government Investment Pool | \$ 15,608,866 | \$ 15,608,866 | \$ -      |
| SNAP                             | 12,358,626    | 12,358,626    | -         |
| Certificates of Deposit          | 5,144,410     | 5,144,410     | -         |
| Totals                           | \$ 33,111,902 | \$ 33,111,902 | \$ -      |

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**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, 2020 were rated by Standard and Poor's rating scale and the ratings are presented below.

| <b><u>Rated Debt Investments</u></b> | <b><u>Fair Quality Ratings</u></b> |
|--------------------------------------|------------------------------------|
|                                      | <b><u>AAAm</u></b>                 |
| Local Government Investment Pool     | \$ 15,608,866                      |
| SNAP                                 | 12,358,626                         |

**External Investment Pools**

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. 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, 2020, 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, 2020, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

|                                            | Primary<br>Government | Component Unit-<br>School Board |
|--------------------------------------------|-----------------------|---------------------------------|
| <u>Commonwealth of Virginia:</u>           |                       |                                 |
| Local sales tax                            | \$ 541,562            | \$ -                            |
| Categorical aid-State sales tax            | -                     | 701,993                         |
| Categorical aid-Other                      | 482,381               | -                               |
| Non-categorical aid                        | 120,665               | -                               |
| Categorical aid-Virginia Public Assistance | 36,260                | -                               |
| Categorical aid-Comprehensive Services Act | 229,544               | -                               |
| <u>Federal Government:</u>                 |                       |                                 |
| Categorical aid-Virginia Public Assistance | 65,531                | -                               |
| Categorical aid-Other                      | 200                   | 513,646                         |
| Totals                                     | <u>\$ 1,476,143</u>   | <u>\$ 1,215,639</u>             |

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

At year end, there were no interfund obligations.

Component unit obligations at June 30, 2020, consisted of the following:

| Fund                       | Due to<br>Component Unit | Due from<br>Primary Government |
|----------------------------|--------------------------|--------------------------------|
| <u>Primary Government:</u> |                          |                                |
| Governmental Activities    | \$ 99,388                | \$ -                           |
| <u>Component Unit:</u>     |                          |                                |
| EDA                        | -                        | 99,388                         |
| Total                      | <u>\$ 99,388</u>         | <u>\$ 99,388</u>               |

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2020, consisted of the following:

| Component Unit: |                      |
|-----------------|----------------------|
| School Board    | \$ 25,663,251        |
| EDA             | 1,814,170            |
| Total           | <u>\$ 27,477,421</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, 2020.

|                                      | Balance<br>July 1, 2019 | Increases/<br>Issuances | Decreases/<br>Retirements | Balance<br>June 30, 2020 |
|--------------------------------------|-------------------------|-------------------------|---------------------------|--------------------------|
| Direct Borrowings and Placements:    |                         |                         |                           |                          |
| General Obligation and Revenue Bonds | \$ 48,850,646           | \$ -                    | \$ (2,018,153)            | \$ 46,832,493            |
| Literary Fund Loans                  | 857,720                 | -                       | (401,930)                 | 455,790                  |
| Unamortized Premium                  | 2,294,783               | -                       | (307,916)                 | 1,986,867                |
| Capital leases                       | 121,359                 | -                       | (121,359)                 | -                        |
| Landfill post-closure liability      | 3,106,162               | 557,805                 | -                         | 3,663,967                |
| Compensated absences                 | 653,458                 | 601,637                 | (490,094)                 | 765,001                  |
| Net pension liability                | 533,986                 | 6,419,258               | (5,622,309)               | 1,330,935                |
| Net OPEB liability                   | 914,000                 | 313,703                 | (206,593)                 | 1,021,110                |
| Total                                | <u>\$ 57,332,114</u>    | <u>\$ 7,892,403</u>     | <u>\$ (9,168,354)</u>     | <u>\$ 56,056,163</u>     |

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 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<br>June 30, | Direct Borrowings and Placements:    |                      |                     |                  |
|-------------------------|--------------------------------------|----------------------|---------------------|------------------|
|                         | General Obligation and Revenue Bonds |                      | Literary Fund Loans |                  |
|                         | Principal                            | Interest             | Principal           | Interest         |
| 2021                    | \$ 2,820,487                         | \$ 1,910,403         | \$ 401,930          | \$ 13,674        |
| 2022                    | 2,958,585                            | 1,776,472            | 26,930              | 1,616            |
| 2023                    | 3,102,473                            | 1,637,213            | 26,930              | 808              |
| 2024                    | 3,257,175                            | 1,490,369            | -                   | -                |
| 2025                    | 3,407,717                            | 1,336,381            | -                   | -                |
| 2026-2030               | 14,468,687                           | 4,468,727            | -                   | -                |
| 2031-2035               | 10,972,369                           | 1,879,077            | -                   | -                |
| 2036-2039               | 5,845,000                            | 424,136              | -                   | -                |
| Totals                  | <u>\$ 46,832,493</u>                 | <u>\$ 14,922,778</u> | <u>\$ 455,790</u>   | <u>\$ 16,098</u> |

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

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

Details of long-term obligations:

| Type/<br>Project                         | Interest<br>Rates | Issue<br>Date | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Governmental<br>Activities | Amount<br>Due Within<br>One Year |
|------------------------------------------|-------------------|---------------|---------------------------|--------------------------------|---------------------------------------|----------------------------------|
| <b>Direct Borrowings and Placements:</b> |                   |               |                           |                                |                                       |                                  |
| Revenue Bonds:                           |                   |               |                           |                                |                                       |                                  |
| 2017 School Energy Program - VRA (1)     | 3.75%             | 7/5/2017      | 2033                      | \$ 6,512,144                   | \$ 5,814,642                          | \$ 354,258                       |
| General Obligation Bonds:                |                   |               |                           |                                |                                       |                                  |
| Fire Truck Loan                          | 4.25%             | 8/6/2013      | 2029                      | 446,372                        | 240,267                               | 26,537                           |
| 2018 Fire Truck Loan                     | 2.8769%           | 5/1/2018      | 2025                      | 1,188,185                      | 872,584                               | 164,692                          |
| School construction - VPSA               | 4.1% - 5.1%       | 5/11/2006     | 2026                      | 15,890,000                     | 7,400,000                             | 915,000                          |
| Jail Construction Bond - VRA             | 2.011%-5.125%     | 8/14/2014     | 2033                      | 13,150,000                     | 11,240,000                            | 635,000                          |
| School construction - VPSA               | 3.05%-5.05%       | 5/15/2018     | 2039                      | 21,265,000                     | 21,265,000                            | 725,000                          |
| Total Bonds                              |                   |               |                           |                                | <u>\$ 46,832,493</u>                  | <u>\$ 2,820,487</u>              |
| Add:                                     |                   |               |                           |                                |                                       |                                  |
| Unamortized premium on Issuance          | n/a               | n/a           | n/a                       | n/a                            | \$ 1,986,867                          | \$ -                             |
| Net General Obligation Bonds             |                   |               |                           |                                | <u>\$ 48,819,360</u>                  | <u>\$ 2,820,487</u>              |
| Literary Fund Loans:                     |                   |               |                           |                                |                                       |                                  |
| School construction                      | 3.00%             | 12/1/2000     | 2021                      | \$ 7,500,000                   | \$ 375,000                            | \$ 375,000                       |
| School construction                      | 3.00%             | 1/15/2003     | 2023                      | 538,600                        | 80,790                                | 26,930                           |
| Total Literary Fund Loans                |                   |               |                           |                                | <u>\$ 455,790</u>                     | <u>\$ 401,930</u>                |
| Total Direct Borrowings and Placements   |                   |               |                           |                                | <u>\$ 49,275,150</u>                  | <u>\$ 3,222,417</u>              |
| Other Obligations:                       |                   |               |                           |                                |                                       |                                  |
| Compensated Absences                     | n/a               | n/a           | n/a                       | n/a                            | \$ 765,001                            | \$ 573,751                       |
| Landfill post-closure liability          | n/a               | n/a           | n/a                       | n/a                            | 3,663,967                             | -                                |
| Net pension liability                    | n/a               | n/a           | n/a                       | n/a                            | 1,330,935                             | -                                |
| Net OPEB liability                       | n/a               | n/a           | n/a                       | n/a                            | 1,021,110                             | -                                |
| Total Other Obligations                  |                   |               |                           |                                | <u>\$ 6,781,013</u>                   | <u>\$ 573,751</u>                |
| Total Long-term obligations              |                   |               |                           |                                | <u>\$ 56,056,163</u>                  | <u>\$ 3,796,168</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.



COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2020.

|                         | Balance<br>July 1, 2019 | Increases            | Decreases              | Balance<br>June 30, 2020 |
|-------------------------|-------------------------|----------------------|------------------------|--------------------------|
| Capital leases          | \$ 902,162              | \$ -                 | \$ (299,028)           | \$ 603,134               |
| Compensated absences    | 791,520                 | 695,623              | (593,640)              | 893,503                  |
| Net OPEB liabilities    | 11,268,000              | 2,026,247            | (1,499,965)            | 11,794,282               |
| Net pension liabilities | 40,211,203              | 16,148,834           | (11,185,847)           | 45,174,190               |
| Total                   | <u>\$ 53,172,885</u>    | <u>\$ 18,870,704</u> | <u>\$ (13,578,480)</u> | <u>\$ 58,465,109</u>     |

Details of long-term obligations:

|                             | Interest<br>Rates | Issue<br>Date | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Governmental<br>Activities | Amount<br>Due Within<br>One Year |
|-----------------------------|-------------------|---------------|---------------------------|--------------------------------|---------------------------------------|----------------------------------|
| Capital Leases:             |                   |               |                           |                                |                                       |                                  |
| School Buses                |                   | 2/2/2017      |                           | \$ 505,586                     | \$ 102,827                            | \$ 102,827                       |
| School Buses                |                   | 11/21/2017    |                           | 586,000                        | 236,521                               | 117,159                          |
| School Buses                |                   | 3/15/2019     |                           | 439,890                        | 263,786                               | 85,387                           |
| Other Obligations:          |                   |               |                           |                                |                                       |                                  |
| Compensated Absences        | n/a               | n/a           | n/a                       | n/a                            | 893,503                               | 670,127                          |
| Net OPEB Liabilities        | n/a               | n/a           | n/a                       | n/a                            | 11,794,282                            | -                                |
| Net Pension Liabilities     | n/a               | n/a           | n/a                       | n/a                            | 45,174,190                            | -                                |
| Total long-term obligations |                   |               |                           |                                | <u>\$ 58,465,109</u>                  | <u>\$ 975,500</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, 2020**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                     | \$ 1,448,633        |
| Total capital assets             | \$ 1,448,633        |
| Accumulated Depreciation         | (375,535)           |
| Net Book Value of Capital Assets | <u>\$ 1,073,098</u> |

Present value of future minimum lease payments:

| Year Ending<br>June 30,                        | Capital<br>Leases |
|------------------------------------------------|-------------------|
| 2021                                           | \$ 319,362        |
| 2022                                           | 214,767           |
| 2023                                           | 93,161            |
| Total minimum lease payments                   | \$ 627,290        |
| Less: amount representing interest             | (24,156)          |
| Present value of future minimum lease payments | <u>\$ 603,134</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, 2020.

|                              | Primary Government   |                     |                                     |                    | Component Unit School Board |                     |                                     |                     |
|------------------------------|----------------------|---------------------|-------------------------------------|--------------------|-----------------------------|---------------------|-------------------------------------|---------------------|
|                              | Deferred<br>Outflows | Deferred<br>Inflows | Net Pension<br>Liability<br>(Asset) | Pension<br>Expense | Deferred<br>Outflows        | Deferred<br>Inflows | Net Pension<br>Liability<br>(Asset) | Pension<br>Expense  |
| VRS Pension Plans:           |                      |                     |                                     |                    |                             |                     |                                     |                     |
| Primary Government           | \$ 2,260,665         | \$ 2,156,115        | \$ 1,330,935                        | \$ 376,384         | \$ -                        | \$ -                | \$ -                                | \$ -                |
| School Board Nonprofessional | -                    | -                   | -                                   | -                  | 367,647                     | 118,793             | 1,337,653                           | 420,526             |
| School Board Professional    | -                    | -                   | -                                   | -                  | 8,751,056                   | 5,137,010           | 43,836,537                          | 4,038,249           |
| Totals                       | <u>\$ 2,260,665</u>  | <u>\$ 2,156,115</u> | <u>\$ 1,330,935</u>                 | <u>\$ 376,384</u>  | <u>\$ 9,118,703</u>         | <u>\$ 5,255,803</u> | <u>\$ 45,174,190</u>                | <u>\$ 4,458,775</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 hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Note 10-Pension Plans: (Continued)*****Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

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

|                                                                      | Primary<br>Government | Component Unit<br>School Board<br>Nonprofessional |
|----------------------------------------------------------------------|-----------------------|---------------------------------------------------|
| Inactive members or their beneficiaries currently receiving benefits | 131                   | 163                                               |
| Inactive members:                                                    |                       |                                                   |
| Vested inactive members                                              | 51                    | 37                                                |
| Non-vested inactive members                                          | 82                    | 72                                                |
| Inactive members active elsewhere in VRS                             | 95                    | 36                                                |
| Total inactive members                                               | 228                   | 145                                               |
| Active members                                                       | 261                   | 128                                               |
| Total covered employees                                              | 620                   | 436                                               |

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

***Contributions***

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 8.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,116,761 and \$1,038,353 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 8.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$220,603 and \$222,836 for the years ended June 30, 2020 and June 30, 2019, respectively.

***Net Pension Liability***

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

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

***Actuarial Assumptions - General Employees***

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

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

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

**Mortality rates:**

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 10-Pension Plans: (Continued)*****Actuarial Assumptions - General Employees (Continued)***

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

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

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

***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

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

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

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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



**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>Target 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%                   | 5.61%                                               | 1.91%                                                      |
| Fixed Income                         | 15.00%                   | 0.88%                                               | 0.13%                                                      |
| Credit Strategies                    | 14.00%                   | 5.13%                                               | 0.72%                                                      |
| Real Assets                          | 14.00%                   | 5.27%                                               | 0.74%                                                      |
| Private Equity                       | 14.00%                   | 8.77%                                               | 1.23%                                                      |
| MAPS - Multi-Asset Public Strategies | 6.00%                    | 3.52%                                               | 0.21%                                                      |
| PIP - Private Investment Partnership | 3.00%                    | 6.29%                                               | 0.19%                                                      |
| <b>Total</b>                         | <b>100.00%</b>           |                                                     | <b>5.13%</b>                                               |
|                                      |                          | <b>Inflation</b>                                    | <b>2.50%</b>                                               |
|                                      |                          | <b>Expected arithmetic nominal return*</b>          | <b>7.63%</b>                                               |

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, 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, 2019 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.

**Changes in Net Pension Liability**

|                                                       | Primary Government                   |                                          |                                          |
|-------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|
|                                                       | Increase (Decrease)                  |                                          |                                          |
|                                                       | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 49,451,616                        | \$ 48,917,630                            | \$ 533,986                               |
| Changes for the year:                                 |                                      |                                          |                                          |
| Service cost                                          | \$ 1,433,860                         | \$ -                                     | \$ 1,433,860                             |
| Interest                                              | 3,386,772                            | -                                        | 3,386,772                                |
| Changes of assumptions                                | 1,564,443                            | -                                        | 1,564,443                                |
| Differences between expected<br>and actual experience | (708,377)                            | -                                        | (708,377)                                |
| Contributions - employer                              | -                                    | 1,038,353                                | (1,038,353)                              |
| Contributions - employee                              | -                                    | 602,149                                  | (602,149)                                |
| Net investment income                                 | -                                    | 3,273,430                                | (3,273,430)                              |
| Benefit payments, including refunds                   | (2,138,305)                          | (2,138,305)                              | -                                        |
| Administrative expenses                               | -                                    | (32,121)                                 | 32,121                                   |
| Other changes                                         | -                                    | (2,062)                                  | 2,062                                    |
| Net changes                                           | \$ 3,538,393                         | \$ 2,741,444                             | \$ 796,949                               |
| Balances at June 30, 2019                             | \$ 52,990,009                        | \$ 51,659,074                            | \$ 1,330,935                             |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 10-Pension Plans: (Continued)*****Changes in Net Pension Liability (Continued)***

|                                                       | Component Unit-School Board (nonprofessional) |                                          |                                          |
|-------------------------------------------------------|-----------------------------------------------|------------------------------------------|------------------------------------------|
|                                                       | Increase (Decrease)                           |                                          |                                          |
|                                                       | Total<br>Pension<br>Liability<br>(a)          | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 12,781,402                                 | \$ 11,722,199                            | \$ 1,059,203                             |
| Changes for the year:                                 |                                               |                                          |                                          |
| Service cost                                          | \$ 233,978                                    | \$ -                                     | \$ 233,978                               |
| Interest                                              | 861,276                                       | -                                        | 861,276                                  |
| Changes of assumptions                                | 324,206                                       | -                                        | 324,206                                  |
| Differences between expected<br>and actual experience | (33,925)                                      | -                                        | (33,925)                                 |
| Contributions - employer                              | -                                             | 222,836                                  | (222,836)                                |
| Contributions - employee                              | -                                             | 131,165                                  | (131,165)                                |
| Net investment income                                 | -                                             | 761,552                                  | (761,552)                                |
| Benefit payments, including refunds                   | (954,916)                                     | (954,916)                                | -                                        |
| Administrative expenses                               | -                                             | (7,994)                                  | 7,994                                    |
| Other changes                                         | -                                             | (474)                                    | 474                                      |
| Net changes                                           | \$ 430,619                                    | \$ 152,169                               | \$ 278,450                               |
| Balances at June 30, 2019                             | \$ 13,212,021                                 | \$ 11,874,368                            | \$ 1,337,653                             |

***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)                   | \$ 8,470,386 | \$ 1,330,935 | \$ (4,336,274) |
| Component Unit School Board's (Nonprofessional) |              |              |                |
| Net Pension Liability                           | \$ 2,775,147 | \$ 1,337,653 | \$ 176,041     |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$376,384 and \$420,526, respectively. At June 30, 2020, 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                               | \$ -                           | \$ 1,633,693                  | \$ -                                          | \$ 15,387                     |
| Changes of assumptions                                                           | 1,143,894                      | 65,265                        | 147,044                                       | -                             |
| Net difference between projected and actual earnings on pension plan investments | -                              | 457,157                       | -                                             | 103,406                       |
| Employer contributions subsequent to the measurement date                        | 1,116,761                      | -                             | 220,603                                       | -                             |
| Total                                                                            | <u>\$ 2,260,655</u>            | <u>\$ 2,156,115</u>           | <u>\$ 367,647</u>                             | <u>\$ 118,793</u>             |

\$1,116,761 and \$220,603 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year ended June 30 | Primary Government | Component Unit School Board (nonprofessional) |
|--------------------|--------------------|-----------------------------------------------|
| 2021               | \$ (522,162)       | \$ 133,172                                    |
| 2022               | (669,556)          | (110,120)                                     |
| 2023               | 153,061            | (2,335)                                       |
| 2024               | 26,436             | 7,534                                         |
| Thereafter         | -                  | -                                             |

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

***Pension Plan Data***

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

**Component Unit School Board (Professional)**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school divisions were \$4,393,399 and \$4,295,989 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$48,836,537 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.33309% as compared to 0.33293% at June 30, 2018.

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

For the year ended June 30, 2020, the school division recognized pension expense of \$4,038,249. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

|                                                                                                               | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                                            | \$ -                                      | \$ 2,807,039                             |
| Changes of assumptions                                                                                        | 4,340,845                                 | -                                        |
| Net difference between projected and actual earnings on pension plan investments                              | -                                         | 962,546                                  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 16,812                                    | 1,367,425                                |
| Employer contributions subsequent to the measurement date                                                     | 4,393,399                                 | -                                        |
| Total                                                                                                         | \$ 8,751,056                              | \$ 5,137,010                             |

\$4,393,399 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <b><u>Year ended June 30</u></b> |              |
|----------------------------------|--------------|
| 2021                             | \$ (611,521) |
| 2022                             | (1,213,023)  |
| 2023                             | 103,441      |
| 2024                             | 590,436      |
| Thereafter                       | 351,314      |

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

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

***Actuarial Assumptions***

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

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

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****Actuarial Assumptions (Continued)***

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

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

***Net Pension Liability***

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

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

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



**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****Long-Term Expected Rate of Return***

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

***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 | \$ 65,993,032 | \$ 43,836,537 | \$ 25,517,219 |

***Pension Plan Fiduciary Net Position***

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Aggregate OPEB Information:**

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities (assets), and OPEB expense for the year ended June 30, 2020.

|                                      | 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                               | \$ 237,679         | \$ 95,134        | \$ 1,021,110       | \$ 23,847    | \$ -                        | \$ -             | \$ -               | \$ -         |
| School Board Nonprofessional         | -                  | -                | -                  | -            | 60,951                      | 14,929           | 234,489            | 8,681        |
| School Board Professional            | -                  | -                | -                  | -            | 452,585                     | 211,049          | 2,293,144          | 39,424       |
| School Board Nonprofessional         |                    |                  |                    |              |                             |                  |                    |              |
| Health Insurance Credit Plan         | -                  | -                | -                  | -            | 35,556                      | 3,475            | 182,268            | 19,336       |
| Teacher Health Insurance Credit Plan | -                  | -                | -                  | -            | 443,312                     | 192,085          | 4,311,381          | 329,280      |
| School Stand-Alone Plan              | -                  | -                | -                  | -            | 612,000                     | 1,005,000        | 4,773,000          | 262,000      |
| Totals                               | \$ 237,679         | \$ 95,134        | \$ 1,021,110       | \$ 23,847    | \$ 1,604,404                | \$ 1,426,538     | \$ 11,794,282      | \$ 658,721   |

**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.

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

***Benefit Amounts***

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

***Contributions***

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

Contributions to the GLI Plan from the County were \$68,823 and \$63,906 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$14,911 and \$14,681 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$148,497 and \$143,643 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the County reported a liability of \$1,021,110 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2020, the Component Unit School Board (nonprofessional) reported a liability of \$234,489 for its proportionate share of the Net GLI OPEB Liability.

**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) reported a liability of \$2,293,144 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2019, the County's proportion was 0.62750% as compared to 0.06019% at June 30, 2018.

At June 30, 2019, the Component Unit School Board (nonprofessional) proportion was 0.01441% as compared to 0.01347% at June 30, 2018.

At June 30, 2019, the Component Unit School Board (professional) proportion was 0.14092% as compared to 0.14041% at June 30, 2018.

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$23,847. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized GLI OPEB expense of \$8,681. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2020, the Component Unit School Board (professional) recognized GLI OPEB expense of \$39,424. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 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 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                                | \$ 67,910                      | \$ 13,246                     | \$ 15,595                                     | \$ 3,041                      | \$ 152,508                                 | \$ 29,745                     |
| Net difference between projected and actual earnings on GLI OPEB plan investments | -                              | 20,974                        | -                                             | 4,817                         | -                                          | 47,103                        |
| Change in assumptions                                                             | 64,467                         | 30,791                        | 14,804                                        | 7,071                         | 144,776                                    | 69,148                        |
| Changes in proportion                                                             | 36,479                         | 30,123                        | 15,641                                        | -                             | 6,804                                      | 65,053                        |
| Employer contributions subsequent to the measurement date                         | 68,823                         | -                             | 14,911                                        | -                             | 148,497                                    | -                             |
| Total                                                                             | \$ 237,679                     | \$ 95,134                     | \$ 60,951                                     | \$ 14,929                     | \$ 452,585                                 | \$ 211,049                    |

\$68,823, \$14,911, and \$148,497 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (Nonprofessional) | Component Unit School Board (Professional) |
|--------------------|--------------------|-----------------------------------------------|--------------------------------------------|
| 2021               | \$ 3,863           | \$ 4,092                                      | \$ (5,455)                                 |
| 2022               | 3,864              | 4,092                                         | (5,453)                                    |
| 2023               | 12,747             | 6,132                                         | 14,497                                     |
| 2024               | 20,485             | 7,499                                         | 32,949                                     |
| 2025               | 24,803             | 7,178                                         | 42,950                                     |
| Thereafter         | 7,960              | 2,118                                         | 13,551                                     |

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

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

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

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

**Mortality Rates - Teachers****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective 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 Retirement Rates | Updated to a more current mortality table - RP-2014 projected to 2020<br>Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates                                                               | Adjusted termination rates to better fit experience at each age and service year                                                                                |
| Disability Rates                                                               | Lowered disability rates                                                                                                                                        |
| Salary Scale                                                                   | No change                                                                                                                                                       |
| Line of Duty Disability                                                        | Increased rate from 14.00% to 15.00%                                                                                                                            |
| Discount Rate                                                                  | Decreased rate from 7.00% to 6.75%                                                                                                                              |

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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



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

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

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

**NET GLI OPEB Liability**

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

|                                                                                |    | <b>GLI OPEB<br/>Plan</b> |
|--------------------------------------------------------------------------------|----|--------------------------|
| Total GLI OPEB Liability                                                       | \$ | 3,390,238                |
| Plan Fiduciary Net Position                                                    |    | 1,762,972                |
| GLI Net OPEB Liability (Asset)                                                 | \$ | <u>1,627,266</u>         |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability |    | 52.00%                   |

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

**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>Target 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%                   | 5.61%                                               | 1.91%                                                      |
| Fixed Income                         | 15.00%                   | 0.88%                                               | 0.13%                                                      |
| Credit Strategies                    | 14.00%                   | 5.13%                                               | 0.72%                                                      |
| Real Assets                          | 14.00%                   | 5.27%                                               | 0.74%                                                      |
| Private Equity                       | 14.00%                   | 8.77%                                               | 1.23%                                                      |
| MAPS - Multi-Asset Public Strategies | 6.00%                    | 3.52%                                               | 0.21%                                                      |
| PIP - Private Investment Partnership | 3.00%                    | 6.29%                                               | 0.19%                                                      |
| Total                                | <u>100.00%</u>           |                                                     | <u>5.13%</u>                                               |
|                                      |                          | Inflation                                           | <u>2.50%</u>                                               |
|                                      |                          | Expected arithmetic nominal return*                 | <u>7.63%</u>                                               |

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

**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, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

|                                                                                                      | Rate         |                  |              |
|------------------------------------------------------------------------------------------------------|--------------|------------------|--------------|
|                                                                                                      | 1% Decrease  | Current Discount | 1% Increase  |
|                                                                                                      | (5.75%)      | (6.75%)          | (7.75%)      |
| County's proportionate share of the GLI Plan Net OPEB Liability                                      | \$ 1,341,455 | \$ 1,021,110     | \$ 761,318   |
| Component Unit-School Board (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability | \$ 308,054   | \$ 234,489       | \$ 174,830   |
| Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability    | \$ 3,012,556 | \$ 2,293,144     | \$ 1,709,721 |

**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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13-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, 2018 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 | 35            |
| Active members                                                       | 128           |
| Total covered employees                                              | <u>163</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, 2020 was 0.72% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 \$20,646 and \$20,358 for the years ended June 30, 2020 and June 30, 2019, respectively.

***Net HIC OPEB Liability***

The Component Unit School Board's (Nonprofessional) net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

**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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

|                                        |                                                            |
|----------------------------------------|------------------------------------------------------------|
| Inflation                              | 2.50%                                                      |
| Salary increases, including inflation: |                                                            |
| 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,<br>including inflation* |

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**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>Target<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------|
| Public Equity                        | 34.00%                       | 5.61%                                                           | 1.91%                                                                      |
| Fixed Income                         | 15.00%                       | 0.88%                                                           | 0.13%                                                                      |
| Credit Strategies                    | 14.00%                       | 5.13%                                                           | 0.72%                                                                      |
| Real Assets                          | 14.00%                       | 5.27%                                                           | 0.74%                                                                      |
| Private Equity                       | 14.00%                       | 8.77%                                                           | 1.23%                                                                      |
| MAPS - Multi-Asset Public Strategies | 6.00%                        | 3.52%                                                           | 0.21%                                                                      |
| PIP - Private Investment Partnership | 3.00%                        | 6.29%                                                           | 0.19%                                                                      |
| Total                                | <u>100.00%</u>               |                                                                 | <u>5.13%</u>                                                               |
|                                      |                              | Inflation                                                       | <u>2.50%</u>                                                               |
|                                      |                              | Expected arithmetic nominal return*                             | <u>7.63%</u>                                                               |

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



**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, 2019, 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, 2019 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.

***Changes in Net HIC OPEB Liability***

|                                                       | Increase (Decrease)                   |                                          |                                                   |
|-------------------------------------------------------|---------------------------------------|------------------------------------------|---------------------------------------------------|
|                                                       | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 241,000                            | \$ 66,000                                | \$ 175,000                                        |
| Changes for the year:                                 |                                       |                                          |                                                   |
| Service cost                                          | \$ 5,079                              | \$ -                                     | \$ 5,079                                          |
| Interest                                              | 16,335                                | -                                        | 16,335                                            |
| Differences between expected<br>and actual experience | 4,983                                 | -                                        | 4,983                                             |
| Contributions - employer                              | -                                     | 20,358                                   | (20,358)                                          |
| Net investment income                                 | -                                     | 4,490                                    | (4,490)                                           |
| Benefit payments                                      | (15,917)                              | (15,917)                                 | -                                                 |
| Administrative expenses                               | -                                     | (99)                                     | 99                                                |
| Other changes                                         | 6,065                                 | 445                                      | 5,620                                             |
| Net changes                                           | \$ 16,545                             | \$ 9,277                                 | \$ 7,268                                          |
| Balances at June 30, 2019                             | \$ 257,545                            | \$ 75,277                                | \$ 182,268                                        |

**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<br>(Nonprofessional) |             |                  |             |
| Net HIC OPEB Liability                           | \$ 207,543  | \$ 182,268       | \$ 160,496  |

***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, 2020, the Component Unit School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$19,336. At June 30, 2020, 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<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                | \$ 10,368                         | \$ -                             |
| Net difference between projected and actual earnings on HIC OPEB plan investments | -                                 | 738                              |
| Change in assumptions                                                             | 4,542                             | 2,737                            |
| Employer contributions subsequent to the measurement date                         | 20,646                            | -                                |
| Total                                                                             | \$ 35,556                         | \$ 3,475                         |

**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)***

\$20,646 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

|            |    |       |
|------------|----|-------|
| 2021       | \$ | 2,621 |
| 2022       |    | 2,754 |
| 2023       |    | 4,268 |
| 2024       |    | 1,792 |
| 2025       |    | -     |
| Thereafter |    | -     |

***HIC Program Plan Data***

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

**Note 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 with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC 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 \$342,694 and \$331,495 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the school division reported a liability of \$4,311,381 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Program was 0.3293% as compared to 0.3301% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher HIC OPEB expense of \$329,280. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

|                                                                                           | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                        | \$ -                                      | \$ 24,421                                |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 272                                       | -                                        |
| Change in assumptions                                                                     | 100,346                                   | 29,958                                   |
| Change in proportion                                                                      | -                                         | 137,706                                  |
| Employer contributions subsequent to the measurement date                                 | <u>342,694</u>                            | <u>-</u>                                 |
| Total                                                                                     | \$ <u>443,312</u>                         | \$ <u>192,085</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)***

\$342,694 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

|            |    |          |
|------------|----|----------|
| 2021       | \$ | (21,467) |
| 2022       |    | (21,471) |
| 2023       |    | (19,582) |
| 2024       |    | (20,214) |
| 2025       |    | (16,192) |
| Thereafter |    | 7,459    |

***Actuarial Assumptions***

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

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

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

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

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

**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, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

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

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



**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>Target 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%                   | 5.61%                                               | 1.91%                                                      |
| Fixed Income                         | 15.00%                   | 0.88%                                               | 0.13%                                                      |
| Credit Strategies                    | 14.00%                   | 5.13%                                               | 0.72%                                                      |
| Real Assets                          | 14.00%                   | 5.27%                                               | 0.74%                                                      |
| Private Equity                       | 14.00%                   | 8.77%                                               | 1.23%                                                      |
| MAPS - Multi-Asset Public Strategies | 6.00%                    | 3.52%                                               | 0.21%                                                      |
| PIP - Private Investment Partnership | 3.00%                    | 6.29%                                               | 0.19%                                                      |
| Total                                | 100.00%                  |                                                     | 5.13%                                                      |
|                                      |                          | Inflation                                           | 2.50%                                                      |
|                                      |                          | Expected arithmetic nominal return*                 | 7.63%                                                      |

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

**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, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

|                                                                                 | Rate         |                  |              |
|---------------------------------------------------------------------------------|--------------|------------------|--------------|
|                                                                                 | 1% Decrease  | Current Discount | 1% Increase  |
|                                                                                 | (5.75%)      | (6.75%)          | (7.75%)      |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |              |                  |              |
| Net HIC OPEB Liability                                                          | \$ 4,825,168 | \$ 4,311,381     | \$ 3,874,919 |

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

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

**Note 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, 2019 (measurement date), the following employees were covered by the benefit terms:

|                              |                   |
|------------------------------|-------------------|
| Total active employees       | 651               |
| Total retirees with coverage | <u>39</u>         |
| Total                        | <u><u>690</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, 2020 was \$335,000.

***Total OPEB Liability***

The School Board's total OPEB liability was measured as of July 1, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of July 1, 2019.

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

The total OPEB liability in the July 1, 2019 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 | 0.00% for pre-medicare and post-medicare for fiscal year end 2019 (to reflect actual experience), then 7.00% pre-medicare and 5.00% for post-medicare for fiscal year end 2020, decreasing 0.25% per year to an ultimate rate of 5.00% |
| Discount Rate               | 3.13%                                                                                                                                                                                                                                  |

RP-2014 Mortality Table, fully generational with base year 2006, projected two-dimensional mortality improvement scale MP-2019.

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

**Changes in Total OPEB Liability**

|                                                   | Component Unit<br>School Board<br>Total OPEB Liability |
|---------------------------------------------------|--------------------------------------------------------|
| Beginning Balance                                 | \$ 4,565,000                                           |
| Changes for the year:                             |                                                        |
| Service cost                                      | 183,000                                                |
| Interest                                          | 166,000                                                |
| Difference between expected and actual experience | (115,000)                                              |
| Benefit payments                                  | (335,000)                                              |
| Other changes                                     | 309,000                                                |
| Net changes                                       | 208,000                                                |
| Ending Balance                                    | \$ 4,773,000                                           |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

| Rate                   |                                  |                        |
|------------------------|----------------------------------|------------------------|
| 1% Decrease<br>(2.13%) | Current Discount<br>Rate (3.13%) | 1% Increase<br>(4.13%) |
| \$ 5,576,000           | \$ 4,773,000                     | \$ 5,138,000           |

***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 (6.00% 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 (8.00% 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:

| Rates                           |                                              |                                 |
|---------------------------------|----------------------------------------------|---------------------------------|
| 1% Decrease<br>(as noted above) | Healthcare Cost<br>Trend<br>(as noted above) | 1% Increase<br>(as noted above) |
| \$ 3,984,000                    | \$ 4,773,000                                 | \$ 5,809,000                    |

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$262,000. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                              | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience           | \$ -                              | \$ 678,000                       |
| Changes in assumptions                                       | 277,000                           | 327,000                          |
| Employer contributions subsequent to the<br>measurement date | 335,000                           | -                                |
| Total                                                        | \$ 612,000                        | \$ 1,005,000                     |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 15-Other Postemployment Benefits - Health Insurance: (Continued)**

\$335,000 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, 2021. 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:

| Year Ended June 30 |             |
|--------------------|-------------|
| 2021               | \$ (98,000) |
| 2022               | (98,000)    |
| 2023               | (98,000)    |
| 2024               | (98,000)    |
| 2025               | (98,000)    |
| Thereafter         | (238,000)   |

|            |    |           |
|------------|----|-----------|
| 2021       | \$ | (98,000)  |
| 2022       |    | (98,000)  |
| 2023       |    | (98,000)  |
| 2024       |    | (98,000)  |
| 2025       |    | (98,000)  |
| Thereafter |    | (238,000) |

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.

**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, 2020 was \$62,828.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**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<br>Statements | Balance<br>Sheet      |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------|
|                                                                                                                                           | Governmental<br>Activities    | Governmental<br>Funds |
| Deferred/Unavailable revenue:                                                                                                             |                               |                       |
| Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures | \$ -                          | \$ 796,027            |
| Prepaid property taxes due after June 30 but paid in advance by taxpayers                                                                 | 271,058                       | 271,058               |
| 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                                                                           | 2,915,679                     | 2,915,679             |
| Unspent VITA grant/Telecommunications Broadband grant received during the current fiscal year                                             | 192,863                       | 192,863               |
|                                                                                                                                           | <u>\$ 5,067,100</u>           | <u>\$ 5,863,127</u>   |

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 18-Capital Assets:**

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

Primary Government:

|                                             | Beginning<br>Balance   | Increases             | Decreases           | Ending<br>Balance      |
|---------------------------------------------|------------------------|-----------------------|---------------------|------------------------|
| Governmental Activities:                    |                        |                       |                     |                        |
| Capital assets, not being depreciated:      |                        |                       |                     |                        |
| Land                                        | \$ 12,037,981          | \$ -                  | \$ -                | \$ 12,037,981          |
| Construction in progress                    | 2,662,783              | 11,671,423            | (708,155)           | 13,626,051             |
| Total capital assets not being depreciated  | <u>\$ 14,700,764</u>   | <u>\$ 11,671,423</u>  | <u>\$ (708,155)</u> | <u>\$ 25,664,032</u>   |
| Capital assets, being depreciated:          |                        |                       |                     |                        |
| Buildings and improvements                  | \$ 64,738,030          | \$ 512,472            | \$ -                | \$ 65,250,502          |
| Machinery and equipment                     | 19,587,065             | 2,171,370             | (558,522)           | 21,199,913             |
| Total capital assets being depreciated      | <u>\$ 84,325,095</u>   | <u>\$ 2,683,842</u>   | <u>\$ (558,522)</u> | <u>\$ 86,450,415</u>   |
| Accumulated depreciation:                   |                        |                       |                     |                        |
| Buildings and improvements                  | \$ (23,230,996)        | \$ (1,749,903)        | \$ -                | \$ (24,980,899)        |
| Machinery and equipment                     | (12,662,628)           | (1,701,689)           | 558,522             | (13,805,795)           |
| Total accumulated depreciation              | <u>\$ (35,893,624)</u> | <u>\$ (3,451,592)</u> | <u>\$ 558,522</u>   | <u>\$ (38,786,694)</u> |
| Total capital assets being depreciated, net | <u>\$ 48,431,471</u>   | <u>\$ (767,750)</u>   | <u>\$ -</u>         | <u>\$ 47,663,721</u>   |
| Governmental activities capital assets, net | <u>\$ 63,132,235</u>   | <u>\$ 10,903,673</u>  | <u>\$ (708,155)</u> | <u>\$ 73,327,753</u>   |



COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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                  | \$ 250,203          |
| Judicial administration                            | 29,002              |
| Public safety                                      | 1,899,936           |
| Public works                                       | 127,171             |
| Health and welfare                                 | 7,507               |
| Education                                          | 790,194             |
| Parks, recreation, and culture                     | 342,148             |
| Community development                              | 5,431               |
|                                                    | <u>5,431</u>        |
| Total depreciation expense-governmental activities | <u>\$ 3,451,592</u> |

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

Discretely Presented Component Unit School Board:

|                                             | Beginning<br>Balance   | Increases             | Decreases           | Ending<br>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                  | \$ 52,789,613          | \$ 720,523            | \$ -                | \$ 53,510,136          |
| Machinery and equipment                     | 9,808,745              | 271,740               | (282,031)           | 9,798,454              |
| Total capital assets being depreciated      | <u>\$ 62,598,358</u>   | <u>\$ 992,263</u>     | <u>\$ (282,031)</u> | <u>\$ 63,308,590</u>   |
| Accumulated depreciation:                   |                        |                       |                     |                        |
| Buildings and improvements                  | \$ (37,886,327)        | \$ (1,256,217)        | \$ -                | \$ (39,142,544)        |
| Machinery and equipment                     | (7,514,193)            | (450,493)             | 267,695             | (7,696,991)            |
| Total accumulated depreciation              | <u>\$ (45,400,520)</u> | <u>\$ (1,706,710)</u> | <u>\$ 267,695</u>   | <u>\$ (46,839,535)</u> |
| Total capital assets being depreciated, net | <u>\$ 17,197,838</u>   | <u>\$ (714,447)</u>   | <u>\$ (14,336)</u>  | <u>\$ 16,469,055</u>   |
| School Board capital assets, net            | <u>\$ 18,819,566</u>   | <u>\$ (714,447)</u>   | <u>\$ (14,336)</u>  | <u>\$ 18,090,783</u>   |

**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.

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.

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**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     |

|                                                |            |
|------------------------------------------------|------------|
| <u>Selective Insurance Company of America:</u> |            |
| Gary Larrowe, County Administrator             | \$ 250,000 |
| David Moorman, Deputy County Administrator     | 150,000    |
| Anthony Zerrilla, Finance Manager              | 150,000    |
| Karen Dunbar, Bookkeeper                       | 150,000    |
| Veronica Ramsey, Payroll                       | 150,000    |
| All administrative employees                   | 50,000     |
| All Social Services employees: blanket bond    | 100,000    |

|                                                            |          |
|------------------------------------------------------------|----------|
| <u>United States Fidelity and Guaranty Company-Surety:</u> |          |
| Board of Supervisors:                                      |          |
| I. Ray Sloan                                               | \$ 1,000 |
| Richard G. Bailey                                          | 1,000    |
| Dr. Donald M. (Mac) Scothorn                               | 1,000    |
| Billy W. Martin, Sr.                                       | 1,000    |
| Stephen P. Clinton                                         | 1,000    |

Component Unit School Board:

|                                             |           |
|---------------------------------------------|-----------|
| <u>The Continental Insurance Company:</u>   |           |
| LuAnn Delosreyes, Clerk of the School Board | \$ 10,000 |
| All School Board employees: blanket bond    | 10,000    |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**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, 2020, the estimated post-closure care and correction action costs are estimated to be \$3,663,967 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, 2020 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 the following construction commitment at June 30, 2020:

| <u>Project</u>             | <u>Original<br/>Contract<br/>Amount</u> | <u>Outstanding at<br/>June 30, 2020</u> |
|----------------------------|-----------------------------------------|-----------------------------------------|
| County                     |                                         |                                         |
| Colonial Elementary School | <u>\$ 21,707,948</u>                    | <u>\$ 12,075,519</u>                    |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**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 2020, a total of \$4,433,204 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 \$149,196 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<br/>Beginning of<br/>Fiscal Year</u> | <u>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claim<br/>Payments</u> | <u>Balance at<br/>End of<br/>Fiscal Year</u> |
|--------------------|----------------------------------------------------|-----------------------------------------------------------------|---------------------------|----------------------------------------------|
| 2019-20            | \$ 436,760                                         | \$ 4,145,640                                                    | \$ (4,433,204)            | \$ 149,196                                   |
| 2018-19            | 501,716                                            | 4,078,198                                                       | (4,143,154)               | 436,760                                      |
| 2017-18            | 418,573                                            | 3,368,661                                                       | (3,285,518)               | 501,716                                      |

**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 2020, a total of \$4,800,600 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 \$417,200 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:

| <u>Fiscal Year</u> | <u>Balance at<br/>Beginning of<br/>Fiscal Year</u> | <u>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claim<br/>Payments</u> | <u>Balance at<br/>End of<br/>Fiscal Year</u> |
|--------------------|----------------------------------------------------|-----------------------------------------------------------------|---------------------------|----------------------------------------------|
| 2019-20            | \$ 416,000                                         | \$ 4,801,800                                                    | \$ (4,800,600)            | \$ 417,200                                   |
| 2018-19            | 676,995                                            | 6,022,491                                                       | (6,283,486)               | 416,000                                      |
| 2017-18            | 620,018                                            | 5,992,671                                                       | (5,935,694)               | 676,995                                      |

COUNTY OF BOTETOURT, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 26-Litigation:**

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

**Note 27-Restricted Net Position/Fund Balance:**

|                                      | Governmental<br><u>Activities</u> | Component Unit<br><u>School Board</u> |
|--------------------------------------|-----------------------------------|---------------------------------------|
| Restricted Net Position:             |                                   |                                       |
| Judicial                             |                                   |                                       |
| Law Library                          | \$ 91,274                         | \$ -                                  |
| Public safety                        |                                   |                                       |
| Property Seizure                     | 63,915                            | -                                     |
| E-Summons Program                    | 40,232                            | -                                     |
| Traffic Safety Program               | 329,247                           | -                                     |
| Courtroom Security                   | 155,684                           | -                                     |
| Criminal Processing                  | 4,318                             | -                                     |
| Fire and EMS Funds                   | 230,446                           | -                                     |
| Community Outreach Program - Sheriff | 18,111                            | -                                     |
| Public works                         |                                   |                                       |
| Courthouse Maintenance               | 35,636                            | -                                     |
| Parks, recreation, and cultural      |                                   |                                       |
| Van Program                          | 28,365                            | -                                     |
| Greenfield Preservation Area         | 19,577                            | -                                     |
| Sestercentennial Committee Fund      | 47,651                            | -                                     |
| Cafeteria Operations                 | -                                 | 72,351                                |
| Total Restricted Net Position        | <u>\$ 1,064,456</u>               | <u>\$ 72,351</u>                      |
|                                      | <u>General Fund</u>               | <u>School Operating Fund</u>          |
| Restricted Fund Balance:             |                                   |                                       |
| Restricted Net Position Above        | \$ 1,064,456                      | \$ 72,351                             |
| School Construction                  | 10,601,347                        | -                                     |
| Total Restricted Fund Balance        | <u>\$ 11,665,803</u>              | <u>\$ 72,351</u>                      |
|                                      | <u>General Fund</u>               | <u>School Operating Fund</u>          |
| Committed Fund Balance:              |                                   |                                       |
| Local Economic Incentives            | <u>\$ 487,500</u>                 | <u>\$ -</u>                           |

**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 year 19 of the agreement. For the year ending June 30, 2020, the Company applied for and received refunds totaling \$105,772.

**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-COVID-19 Pandemic Subsequent Event:**

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

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

**Note 30-COVID-19 Pandemic Subsequent Event: (Continued)**

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue and totaled \$2,915,679. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The County of Botetourt, Virginia, received the second round of CRF funds in the amount of \$2,915,679 on August 17, 2020.

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

**Note 31-Upcoming Pronouncements:**

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

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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



**Note 31-Upcoming Pronouncements: (Continued)**

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

Statement No. 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, 2020

|                                                  | Budgeted Amounts |               | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--------------------------------------------------|------------------|---------------|---------------|-----------------------------------------------------------|
|                                                  | Original         | Final         | Amounts       |                                                           |
| <b>REVENUES</b>                                  |                  |               |               |                                                           |
| General property taxes                           | \$ 41,738,700    | \$ 42,262,107 | \$ 42,787,623 | \$ 525,516                                                |
| Other local taxes                                | 8,005,500        | 8,005,500     | 8,117,209     | 111,709                                                   |
| Permits, privilege fees, and regulatory licenses | 449,000          | 449,000       | 366,880       | (82,120)                                                  |
| Fines and forfeitures                            | 88,000           | 88,000        | 50,775        | (37,225)                                                  |
| Revenue from the use of money and property       | 1,281,512        | 1,281,512     | 1,604,624     | 323,112                                                   |
| Charges for services                             | 405,290          | 405,290       | 775,784       | 370,494                                                   |
| Miscellaneous                                    | 341,067          | 341,067       | 391,730       | 50,663                                                    |
| Recovered costs                                  | 2,046,741        | 2,046,741     | 2,254,453     | 207,712                                                   |
| Intergovernmental                                | 11,942,499       | 11,942,499    | 13,639,808    | 1,697,309                                                 |
| Total revenues                                   | \$ 66,298,309    | \$ 66,821,716 | \$ 69,988,886 | \$ 3,167,170                                              |
| <b>EXPENDITURES</b>                              |                  |               |               |                                                           |
| General government administration:               |                  |               |               |                                                           |
| Board of supervisors                             | \$ 261,763       | \$ 264,763    | \$ 252,535    | \$ 12,228                                                 |
| County administrator                             | 447,552          | 552,388       | 526,187       | 26,201                                                    |
| Deputy administrators                            | 467,982          | 458,537       | 441,640       | 16,897                                                    |
| Central garage                                   | 105,375          | 109,721       | 90,115        | 19,606                                                    |
| Commissioner of revenue                          | 418,859          | 429,247       | 408,467       | 20,780                                                    |
| Assessor                                         | 110,700          | 172,758       | 161,544       | 11,214                                                    |
| Equalization Board                               | 7,400            | 7,400         | 5,958         | 1,442                                                     |
| Central purchasing                               | 125,027          | 137,309       | 133,915       | 3,394                                                     |
| Treasurer                                        | 521,085          | 544,496       | 523,122       | 21,374                                                    |
| Management information systems                   | 1,129,856        | 1,175,392     | 1,021,911     | 153,481                                                   |
| Financial services                               | 311,042          | 317,128       | 305,910       | 11,218                                                    |
| Nondepartmental                                  | 607,500          | 201,713       | 3,663         | 198,050                                                   |
| Electoral board/registrar                        | 357,902          | 379,523       | 310,087       | 69,436                                                    |
| Total general government administration          | \$ 4,872,043     | \$ 4,750,375  | \$ 4,185,054  | \$ 565,321                                                |
| Judicial administration:                         |                  |               |               |                                                           |
| Circuit court                                    | \$ 63,251        | \$ 67,019     | \$ 64,323     | \$ 2,696                                                  |
| General district court                           | 28,517           | 49,897        | 41,076        | 8,821                                                     |
| Magistrate                                       | 2,630            | 2,830         | 2,812         | 18                                                        |
| Clerk of the circuit court                       | 691,856          | 718,348       | 672,682       | 45,666                                                    |
| Juvenile and domestic relations district court   | -                | 6,945         | 3,898         | 3,047                                                     |
| Commonwealth's attorney                          | 809,390          | 822,237       | 804,801       | 17,436                                                    |
| Total judicial administration                    | \$ 1,595,644     | \$ 1,667,276  | \$ 1,589,592  | \$ 77,684                                                 |
| Public safety:                                   |                  |               |               |                                                           |
| Sheriff                                          | \$ 5,341,736     | \$ 6,154,180  | \$ 5,298,992  | \$ 855,188                                                |
| Fire departments and rescue squads               | 5,665,323        | 6,526,504     | 5,953,935     | 572,569                                                   |
| Emergency communications                         | 304,931          | 392,331       | 330,959       | 61,372                                                    |
| County operated institutions - jail              | 4,912,146        | 5,111,592     | 4,838,711     | 272,881                                                   |
| Probation office                                 | 4,501            | 4,501         | 4,158         | 343                                                       |
| Juvenile detention                               | 150,000          | 150,000       | 139,334       | 10,666                                                    |
| Building inspections                             | 430,588          | 447,259       | 364,491       | 82,768                                                    |
| Animal control                                   | 712,452          | 720,882       | 602,816       | 118,066                                                   |
| Emergency services                               | 9,340            | 311,956       | 291,737       | 20,219                                                    |
| Dispatch                                         | 927,076          | 950,445       | 862,758       | 87,687                                                    |
| Courtroom security                               | -                | 100,656       | 3,359         | 97,297                                                    |
| Total public safety                              | \$ 18,458,093    | \$ 20,870,306 | \$ 18,691,250 | \$ 2,179,056                                              |

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

|                                                | Budgeted Amounts |               | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|------------------------------------------------|------------------|---------------|---------------|-----------------------------------------------------------|
|                                                | Original         | Final         | Amounts       |                                                           |
| <b>EXPENDITURES (Continued)</b>                |                  |               |               |                                                           |
| Public works:                                  |                  |               |               |                                                           |
| Refuse collection and disposal                 | \$ 755,428       | \$ 867,350    | \$ 832,569    | \$ 34,781                                                 |
| General properties                             | 908,900          | 943,116       | 874,594       | 68,522                                                    |
| Total public works                             | \$ 1,664,328     | \$ 1,810,466  | \$ 1,707,163  | \$ 103,303                                                |
| Health and welfare:                            |                  |               |               |                                                           |
| Supplement of local health department          | \$ 329,252       | \$ 333,057    | \$ 333,057    | \$ -                                                      |
| Mental health contribution                     | 40,000           | 40,000        | 40,000        | -                                                         |
| Welfare administration and programs            | 1,332,959        | 1,850,459     | 1,802,658     | 47,801                                                    |
| Comprehensive services act                     | 1,269,190        | 1,732,150     | 1,637,839     | 94,311                                                    |
| Senior van program                             | 80,940           | 83,585        | 78,705        | 4,880                                                     |
| Tax relief for the elderly                     | -                | 523,407       | 523,407       | -                                                         |
| Other welfare programs                         | 27,500           | 27,500        | 27,500        | -                                                         |
| Total health and welfare                       | \$ 3,079,841     | \$ 4,590,158  | \$ 4,443,166  | \$ 146,992                                                |
| Education:                                     |                  |               |               |                                                           |
| Contribution to Community Colleges             | \$ 42,140        | \$ 42,140     | \$ 42,140     | \$ -                                                      |
| Contribution to County School Board            | 25,663,996       | 25,663,996    | 25,663,251    | 745                                                       |
| Total education                                | \$ 25,706,136    | \$ 25,706,136 | \$ 25,705,391 | \$ 745                                                    |
| Parks, recreation, and cultural:               |                  |               |               |                                                           |
| Supervision of parks and recreation            | \$ 1,337,855     | \$ 1,365,444  | \$ 1,197,060  | \$ 168,384                                                |
| Sports complex                                 | 380,625          | 431,149       | 298,605       | 132,544                                                   |
| Contributions to cultural organizations        | 23,000           | 27,538        | 27,538        | -                                                         |
| Greenfield Historical Resources                | 50,000           | 140,000       | -             | 140,000                                                   |
| Library expenses                               | 1,205,398        | 1,227,670     | 1,151,137     | 76,533                                                    |
| YMCA support                                   | 300,000          | 300,000       | 300,000       | -                                                         |
| Total parks, recreation, and cultural          | \$ 3,296,878     | \$ 3,491,801  | \$ 2,974,340  | \$ 517,461                                                |
| Community development:                         |                  |               |               |                                                           |
| Economic development - contributions           | \$ 269,610       | \$ 269,610    | \$ 269,610    | \$ -                                                      |
| Environmental management                       | 20,111           | 20,111        | 20,111        | -                                                         |
| Contribution to Economic Development Authority | 397,500          | 2,903,590     | 1,814,170     | 1,089,420                                                 |
| Industrial development                         | 115,000          | 127,500       | 10,398        | 117,102                                                   |
| Community development                          | 673,483          | 699,560       | 570,102       | 129,458                                                   |
| Economic development                           | 481,512          | 514,239       | 453,642       | 60,597                                                    |
| Extension office                               | 68,008           | 68,008        | 56,896        | 11,112                                                    |
| Total community development                    | \$ 2,025,224     | \$ 4,602,618  | \$ 3,194,929  | \$ 1,407,689                                              |
| Capital projects:                              |                  |               |               |                                                           |
| Website design                                 | \$ 127,000       | \$ 136,800    | \$ 18,150     | \$ 118,650                                                |
| Greenfield education and training              | -                | 48,000        | 30,000        | 18,000                                                    |
| Greenway project                               | -                | 154,000       | 77,776        | 76,224                                                    |
| Community recreation incentive program         | 35,000           | 40,000        | 23,530        | 16,470                                                    |
| Library incentive fund                         | 5,000            | 5,000         | -             | 5,000                                                     |
| Economic development program                   | -                | 35,000        | 35,000        | -                                                         |
| Circuit courthouse complex                     | -                | 1,985         | 1,985         | -                                                         |
| PC/laptop replacement                          | 61,000           | 61,000        | 59,525        | 1,475                                                     |

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

|                                                           | Budgeted Amounts |                 | Actual         | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|-----------------------------------------------------------|------------------|-----------------|----------------|-----------------------------------------------------------|
|                                                           | Original         | Final           | Amounts        |                                                           |
| <b>EXPENDITURES (Continued)</b>                           |                  |                 |                |                                                           |
| Capital projects: (Continued)                             |                  |                 |                |                                                           |
| Enterprise-wide software                                  | \$ -             | \$ 20,864       | \$ 3,350       | \$ 17,514                                                 |
| Mobile radio replacement                                  | 30,000           | 252,532         | 156,859        | 95,673                                                    |
| Emergency communications project                          | 55,000           | 97,155          | 97,155         | -                                                         |
| Tax software                                              | -                | 102,735         | 76,968         | 25,767                                                    |
| Cardiac monitor replacement plan                          | 74,000           | 74,000          | 65,058         | 8,942                                                     |
| Leachate tank maintenance                                 | 300,000          | 362,147         | 344,422        | 17,725                                                    |
| E-summons purchases                                       | -                | 33,444          | 12,688         | 20,756                                                    |
| Colonial elementary                                       | -                | 20,719,914      | 10,926,454     | 9,793,460                                                 |
| Greenfield preservation area                              | -                | 11,420          | 113            | 11,307                                                    |
| Greenfield ETC mobile class                               | -                | 275,782         | 275,782        | -                                                         |
| County offices and circuit court relocation               | 500,000          | 1,071,182       | 286,731        | 784,451                                                   |
| General district courthouse                               | 90,000           | 136,218         | 49,959         | 86,259                                                    |
| Comprehensive Facility Master Plan                        | 250,000          | 250,000         | -              | 250,000                                                   |
| Server and Storage Refresh                                | 130,100          | 115,100         | 58,690         | 56,410                                                    |
| Exchange Online                                           | 35,000           | 50,000          | 35,490         | 14,510                                                    |
| Voter Registration Expansion                              | -                | 7,500           | 5,322          | 2,178                                                     |
| Blue Ridge Park                                           | 30,000           | 30,000          | 30,000         | -                                                         |
| Orchards of Ashley Roads                                  | -                | 228,655         | 65,026         | 163,629                                                   |
| West Center Drive                                         | -                | 80,169          | 80,169         | -                                                         |
| Total capital projects                                    | \$ 1,722,100     | \$ 24,400,602   | \$ 12,816,202  | \$ 11,584,400                                             |
| Debt service:                                             |                  |                 |                |                                                           |
| Principal retirement                                      | \$ 2,531,448     | \$ 2,541,448    | \$ 2,541,442   | \$ 6                                                      |
| Interest and other fiscal charges                         | 2,051,288        | 2,051,288       | 2,051,288      | -                                                         |
| Total debt service                                        | \$ 4,582,736     | \$ 4,592,736    | \$ 4,592,730   | \$ 6                                                      |
| Total expenditures                                        | \$ 67,003,023    | \$ 96,482,474   | \$ 79,899,817  | \$ 16,582,657                                             |
| Excess (deficiency) of revenues over (under) expenditures | \$ (704,714)     | \$ (29,660,758) | \$ (9,910,931) | \$ 19,749,827                                             |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                  |                 |                |                                                           |
| Transfers out                                             | -                | \$ (2,915)      | \$ -           | \$ 2,915                                                  |
| Total other financing sources (uses)                      | \$ -             | \$ (2,915)      | \$ -           | \$ 2,915                                                  |
| Net change in fund balances                               | \$ (704,714)     | \$ (29,663,673) | \$ (9,910,931) | \$ 19,752,742                                             |
| Fund balances - beginning                                 | 704,714          | 29,663,673      | 50,055,322     | 20,391,649                                                |
| Fund balances - ending                                    | \$ -             | \$ -            | \$ 40,144,391  | \$ 40,144,391                                             |

Note 1: GAAP serves as the budgetary basis of accounting

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, 2019

|                                                                                   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                                                    |                      |                      |                      |                      |                      |                      |
| Service cost                                                                      | \$ 1,433,860         | \$ 1,463,887         | \$ 1,444,742         | \$ 1,506,669         | \$ 1,473,286         | \$ 1,439,117         |
| Interest                                                                          | 3,386,772            | 3,321,046            | 3,207,090            | 3,057,284            | 2,912,687            | 2,727,789            |
| Differences between expected and actual experience                                | (708,377)            | (1,733,361)          | (696,038)            | (476,335)            | (620,659)            | -                    |
| Changes of assumptions                                                            | 1,564,443            | -                    | (246,558)            | -                    | -                    | -                    |
| Benefit payments                                                                  | (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>\$ 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>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>\$ 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                                                          | \$ 1,038,353         | \$ 1,090,914         | \$ 1,112,944         | \$ 1,310,669         | \$ 1,332,674         | \$ 1,404,239         |
| Contributions - employee                                                          | 602,149              | 570,181              | 579,692              | 553,564              | 571,538              | 572,060              |
| Net investment income                                                             | 3,273,430            | 3,397,764            | 5,055,303            | 718,947              | 1,785,372            | 5,227,639            |
| Benefit payments                                                                  | (2,138,305)          | (2,086,947)          | (2,075,626)          | (1,819,459)          | (1,579,811)          | (1,471,211)          |
| Administrative charges                                                            | (32,121)             | (29,123)             | (29,044)             | (24,969)             | (23,760)             | (27,445)             |
| Other                                                                             | (2,062)              | (3,036)              | (4,493)              | (303)                | (377)                | 276                  |
| <b>Net change in plan fiduciary net position</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>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>\$ 51,659,074</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>\$ 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>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>\$ 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>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, 2019

|                                                                                   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                                                    |                      |                      |                      |                      |                      |                      |
| Service cost                                                                      | \$ 233,978           | \$ 241,309           | \$ 244,440           | \$ 246,453           | \$ 297,919           | \$ 301,655           |
| Interest                                                                          | 861,276              | 841,348              | 844,304              | 856,146              | 825,985              | 800,682              |
| Differences between expected and actual experience                                | (33,925)             | 75,013               | (325,615)            | (497,217)            | 61,619               | -                    |
| Changes of assumptions                                                            | 324,206              | -                    | (14,323)             | -                    | -                    | -                    |
| Benefit payments                                                                  | (954,916)            | (791,053)            | (791,011)            | (758,111)            | (751,171)            | (730,570)            |
| <b>Net change in total pension liability</b>                                      | \$ 430,619           | \$ 366,617           | \$ (42,205)          | \$ (152,729)         | \$ 434,352           | \$ 371,767           |
| <b>Total pension liability - beginning</b>                                        | 12,781,402           | 12,414,785           | 12,456,990           | 12,609,719           | 12,175,367           | 11,803,600           |
| <b>Total pension liability - ending (a)</b>                                       | <u>\$ 13,212,021</u> | <u>\$ 12,781,402</u> | <u>\$ 12,414,785</u> | <u>\$ 12,456,990</u> | <u>\$ 12,609,719</u> | <u>\$ 12,175,367</u> |
| <b>Plan fiduciary net position</b>                                                |                      |                      |                      |                      |                      |                      |
| Contributions - employer                                                          | \$ 222,836           | \$ 235,211           | \$ 229,281           | \$ 280,851           | \$ 279,259           | \$ 360,472           |
| Contributions - employee                                                          | 131,165              | 121,316              | 119,757              | 115,418              | 114,370              | 136,232              |
| Net investment income                                                             | 761,552              | 827,465              | 1,260,114            | 179,145              | 477,032              | 1,459,455            |
| Benefit payments                                                                  | (954,916)            | (791,053)            | (791,011)            | (758,111)            | (751,171)            | (730,570)            |
| Administrative charges                                                            | (7,994)              | (7,364)              | (7,564)              | (6,778)              | (6,794)              | (8,002)              |
| Other                                                                             | (474)                | (728)                | (1,108)              | (77)                 | (99)                 | 77                   |
| <b>Net change in plan fiduciary net position</b>                                  | \$ 152,169           | \$ 384,847           | \$ 809,469           | \$ (189,552)         | \$ 112,597           | \$ 1,217,664         |
| <b>Plan fiduciary net position - beginning</b>                                    | 11,772,199           | 11,337,352           | 10,527,883           | 10,717,435           | 10,604,838           | 9,387,174            |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <u>\$ 11,874,368</u> | <u>\$ 11,722,199</u> | <u>\$ 11,337,352</u> | <u>\$ 10,527,883</u> | <u>\$ 10,717,435</u> | <u>\$ 10,604,838</u> |
| <b>School Division's net pension liability - ending (a) - (b)</b>                 | \$ 1,337,653         | \$ 1,059,203         | \$ 1,077,433         | \$ 1,929,107         | \$ 1,892,284         | \$ 1,570,529         |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 89.88%               | 91.71%               | 91.32%               | 84.51%               | 84.99%               | 87.10%               |
| <b>Covered payroll</b>                                                            | \$ 2,823,365         | \$ 2,562,104         | \$ 2,471,143         | \$ 2,351,533         | \$ 2,324,240         | \$ 2,681,093         |
| <b>School Division's net pension liability as a percentage of covered payroll</b> | 47.38%               | 41.34%               | 43.60%               | 82.04%               | 81.42%               | 58.58%               |

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, 2019

|                                                                                                            | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's Proportion of the Net Pension Liability                                                         | 0.33309%      | 0.33293%      | 0.34343%      | 0.34454%      | 0.35138%      | 0.36427%      |
| Employer's Proportionate Share of the Net Pension Liability                                                | \$ 43,836,537 | \$ 39,152,000 | \$ 42,235,000 | \$ 48,284,000 | \$ 44,226,000 | \$ 44,021,000 |
| Employer's Covered Payroll                                                                                 | 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 | 158.69%       | 146.64%       | 156.89%       | 183.82%       | 169.29%       | 165.25%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 73.51%        | 74.81%        | 72.92%        | 68.28%        | 70.68%        | 70.88%        |

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



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

| Date                                                 | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>Primary Government</b>                            |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                                 | \$ 1,116,761                                     | \$ 1,116,761                                                                        | \$ -                                          | \$ 13,397,701                           | 8.34%                                                   |
| 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%                                                  |
| 2011                                                 | 989,908                                          | 989,908                                                                             | -                                             | 9,879,318                               | 10.02%                                                  |
| <b>Component Unit School Board (nonprofessional)</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                                 | 255,585                                          | 255,585                                                                             | -                                             | 2,602,700                               | 9.82%                                                   |
| <b>Component Unit School Board (professional)</b>    |                                                  |                                                                                     |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                                 | 973,244                                          | 973,244                                                                             | -                                             | 24,764,478                              | 3.93%                                                   |

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, 2020**

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

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

|                                                                         |                                                                                                 |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates                                                        | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates                                                        | Lowered rates                                                                                   |
| Salary Scale                                                            | No change                                                                                       |
| Line of Duty Disability                                                 | Increased rate from 14.00% to 15.00%                                                            |
| Discount Rate                                                           | 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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of 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, 2019

| Date<br>(1)                                          | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Primary Government</b>                            |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2019                                                 | 0.62750%                                                                    | \$ 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> |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 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>    |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 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, 2011 through June 30, 2020

| Date                                                 | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>Primary Government</b>                            |                                                  |                                                                                     |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                                 | 27,666                                           | 27,666                                                                              | -                                             | 9,879,318                               | 0.28%                                                   |
| <b>Component Unit School Board (Nonprofessional)</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                                 | 7,288                                            | 7,288                                                                               | -                                             | 2,602,700                               | 0.28%                                                   |
| <b>Component Unit School Board (Professional)</b>    |                                                  |                                                                                     |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                                 | 69,343                                           | 69,343                                                                              | -                                             | 24,764,478                              | 0.28%                                                   |

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

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

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

**Teachers**

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

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

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

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

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

Detailed information about the OPEB plan(s) annual money-weighted rate of return on plan investments is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of 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, 2019

|                                                                                    | 2019                     | 2018                     | 2017                     |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total HIC OPEB Liability</b>                                                    |                          |                          |                          |
| Service cost                                                                       | \$ 5,079                 | \$ 6,000                 | \$ 7,000                 |
| Interest                                                                           | 16,335                   | 15,000                   | 15,000                   |
| Differences between expected and actual experience                                 | 4,983                    | 11,000                   | -                        |
| Changes of assumptions                                                             | -                        | -                        | (7,000)                  |
| Benefit payments                                                                   | (15,917)                 | (15,000)                 | (11,000)                 |
| Other                                                                              | 6,065                    | (1,000)                  | -                        |
| <b>Net change in total HIC OPEB liability</b>                                      | <b>\$ 16,545</b>         | <b>\$ 16,000</b>         | <b>\$ 4,000</b>          |
| <b>Total HIC OPEB Liability - beginning</b>                                        | <b>241,000</b>           | <b>225,000</b>           | <b>221,000</b>           |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <b><u>\$ 257,545</u></b> | <b><u>\$ 241,000</u></b> | <b><u>\$ 225,000</u></b> |
| <b>Plan fiduciary net position</b>                                                 |                          |                          |                          |
| Contributions - employer                                                           | \$ 20,358                | \$ 17,000                | \$ 16,000                |
| Net investment income                                                              | 4,490                    | 4,000                    | 6,000                    |
| Benefit payments                                                                   | (15,917)                 | (15,000)                 | (11,000)                 |
| Administrative charges                                                             | (99)                     | -                        | -                        |
| Other                                                                              | 445                      | (1,000)                  | -                        |
| <b>Net change in plan fiduciary net position</b>                                   | <b>\$ 9,277</b>          | <b>\$ 5,000</b>          | <b>\$ 11,000</b>         |
| <b>Plan fiduciary net position - beginning</b>                                     | <b>66,000</b>            | <b>61,000</b>            | <b>50,000</b>            |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <b><u>\$ 75,277</u></b>  | <b><u>\$ 66,000</u></b>  | <b><u>\$ 61,000</u></b>  |
| <b>School Division's net HIC OPEB liability - ending (a) - (b)</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>29.23%</b>            | <b>27.39%</b>            | <b>27.11%</b>            |
| <b>Covered payroll</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>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, 2019

| Date<br>(1) | Employer's<br>Proportion of the<br>Net HIC OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>HIC OPEB Liability<br>(6) |
|-------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
|             |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 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, 2011 through June 30, 2020

| Date                                          | Contributions in<br>Relation to                  |                                                  |                                               |                                         | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|-----------------------------------------------|--------------------------------------------------|--------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
|                                               | Contractually<br>Required<br>Contribution<br>(1) | Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) |                                                         |
| Component Unit School Board (Nonprofessional) |                                                  |                                                  |                                               |                                         |                                                         |
| 2020                                          | \$ 20,646                                        | \$ 20,646                                        | \$ -                                          | \$ 2,867,623                            | 0.72%                                                   |
| 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%                                                   |
| 2011                                          | 14,315                                           | 14,315                                           | -                                             | 2,602,700                               | 0.55%                                                   |
| Component Unit School Board (Professional)    |                                                  |                                                  |                                               |                                         |                                                         |
| 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%                                                   |
| 2011                                          | 148,587                                          | 148,587                                          | -                                             | 24,764,478                              | 0.60%                                                   |



County of Botetourt, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2020

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

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

**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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

County of 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, 2019

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

**County of Botetourt, Virginia**  
**Notes to Required Supplementary Information - Component Unit-School Board Health Insurance OPEB**  
**For the Year Ended June 30, 2020**

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

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

*Methods and assumptions used to determine OPEB liability:*

|                       |                                                                                                                                                                                                                                        |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry age actuarial cost method                                                                                                                                                                                                        |
| Discount Rate         | 3.13%                                                                                                                                                                                                                                  |
| Healthcare Trend Rate | 0.00% for pre-medicare and post-medicare for fiscal year end 2019 (to reflect actual experience), then 7.00% pre-medicare and 5.00% for post-medicare for fiscal year end 2020, decreasing 0.25% per year to an ultimate rate of 5.00% |
| 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-2019                                                                                                         |

## **Other Supplementary Information Section**

## **FIDUCIARY FUNDS - AGENCY 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 Trust and Canteen - The Jail Inmate Trust and Canteen fund accounts for the inmate commissary and inmate trust.

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.

County of Botetourt, Virginia  
Combining Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2020

|                                          | Agency Funds               |                              |                                         |                           |                  |                                              |                     |
|------------------------------------------|----------------------------|------------------------------|-----------------------------------------|---------------------------|------------------|----------------------------------------------|---------------------|
|                                          | <u>Special<br/>Welfare</u> | <u>Flexible<br/>Benefits</u> | <u>Inmate<br/>Trust and<br/>Canteen</u> | <u>Cafeteria<br/>Plan</u> | <u>Escrow</u>    | <u>Roanoke Valley<br/>Regional<br/>Board</u> | <u>Total</u>        |
| <b>ASSETS</b>                            |                            |                              |                                         |                           |                  |                                              |                     |
| Cash and cash equivalents                | \$ 61,589                  | \$ 376                       | \$ 77,972                               | \$ 14,904                 | \$ 39,735        | \$ 2,449,451                                 | \$ 2,644,027        |
| Receivables:                             |                            |                              |                                         |                           |                  |                                              |                     |
| Due from other governments               | -                          | -                            | -                                       | -                         | -                | 109,889                                      | 109,889             |
| Total assets                             | <u>\$ 61,589</u>           | <u>\$ 376</u>                | <u>\$ 77,972</u>                        | <u>\$ 14,904</u>          | <u>\$ 39,735</u> | <u>\$ 2,559,340</u>                          | <u>\$ 2,753,916</u> |
| <b>LIABILITIES</b>                       |                            |                              |                                         |                           |                  |                                              |                     |
| Accounts payable                         | \$ -                       | \$ -                         | \$ -                                    | \$ -                      | \$ -             | \$ 24,669                                    | \$ 24,669           |
| Amounts held for social services clients | 61,589                     | -                            | -                                       | -                         | -                | -                                            | 61,589              |
| Amounts held for employees               | -                          | 376                          | -                                       | 14,904                    | -                | -                                            | 15,280              |
| Amounts held for other agencies          | -                          | -                            | -                                       | -                         | -                | 2,534,671                                    | 2,534,671           |
| Amounts held for performance bond        | -                          | -                            | -                                       | -                         | 39,735           | -                                            | 39,735              |
| Amounts held for inmates                 | -                          | -                            | 77,972                                  | -                         | -                | -                                            | 77,972              |
| Total liabilities                        | <u>\$ 61,589</u>           | <u>\$ 376.00</u>             | <u>\$ 77,972</u>                        | <u>\$ 14,904</u>          | <u>\$ 39,735</u> | <u>\$ 2,559,340</u>                          | <u>\$ 2,753,916</u> |

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

|                                            | Balance<br>July 1, 2019 | Additions    | Deletions      | Balance<br>June 30, 2020 |
|--------------------------------------------|-------------------------|--------------|----------------|--------------------------|
| <b>Special Welfare Fund:</b>               |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 51,479               | \$ 64,261    | \$ (54,151)    | \$ 61,589                |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for social services clients   | \$ 51,479               | \$ 64,261    | \$ (54,151)    | \$ 61,589                |
| <b>Flexible Benefits Fund:</b>             |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 696                  | \$ 576       | \$ (896)       | \$ 376                   |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for employees                 | \$ 696                  | \$ 576       | \$ (896)       | \$ 376                   |
| <b>Inmate Trust and Canteen Fund:</b>      |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 73,264               | \$ 365,160   | \$ (360,452)   | \$ 77,972                |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for inmates                   | \$ 73,264               | \$ 365,160   | \$ (360,452)   | \$ 77,972                |
| <b>Cafeteria Plan Fund:</b>                |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 10,002               | \$ 60,876    | \$ (55,974)    | \$ 14,904                |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for employees                 | \$ 10,002               | \$ 60,876    | \$ (55,974)    | \$ 14,904                |
| <b>Escrow Fund:</b>                        |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 39,735               | \$ -         | \$ -           | \$ 39,735                |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for performance bond          | \$ 39,735               | \$ -         | \$ -           | \$ 39,735                |
| <b>Roanoke Valley Regional Board Fund:</b> |                         |              |                |                          |
| Assets:                                    |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 2,090,366            | \$ 9,023,422 | \$ (8,664,337) | \$ 2,449,451             |
| Accounts receivable                        | 33,548                  | 109,889      | (33,548)       | 109,889                  |
| Total assets                               | \$ 2,123,914            | \$ 9,133,311 | \$ (8,697,885) | \$ 2,559,340             |
| Liabilities:                               |                         |              |                |                          |
| Amounts held for other agencies            | \$ 2,123,914            | \$ 9,108,642 | \$ (8,697,885) | \$ 2,534,671             |
| Accounts payable                           | -                       | 24,669       | -              | 24,669                   |
| Total liabilities                          | \$ 2,123,914            | \$ 9,133,311 | \$ (8,697,885) | \$ 2,559,340             |
| <b>Totals</b>                              |                         |              |                |                          |
| Total Assets:                              |                         |              |                |                          |
| Cash and cash equivalents                  | \$ 2,265,542            | \$ 9,514,295 | \$ (9,135,810) | \$ 2,644,027             |
| Accounts receivable                        | 33,548                  | 109,889      | (33,548)       | 109,889                  |
| Total assets                               | \$ 2,299,090            | \$ 9,624,184 | \$ (9,169,358) | \$ 2,753,916             |
| Total Liabilities:                         |                         |              |                |                          |
| Amounts held for others                    | \$ 2,299,090            | \$ 9,599,515 | \$ (9,169,358) | \$ 2,729,247             |
| Accounts payable                           | -                       | 24,669       | -              | 24,669                   |
| Total liabilities                          | \$ 2,299,090            | \$ 9,624,184 | \$ (9,169,358) | \$ 2,753,916             |

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

|                                                                                                                                                     | School<br>Operating<br>Fund |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>ASSETS</b>                                                                                                                                       |                             |
| Cash and cash equivalents                                                                                                                           | \$ 11,558,600               |
| Receivables (net of allowance for uncollectibles):                                                                                                  |                             |
| Accounts receivable                                                                                                                                 | 12,665                      |
| Due from other governmental units                                                                                                                   | 1,215,639                   |
| Inventories                                                                                                                                         | 95,157                      |
| Total assets                                                                                                                                        | <u>\$ 12,882,061</u>        |
| <b>LIABILITIES</b>                                                                                                                                  |                             |
| Accounts payable                                                                                                                                    | \$ 1,420,685                |
| Accrued wages and health claims                                                                                                                     | 5,126,441                   |
| Total liabilities                                                                                                                                   | <u>\$ 6,547,126</u>         |
| <b>FUND BALANCES</b>                                                                                                                                |                             |
| Nonspendable:                                                                                                                                       |                             |
| Inventories                                                                                                                                         | \$ 95,157                   |
| Restricted:                                                                                                                                         |                             |
| School cafeterias                                                                                                                                   | 72,351                      |
| Unassigned                                                                                                                                          | 6,167,427                   |
| Total fund balances                                                                                                                                 | <u>\$ 6,334,935</u>         |
| Total liabilities and fund balances                                                                                                                 | <u>\$ 12,882,061</u>        |
| Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:                                    |                             |
| Total fund balances per above                                                                                                                       | \$ 6,334,935                |
| 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                                                                                                                          | 14,367,592                  |
| Machinery and equipment                                                                                                                             | 2,101,463                   |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.              |                             |
| Pension related items                                                                                                                               | 9,118,703                   |
| OPEB related items                                                                                                                                  | 1,604,404                   |
| 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                                                                                                                                      | (603,134)                   |
| Accrued interest payable                                                                                                                            | (5,688)                     |
| Compensated absences                                                                                                                                | (893,503)                   |
| Net OPEB liabilities                                                                                                                                | (11,794,282)                |
| Net pension liabilities                                                                                                                             | (45,174,190)                |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.                          |                             |
| Pension related items                                                                                                                               | (5,255,803)                 |
| OPEB related items                                                                                                                                  | (1,426,538)                 |
| Net position of governmental activities                                                                                                             | <u>\$ (30,004,313)</u>      |



**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.

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, 2020

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | School<br>Operating<br>Fund |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>REVENUES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |
| Revenue from the use of money and property                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$ 30,491                   |
| Charges for services                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 922,796                     |
| Miscellaneous                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 189,470                     |
| Recovered costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 129,165                     |
| Intergovernmental                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 55,226,499                  |
| Total revenues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>\$ 56,498,421</u>        |
| <b>EXPENDITURES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |
| Education                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$ 54,123,938               |
| Debt service:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |
| Principal retirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 299,028                     |
| Interest and other fiscal charges                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 20,334                      |
| Total expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <u>\$ 54,443,300</u>        |
| Excess (deficiency) of revenues over (under) expenditures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <u>\$ 2,055,121</u>         |
| Net change in fund balances                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$ 2,055,121                |
| Fund balances - beginning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 4,279,814                   |
| Fund balances - ending                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u><u>\$ 6,334,935</u></u>  |
| Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |
| Net change in fund balances - total governmental funds - per above                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | \$ 2,055,121                |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.                                                                                                                                                                                                                                                                                                                  |                             |
| Capital outlays                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 992,263                     |
| Depreciation expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (1,706,710)                 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (14,336)                    |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 299,028                     |
| 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (101,983)                   |
| Change in accrued interest payable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 37                          |
| Change in OPEB related items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 213,436                     |
| Change in pension related items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 121,487                     |
| Change in net position of governmental activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u><u>\$ 1,858,343</u></u>  |

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, 2020

|                                                           | School Operating Fund |                |               |                                                         |
|-----------------------------------------------------------|-----------------------|----------------|---------------|---------------------------------------------------------|
|                                                           | Budgeted Amounts      |                | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                                           | Original              | Final          |               |                                                         |
| <b>REVENUES</b>                                           |                       |                |               |                                                         |
| Revenue from the use of money and property                | \$ 30,250             | \$ 30,250      | \$ 30,491     | \$ 241                                                  |
| Charges for services                                      | 1,165,469             | 1,165,469      | 922,796       | (242,673)                                               |
| Miscellaneous                                             | 282,384               | 282,384        | 189,470       | (92,914)                                                |
| Recovered costs                                           | 302,000               | 302,000        | 129,165       | (172,835)                                               |
| Intergovernmental                                         | 55,396,536            | 55,396,536     | 55,226,499    | (170,037)                                               |
| Total revenues                                            | \$ 57,176,639         | \$ 57,176,639  | \$ 56,498,421 | \$ (678,218)                                            |
| <b>EXPENDITURES</b>                                       |                       |                |               |                                                         |
| Education                                                 | \$ 58,123,866         | \$ 58,723,866  | \$ 54,123,938 | \$ 4,599,928                                            |
| Debt service:                                             |                       |                |               |                                                         |
| Principal retirement                                      | 299,029               | 299,029        | 299,028       | 1                                                       |
| Interest and other fiscal charges                         | 20,334                | 20,334         | 20,334        | -                                                       |
| Total expenditures                                        | \$ 58,443,229         | \$ 59,043,229  | \$ 54,443,300 | \$ 4,599,929                                            |
| Excess (deficiency) of revenues over (under) expenditures | \$ (1,266,590)        | \$ (1,866,590) | \$ 2,055,121  | \$ 3,921,711                                            |
| Net change in fund balances                               | \$ (1,266,590)        | \$ (1,866,590) | \$ 2,055,121  | \$ 3,921,711                                            |
| Fund balances - beginning                                 | 1,266,590             | 1,866,590      | 4,279,814     | 2,413,224                                               |
| Fund balances - ending                                    | \$ -                  | \$ -           | \$ 6,334,935  | \$ 6,334,935                                            |

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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>            | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--------------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund:</b>                                   |                            |                         |               |                                                                     |
| Revenue from local sources:                            |                            |                         |               |                                                                     |
| General property taxes:                                |                            |                         |               |                                                                     |
| Real property taxes                                    | \$ 26,647,000              | \$ 27,170,407           | \$ 27,506,086 | \$ 335,679                                                          |
| Real and personal public service corporation taxes     | 3,460,000                  | 3,460,000               | 3,505,097     | 45,097                                                              |
| Personal property taxes                                | 6,980,000                  | 6,980,000               | 7,034,519     | 54,519                                                              |
| Mobile home taxes                                      | 46,700                     | 46,700                  | 47,362        | 662                                                                 |
| Machinery and tools taxes                              | 4,300,000                  | 4,300,000               | 4,427,169     | 127,169                                                             |
| Penalties                                              | 195,000                    | 195,000                 | 149,415       | (45,585)                                                            |
| Interest                                               | 110,000                    | 110,000                 | 117,975       | 7,975                                                               |
| Total general property taxes                           | \$ 41,738,700              | \$ 42,262,107           | \$ 42,787,623 | \$ 525,516                                                          |
| Other local taxes:                                     |                            |                         |               |                                                                     |
| Local sales and use taxes                              | \$ 2,948,000               | \$ 2,948,000            | \$ 3,281,555  | \$ 333,555                                                          |
| Consumers' utility taxes                               | 580,000                    | 580,000                 | 584,390       | 4,390                                                               |
| Local consumption tax                                  | 161,000                    | 161,000                 | 151,486       | (9,514)                                                             |
| Business license taxes                                 | 933,500                    | 933,500                 | 976,576       | 43,076                                                              |
| Franchise license tax                                  | 60,000                     | 60,000                  | 57,344        | (2,656)                                                             |
| Motor vehicle licenses                                 | 680,000                    | 680,000                 | 657,354       | (22,646)                                                            |
| Bank stock taxes                                       | 180,000                    | 180,000                 | 199,764       | 19,764                                                              |
| Taxes on recordation and wills                         | 370,000                    | 370,000                 | 416,941       | 46,941                                                              |
| Hotel and motel room taxes                             | 548,000                    | 548,000                 | 411,396       | (136,604)                                                           |
| Restaurant food taxes                                  | 1,545,000                  | 1,545,000               | 1,380,403     | (164,597)                                                           |
| Total other local taxes                                | \$ 8,005,500               | \$ 8,005,500            | \$ 8,117,209  | \$ 111,709                                                          |
| Permits, privilege fees, and regulatory licenses:      |                            |                         |               |                                                                     |
| Animal licenses                                        | \$ 18,000                  | \$ 18,000               | \$ 21,630     | \$ 3,630                                                            |
| Land use application fees                              | 500                        | 500                     | 512           | 12                                                                  |
| Transfer fees                                          | 1,200                      | 1,200                   | 1,244         | 44                                                                  |
| Building permits and other licenses                    | 307,800                    | 307,800                 | 215,109       | (92,691)                                                            |
| Zoning fees                                            | 32,500                     | 32,500                  | 25,740        | (6,760)                                                             |
| E-summons fees                                         | -                          | -                       | 17,863        | 17,863                                                              |
| Other permits, fees and licenses                       | 89,000                     | 89,000                  | 84,782        | (4,218)                                                             |
| Total permits, privilege fees, and regulatory licenses | \$ 449,000                 | \$ 449,000              | \$ 366,880    | \$ (82,120)                                                         |
| Fines and forfeitures:                                 |                            |                         |               |                                                                     |
| Court fines and forfeitures                            | \$ 88,000                  | \$ 88,000               | \$ 50,775     | \$ (37,225)                                                         |
| Total fines and forfeitures                            | \$ 88,000                  | \$ 88,000               | \$ 50,775     | \$ (37,225)                                                         |
| Revenue from use of money and property:                |                            |                         |               |                                                                     |
| Revenue from use of money                              | \$ 926,900                 | \$ 926,900              | \$ 1,234,837  | \$ 307,937                                                          |
| Revenue from use of property                           | 354,612                    | 354,612                 | 369,787       | 15,175                                                              |
| Total revenue from use of money and property           | \$ 1,281,512               | \$ 1,281,512            | \$ 1,604,624  | \$ 323,112                                                          |

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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>     | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|-------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>                |                            |                         |               |                                                                     |
| Revenue from local sources: (Continued)         |                            |                         |               |                                                                     |
| Charges for services:                           |                            |                         |               |                                                                     |
| Charges for law enforcement and traffic control | \$ 43,869                  | \$ 43,869               | \$ 247,429    | \$ 203,560                                                          |
| Charges for courthouse maintenance              | -                          | -                       | 13,199        | 13,199                                                              |
| Charges for courtroom security                  | -                          | -                       | 69,854        | 69,854                                                              |
| Court appointed attorneys                       | 500                        | 500                     | 1,007         | 507                                                                 |
| Miscellaneous jail and inmate fees              | 12,300                     | 12,300                  | 5,160         | (7,140)                                                             |
| Charges for Commonwealth's Attorney             | 83,000                     | 83,000                  | 43,435        | (39,565)                                                            |
| Charges for board and care of animals           | 3,300                      | 3,300                   | 1,700         | (1,600)                                                             |
| Charges for sanitation and waste removal        | 75,000                     | 75,000                  | 251,534       | 176,534                                                             |
| Charges for parks and recreation                | 150,821                    | 150,821                 | 115,980       | (34,841)                                                            |
| Charges for engineering reviews                 | 5,250                      | 5,250                   | 4,664         | (586)                                                               |
| Other charges for services                      | 250                        | 250                     | 50            | (200)                                                               |
| Charges for law library                         | -                          | -                       | 4,286         | 4,286                                                               |
| Charges for library                             | 31,000                     | 31,000                  | 17,486        | (13,514)                                                            |
| Total charges for services                      | \$ 405,290                 | \$ 405,290              | \$ 775,784    | \$ 370,494                                                          |
| Miscellaneous:                                  |                            |                         |               |                                                                     |
| Miscellaneous                                   | \$ 221,667                 | \$ 221,667              | \$ 167,843    | \$ (53,824)                                                         |
| Sale of salvage                                 | 50,000                     | 50,000                  | 75,397        | 25,397                                                              |
| Sponsorships                                    | 3,100                      | 3,100                   | 1,203         | (1,897)                                                             |
| Telephone commissions                           | 58,000                     | 58,000                  | 62,492        | 4,492                                                               |
| Donations                                       | 8,300                      | 8,300                   | 84,795        | 76,495                                                              |
| Total miscellaneous                             | \$ 341,067                 | \$ 341,067              | \$ 391,730    | \$ 50,663                                                           |
| Recovered costs:                                |                            |                         |               |                                                                     |
| Local jails                                     | \$ 252,000                 | \$ 252,000              | \$ 291,528    | \$ 39,528                                                           |
| ES cost recoveries                              | 1,305,000                  | 1,305,000               | 1,368,200     | 63,200                                                              |
| Regional jail                                   | 104,416                    | 104,416                 | 104,416       | -                                                                   |
| Medical co-pay                                  | 28,000                     | 28,000                  | 34,742        | 6,742                                                               |
| CSA refunds                                     | 3,500                      | 3,500                   | 12,282        | 8,782                                                               |
| Social services refunds                         | 1,500                      | 1,500                   | 1,302         | (198)                                                               |
| Town of Buchanan                                | 10,000                     | 10,000                  | 10,000        | -                                                                   |
| Other recovered costs                           | 342,325                    | 342,325                 | 431,983       | 89,658                                                              |
| Total recovered costs                           | \$ 2,046,741               | \$ 2,046,741            | \$ 2,254,453  | \$ 207,712                                                          |
| Total revenue from local sources                | \$ 54,355,810              | \$ 54,879,217           | \$ 56,349,078 | \$ 1,469,861                                                        |

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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>             |                            |                         |               |                                                                     |
| Intergovernmental:                           |                            |                         |               |                                                                     |
| Revenue from the Commonwealth:               |                            |                         |               |                                                                     |
| Noncategorical aid:                          |                            |                         |               |                                                                     |
| Rolling Stock Tax                            | \$ 155,000                 | \$ 155,000              | \$ 192,122    | \$ 37,122                                                           |
| Communications sales and use taxes           | 630,000                    | 630,000                 | 593,013       | (36,987)                                                            |
| Motor vehicle carriers' tax                  | 4,000                      | 4,000                   | 2,238         | (1,762)                                                             |
| Mobile home titling tax                      | 112,000                    | 112,000                 | 144,033       | 32,033                                                              |
| Grantor's tax                                | 110,000                    | 110,000                 | 54,142        | (55,858)                                                            |
| Personal property tax relief funds           | 3,418,137                  | 3,418,137               | 3,418,137     | -                                                                   |
| Total noncategorical aid                     | \$ 4,429,137               | \$ 4,429,137            | \$ 4,403,685  | \$ (25,452)                                                         |
| Categorical aid:                             |                            |                         |               |                                                                     |
| Shared expenses:                             |                            |                         |               |                                                                     |
| Commonwealth's attorney                      | \$ 446,900                 | \$ 446,900              | \$ 456,382    | \$ 9,482                                                            |
| Sheriff                                      | 3,604,600                  | 3,604,600               | 3,609,578     | 4,978                                                               |
| Commissioner of revenue                      | 118,300                    | 118,300                 | 117,978       | (322)                                                               |
| Treasurer                                    | 125,000                    | 125,000                 | 124,644       | (356)                                                               |
| Registrar/electoral board                    | 42,000                     | 42,000                  | 63,294        | 21,294                                                              |
| Clerk of the Circuit Court                   | 326,300                    | 326,300                 | 331,241       | 4,941                                                               |
| Total shared expenses                        | \$ 4,663,100               | \$ 4,663,100            | \$ 4,703,117  | \$ 40,017                                                           |
| Other categorical aid:                       |                            |                         |               |                                                                     |
| Public assistance and welfare administration | \$ 382,000                 | \$ 382,000              | \$ 589,725    | \$ 207,725                                                          |
| Comprehensive services act                   | 779,662                    | 779,662                 | 984,545       | 204,883                                                             |
| Library grant                                | 152,000                    | 152,000                 | 159,862       | 7,862                                                               |
| Property seizure                             | -                          | -                       | 15,017        | 15,017                                                              |
| Governors opportunity funds                  | -                          | -                       | 612,500       | 612,500                                                             |
| Fire program                                 | 105,000                    | 105,000                 | 113,584       | 8,584                                                               |
| Wireless E-911                               | 115,900                    | 115,900                 | 117,965       | 2,065                                                               |
| Four for life                                | 36,000                     | 36,000                  | -             | (36,000)                                                            |
| VDOT grants                                  | 75,000                     | 75,000                  | -             | (75,000)                                                            |
| VATI Grant                                   | -                          | -                       | 566,136       | 566,136                                                             |
| Other categorical aid                        | 250,700                    | 250,700                 | 41,384        | (209,316)                                                           |
| Total other categorical aid                  | \$ 1,896,262               | \$ 1,896,262            | \$ 3,200,718  | \$ 1,304,456                                                        |
| Total categorical aid                        | \$ 6,559,362               | \$ 6,559,362            | \$ 7,903,835  | \$ 1,344,473                                                        |
| Total revenue from the Commonwealth          | \$ 10,988,499              | \$ 10,988,499           | \$ 12,307,520 | \$ 1,319,021                                                        |
| Revenue from the federal government:         |                            |                         |               |                                                                     |
| Noncategorical aid:                          |                            |                         |               |                                                                     |
| Payments in lieu of taxes                    | \$ 201,000                 | \$ 201,000              | \$ 246,444    | \$ 45,444                                                           |

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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>              | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>                         |                            |                         |               |                                                                     |
| Intergovernmental: (Continued)                           |                            |                         |               |                                                                     |
| Revenue from the federal government: (Continued)         |                            |                         |               |                                                                     |
| Categorical aid:                                         |                            |                         |               |                                                                     |
| Public assistance and welfare administration             | \$ 732,000                 | \$ 732,000              | \$ 1,009,818  | \$ 277,818                                                          |
| Emergency management grant                               | -                          | -                       | 7,500         | 7,500                                                               |
| Child support enforcement                                | 1,000                      | 1,000                   | 5,400         | 4,400                                                               |
| State and community highway safety                       | 20,000                     | 20,000                  | 10,232        | (9,768)                                                             |
| HHS provider relief funds                                | -                          | -                       | 52,894        | 52,894                                                              |
| Total categorical aid                                    | \$ 753,000                 | \$ 753,000              | \$ 1,085,844  | \$ 332,844                                                          |
| Total revenue from the federal government                | \$ 954,000                 | \$ 954,000              | \$ 1,332,288  | \$ 378,288                                                          |
| Total General Fund                                       | \$ 66,298,309              | \$ 66,821,716           | \$ 69,988,886 | \$ 3,167,170                                                        |
| Total Primary Government                                 | \$ 66,298,309              | \$ 66,821,716           | \$ 69,988,886 | \$ 3,167,170                                                        |
| <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                  | \$ 15,231     | \$ 14,981                                                           |
| Revenue from the use of property                         | 30,000                     | 30,000                  | 15,260        | (14,740)                                                            |
| Total revenue from use of money and property             | \$ 30,250                  | \$ 30,250               | \$ 30,491     | \$ 241                                                              |
| Charges for services:                                    |                            |                         |               |                                                                     |
| Cafeteria sales                                          | \$ 1,024,969               | \$ 1,024,969            | \$ 791,648    | \$ (233,321)                                                        |
| Transportation of pupils                                 | 40,000                     | 40,000                  | 17,425        | (22,575)                                                            |
| Tuition and payments from other divisions                | 100,500                    | 100,500                 | 113,723       | 13,223                                                              |
| Total charges for services                               | \$ 1,165,469               | \$ 1,165,469            | \$ 922,796    | \$ (242,673)                                                        |
| Miscellaneous:                                           |                            |                         |               |                                                                     |
| Miscellaneous                                            | \$ 282,384                 | \$ 282,384              | \$ 189,470    | \$ (92,914)                                                         |
| Total miscellaneous                                      | \$ 282,384                 | \$ 282,384              | \$ 189,470    | \$ (92,914)                                                         |
| Recovered costs:                                         |                            |                         |               |                                                                     |
| Other recovered costs                                    | \$ 302,000                 | \$ 302,000              | \$ 129,165    | \$ (172,835)                                                        |
| Total recovered costs                                    | \$ 302,000                 | \$ 302,000              | \$ 129,165    | \$ (172,835)                                                        |
| Total revenue from local sources                         | \$ 1,780,103               | \$ 1,780,103            | \$ 1,271,922  | \$ (508,181)                                                        |
| Intergovernmental:                                       |                            |                         |               |                                                                     |
| Revenues from local governments:                         |                            |                         |               |                                                                     |
| Contribution from County of Botetourt, Virginia          | \$ 25,663,996              | \$ 25,663,996           | \$ 25,663,251 | \$ (745)                                                            |
| Total revenues from local governments                    | \$ 25,663,996              | \$ 25,663,996           | \$ 25,663,251 | \$ (745)                                                            |

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

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| <u>Fund, Major and Minor Revenue Source</u>                          | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>Discretely Presented Component Unit School Board: (Continued)</b> |                            |                         |               |                                                                     |
| <b>School Operating Fund: (Continued)</b>                            |                            |                         |               |                                                                     |
| Intergovernmental revenues: (Continued)                              |                            |                         |               |                                                                     |
| Revenue from the Commonwealth:                                       |                            |                         |               |                                                                     |
| Categorical aid:                                                     |                            |                         |               |                                                                     |
| Share of state sales tax                                             | \$ 5,566,593               | \$ 5,566,593            | \$ 5,690,237  | \$ 123,644                                                          |
| Basic school aid                                                     | 13,120,689                 | 13,120,689              | 13,170,959    | 50,270                                                              |
| Remedial summer education                                            | 28,367                     | 28,367                  | 20,172        | (8,195)                                                             |
| Regular foster care                                                  | 42,000                     | 42,000                  | 65,285        | 23,285                                                              |
| Adult secondary education                                            | 8,355                      | 8,355                   | 8,387         | 32                                                                  |
| Gifted and talented                                                  | 140,794                    | 140,794                 | 139,455       | (1,339)                                                             |
| Remedial education                                                   | 196,519                    | 196,519                 | 198,026       | 1,507                                                               |
| School food                                                          | 22,871                     | 22,871                  | 20,556        | (2,315)                                                             |
| Special education                                                    | 1,819,759                  | 1,819,759               | 1,876,373     | 56,614                                                              |
| Textbook payment                                                     | 278,697                    | 278,697                 | 280,834       | 2,137                                                               |
| Standards of Learning algebra readiness                              | 29,152                     | 29,152                  | 29,603        | 451                                                                 |
| Vocational education SOQ payments                                    | 207,590                    | 207,590                 | 209,182       | 1,592                                                               |
| Social security fringe benefits                                      | 783,308                    | 783,308                 | 789,315       | 6,007                                                               |
| Share of fringe benefits                                             | 1,729,920                  | 1,729,920               | 1,743,187     | 13,267                                                              |
| Group life insurance instructional                                   | 52,590                     | 52,590                  | 52,993        | 403                                                                 |
| State lottery payments                                               | 1,015,514                  | 1,015,514               | 1,020,838     | 5,324                                                               |
| Early reading intervention                                           | 61,611                     | 61,611                  | 82,148        | 20,537                                                              |
| Homebound education                                                  | 13,625                     | 13,625                  | 11,322        | (2,303)                                                             |
| Vocational education                                                 | 59,753                     | 59,753                  | 68,159        | 8,406                                                               |
| Salary supplement                                                    | 785,356                    | 785,356                 | 784,406       | (950)                                                               |
| Special education - foster children                                  | 82,369                     | 82,369                  | 58,117        | (24,252)                                                            |
| At risk payments                                                     | 111,808                    | 111,808                 | 112,860       | 1,052                                                               |
| Mentor teacher program                                               | 2,064                      | 2,064                   | 1,264         | (800)                                                               |
| Reduced K-3                                                          | 43,741                     | 43,741                  | 45,249        | 1,508                                                               |
| At risk four-year olds                                               | 128,261                    | 128,261                 | 128,261       | -                                                                   |
| English as a second language                                         | 51,255                     | 51,255                  | 49,188        | (2,067)                                                             |
| VPSA technology grant                                                | 336,000                    | 336,000                 | 336,000       | -                                                                   |
| Other state funds                                                    | 14,729                     | 14,729                  | 21,812        | 7,083                                                               |
| Total categorical aid                                                | \$ 26,733,290              | \$ 26,733,290           | \$ 27,014,188 | \$ 280,898                                                          |
| Total revenue from the Commonwealth                                  | \$ 26,733,290              | \$ 26,733,290           | \$ 27,014,188 | \$ 280,898                                                          |



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

Schedule 1  
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| <u>Fund, Major and Minor Revenue Source</u>                          | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(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                                              | \$ 25,000                  | \$ 25,000               | \$ 49,569            | \$ 24,569                                                           |
| School breakfast and lunch program                                   | 725,000                    | 725,000                 | 649,721              | (75,279)                                                            |
| School food distribution                                             | -                          | -                       | 126,847              | 126,847                                                             |
| Title V - Part A                                                     | 25,000                     | 25,000                  | 14,616               | (10,384)                                                            |
| Title I                                                              | 510,000                    | 510,000                 | 427,038              | (82,962)                                                            |
| Title VI-B, Special education flow-through                           | 1,461,750                  | 1,461,750               | 1,137,090            | (324,660)                                                           |
| Vocational education                                                 | 57,500                     | 57,500                  | 52,506               | (4,994)                                                             |
| Adult basic education                                                | 35,000                     | 35,000                  | 8,882                | (26,118)                                                            |
| Language acquisition grant                                           | 10,000                     | 10,000                  | 6,541                | (3,459)                                                             |
| Improving teacher quality                                            | 150,000                    | 150,000                 | 76,250               | (73,750)                                                            |
| Total categorical aid                                                | <u>\$ 2,999,250</u>        | <u>\$ 2,999,250</u>     | <u>\$ 2,549,060</u>  | <u>\$ (450,190)</u>                                                 |
| Total revenue from the federal government                            | <u>\$ 2,999,250</u>        | <u>\$ 2,999,250</u>     | <u>\$ 2,549,060</u>  | <u>\$ (450,190)</u>                                                 |
| Total School Operating Fund                                          | <u>\$ 57,176,639</u>       | <u>\$ 57,176,639</u>    | <u>\$ 56,498,421</u> | <u>\$ (678,218)</u>                                                 |
| Total Discretely Presented Component Unit -<br>School Board          | <u>\$ 57,176,639</u>       | <u>\$ 57,176,639</u>    | <u>\$ 56,498,421</u> | <u>\$ (678,218)</u>                                                 |

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

| <u>Fund, Function, Activity and Element</u>    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund:</b>                           |                            |                         |               |                                                                     |
| General government administration:             |                            |                         |               |                                                                     |
| Legislative:                                   |                            |                         |               |                                                                     |
| Board of supervisors                           | \$ 261,763                 | \$ 264,763              | \$ 252,535    | \$ 12,228                                                           |
| Total legislative                              | \$ 261,763                 | \$ 264,763              | \$ 252,535    | \$ 12,228                                                           |
| General and financial administration:          |                            |                         |               |                                                                     |
| County administrator                           | \$ 447,552                 | \$ 552,388              | \$ 526,187    | \$ 26,201                                                           |
| Deputy administrators                          | 467,982                    | 458,537                 | 441,640       | 16,897                                                              |
| Central garage                                 | 105,375                    | 109,721                 | 90,115        | 19,606                                                              |
| Commissioner of revenue                        | 418,859                    | 429,247                 | 408,467       | 20,780                                                              |
| Assessor                                       | 110,700                    | 172,758                 | 161,544       | 11,214                                                              |
| Equalization Board                             | 7,400                      | 7,400                   | 5,958         | 1,442                                                               |
| Central purchasing                             | 125,027                    | 137,309                 | 133,915       | 3,394                                                               |
| Treasurer                                      | 521,085                    | 544,496                 | 523,122       | 21,374                                                              |
| Management information systems                 | 1,129,856                  | 1,175,392               | 1,021,911     | 153,481                                                             |
| Financial services                             | 311,042                    | 317,128                 | 305,910       | 11,218                                                              |
| Nondepartmental                                | 607,500                    | 201,713                 | 3,663         | 198,050                                                             |
| Total general and financial administration     | \$ 4,252,378               | \$ 4,106,089            | \$ 3,622,432  | \$ 483,657                                                          |
| Board of elections:                            |                            |                         |               |                                                                     |
| Electoral board/registrar                      | \$ 357,902                 | \$ 379,523              | \$ 310,087    | \$ 69,436                                                           |
| Total board of elections                       | \$ 357,902                 | \$ 379,523              | \$ 310,087    | \$ 69,436                                                           |
| Total general government administration        | \$ 4,872,043               | \$ 4,750,375            | \$ 4,185,054  | \$ 565,321                                                          |
| Judicial administration:                       |                            |                         |               |                                                                     |
| Courts:                                        |                            |                         |               |                                                                     |
| Circuit court                                  | \$ 63,251                  | \$ 67,019               | \$ 64,323     | \$ 2,696                                                            |
| General district court                         | 28,517                     | 49,897                  | 41,076        | 8,821                                                               |
| Magistrate                                     | 2,630                      | 2,830                   | 2,812         | 18                                                                  |
| Clerk of the circuit court                     | 691,856                    | 718,348                 | 672,682       | 45,666                                                              |
| Juvenile and domestic relations district court | -                          | 6,945                   | 3,898         | 3,047                                                               |
| Total courts                                   | \$ 786,254                 | \$ 845,039              | \$ 784,791    | \$ 60,248                                                           |
| Commonwealth's attorney:                       |                            |                         |               |                                                                     |
| Commonwealth's attorney                        | \$ 809,390                 | \$ 822,237              | \$ 804,801    | \$ 17,436                                                           |
| Total commonwealth's attorney                  | \$ 809,390                 | \$ 822,237              | \$ 804,801    | \$ 17,436                                                           |
| Total judicial administration                  | \$ 1,595,644               | \$ 1,667,276            | \$ 1,589,592  | \$ 77,684                                                           |
| Public safety:                                 |                            |                         |               |                                                                     |
| Law enforcement and traffic control:           |                            |                         |               |                                                                     |
| Sheriff                                        | \$ 5,341,736               | \$ 6,154,180            | \$ 5,298,992  | \$ 855,188                                                          |
| Total law enforcement and traffic control      | \$ 5,341,736               | \$ 6,154,180            | \$ 5,298,992  | \$ 855,188                                                          |

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

| <u>Fund, Function, Activity and Element</u>        | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>                   |                            |                         |               |                                                                     |
| Public safety: (Continued)                         |                            |                         |               |                                                                     |
| Fire and rescue services:                          |                            |                         |               |                                                                     |
| Fire departments and rescue squads                 | \$ 5,665,323               | \$ 6,526,504            | \$ 5,953,935  | \$ 572,569                                                          |
| Emergency communications                           | 304,931                    | 392,331                 | 330,959       | 61,372                                                              |
| Total fire and rescue services                     | \$ 5,970,254               | \$ 6,918,835            | \$ 6,284,894  | \$ 633,941                                                          |
| Correction and detention:                          |                            |                         |               |                                                                     |
| County operated institutions - jail                | \$ 4,912,146               | \$ 5,111,592            | \$ 4,838,711  | \$ 272,881                                                          |
| Juvenile detention                                 | 150,000                    | 150,000                 | 139,334       | 10,666                                                              |
| Probation office                                   | 4,501                      | 4,501                   | 4,158         | 343                                                                 |
| Total correction and detention                     | \$ 5,066,647               | \$ 5,266,093            | \$ 4,982,203  | \$ 283,890                                                          |
| Development services:                              |                            |                         |               |                                                                     |
| Building, planning, zoning and engineering         | \$ 430,588                 | \$ 447,259              | \$ 364,491    | \$ 82,768                                                           |
| Total inspections                                  | \$ 430,588                 | \$ 447,259              | \$ 364,491    | \$ 82,768                                                           |
| Other protection:                                  |                            |                         |               |                                                                     |
| Animal control                                     | \$ 712,452                 | \$ 720,882              | \$ 602,816    | \$ 118,066                                                          |
| Emergency services                                 | 9,340                      | 311,956                 | 291,737       | 20,219                                                              |
| Dispatch                                           | 927,076                    | 950,445                 | 862,758       | 87,687                                                              |
| Courtroom security                                 | -                          | 100,656                 | 3,359         | 97,297                                                              |
| Total other protection                             | \$ 1,648,868               | \$ 2,083,939            | \$ 1,760,670  | \$ 323,269                                                          |
| Total public safety                                | \$ 18,458,093              | \$ 20,870,306           | \$ 18,691,250 | \$ 2,179,056                                                        |
| Public works:                                      |                            |                         |               |                                                                     |
| Sanitation and waste removal:                      |                            |                         |               |                                                                     |
| Refuse collection and disposal                     | \$ 755,428                 | \$ 867,350              | \$ 832,569    | \$ 34,781                                                           |
| Total sanitation and waste removal                 | \$ 755,428                 | \$ 867,350              | \$ 832,569    | \$ 34,781                                                           |
| Maintenance of general buildings and grounds:      |                            |                         |               |                                                                     |
| General properties                                 | \$ 908,900                 | \$ 943,116              | \$ 874,594    | \$ 68,522                                                           |
| Total maintenance of general buildings and grounds | \$ 908,900                 | \$ 943,116              | \$ 874,594    | \$ 68,522                                                           |
| Total public works                                 | \$ 1,664,328               | \$ 1,810,466            | \$ 1,707,163  | \$ 103,303                                                          |
| Health and welfare:                                |                            |                         |               |                                                                     |
| Health:                                            |                            |                         |               |                                                                     |
| Supplement of local health department              | \$ 329,252                 | \$ 333,057              | \$ 333,057    | \$ -                                                                |
| Total health                                       | \$ 329,252                 | \$ 333,057              | \$ 333,057    | \$ -                                                                |
| 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, 2020

| <u>Fund, Function, Activity and Element</u>    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|------------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>               |                            |                         |               |                                                                     |
| Health and welfare: (Continued)                |                            |                         |               |                                                                     |
| Welfare:                                       |                            |                         |               |                                                                     |
| Welfare administration and programs            | \$ 1,332,959               | \$ 1,850,459            | \$ 1,802,658  | \$ 47,801                                                           |
| Comprehensive services act                     | 1,269,190                  | 1,732,150               | 1,637,839     | 94,311                                                              |
| Senior van program                             | 80,940                     | 83,585                  | 78,705        | 4,880                                                               |
| Tax relief for the elderly                     | -                          | 523,407                 | 523,407       | -                                                                   |
| Other welfare programs                         | 27,500                     | 27,500                  | 27,500        | -                                                                   |
| Total welfare                                  | \$ 2,710,589               | \$ 4,217,101            | \$ 4,070,109  | \$ 146,992                                                          |
| Total health and welfare                       | \$ 3,079,841               | \$ 4,590,158            | \$ 4,443,166  | \$ 146,992                                                          |
| Education:                                     |                            |                         |               |                                                                     |
| Other instructional costs:                     |                            |                         |               |                                                                     |
| Contribution to Community Colleges             | \$ 42,140                  | \$ 42,140               | \$ 42,140     | \$ -                                                                |
| Contribution to County School Board            | 25,663,996                 | 25,663,996              | 25,663,251    | 745                                                                 |
| Total education                                | \$ 25,706,136              | \$ 25,706,136           | \$ 25,705,391 | \$ 745                                                              |
| Parks, recreation, and cultural:               |                            |                         |               |                                                                     |
| Parks and recreation:                          |                            |                         |               |                                                                     |
| Supervision of parks and recreation            | \$ 1,337,855               | \$ 1,365,444            | \$ 1,197,060  | \$ 168,384                                                          |
| Sports complex                                 | 380,625                    | 431,149                 | 298,605       | 132,544                                                             |
| YMCA support                                   | 300,000                    | 300,000                 | 300,000       | -                                                                   |
| Total parks and recreation                     | \$ 2,018,480               | \$ 2,096,593            | \$ 1,795,665  | \$ 300,928                                                          |
| Cultural enrichment:                           |                            |                         |               |                                                                     |
| Contributions to cultural organizations        | \$ 23,000                  | \$ 27,538               | \$ 27,538     | \$ -                                                                |
| Greenfield Historical Resources                | 50,000                     | 140,000                 | -             | 140,000                                                             |
| Total cultural enrichment                      | \$ 73,000                  | \$ 167,538              | \$ 27,538     | \$ 140,000                                                          |
| Library:                                       |                            |                         |               |                                                                     |
| Library expenses                               | \$ 1,205,398               | \$ 1,227,670            | \$ 1,151,137  | \$ 76,533                                                           |
| Total library                                  | \$ 1,205,398               | \$ 1,227,670            | \$ 1,151,137  | \$ 76,533                                                           |
| Total parks, recreation, and cultural          | \$ 3,296,878               | \$ 3,491,801            | \$ 2,974,340  | \$ 517,461                                                          |
| Community development:                         |                            |                         |               |                                                                     |
| Planning and community development:            |                            |                         |               |                                                                     |
| Economic development - contributions           | \$ 269,610                 | \$ 269,610              | \$ 269,610    | \$ -                                                                |
| Environmental management                       | 20,111                     | 20,111                  | 20,111        | -                                                                   |
| Industrial development                         | 115,000                    | 127,500                 | 10,398        | 117,102                                                             |
| Community development                          | 673,483                    | 699,560                 | 570,102       | 129,458                                                             |
| Economic development                           | 481,512                    | 514,239                 | 453,642       | 60,597                                                              |
| Contribution to Economic Development Authority | 397,500                    | 2,903,590               | 1,814,170     | 1,089,420                                                           |
| Total planning and community development       | \$ 1,957,216               | \$ 4,534,610            | \$ 3,138,033  | \$ 1,396,577                                                        |

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

| <u>Fund, Function, Activity and Element</u> | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|---------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------------------------------|
| <b>General Fund: (Continued)</b>            |                            |                         |               |                                                                     |
| Community development: (Continued)          |                            |                         |               |                                                                     |
| Cooperative extension program:              |                            |                         |               |                                                                     |
| Extension office                            | \$ 68,008                  | \$ 68,008               | \$ 56,896     | \$ 11,112                                                           |
| Total cooperative extension program         | 68,008                     | 68,008                  | 56,896        | 11,112                                                              |
| Total community development                 | \$ 2,025,224               | \$ 4,602,618            | \$ 3,194,929  | \$ 1,407,689                                                        |
| Capital projects:                           |                            |                         |               |                                                                     |
| Website design                              | \$ 127,000                 | \$ 136,800              | \$ 18,150     | \$ 118,650                                                          |
| Greenfield education and training           | -                          | 48,000                  | 30,000        | 18,000                                                              |
| Greenway project                            | -                          | 154,000                 | 77,776        | 76,224                                                              |
| Community recreation incentive program      | 35,000                     | 40,000                  | 23,530        | 16,470                                                              |
| Library incentive fund                      | 5,000                      | 5,000                   | -             | 5,000                                                               |
| Economic development program                | -                          | 35,000                  | 35,000        | -                                                                   |
| Circuit courthouse complex                  | -                          | 1,985                   | 1,985         | -                                                                   |
| PC/laptop replacement                       | 61,000                     | 61,000                  | 59,525        | 1,475                                                               |
| Enterprise-wide software                    | -                          | 20,864                  | 3,350         | 17,514                                                              |
| Mobile radio replacement                    | 30,000                     | 252,532                 | 156,859       | 95,673                                                              |
| Emergency communications project            | 55,000                     | 97,155                  | 97,155        | -                                                                   |
| Tax software                                | -                          | 102,735                 | 76,968        | 25,767                                                              |
| Cardiac monitor replacement plan            | 74,000                     | 74,000                  | 65,058        | 8,942                                                               |
| Leachate tank maintenance                   | 300,000                    | 362,147                 | 344,422       | 17,725                                                              |
| E-summons purchases                         | -                          | 33,444                  | 12,688        | 20,756                                                              |
| Colonial elementary                         | -                          | 20,719,914              | 10,926,454    | 9,793,460                                                           |
| Greenfield preservation area                | -                          | 11,420                  | 113           | 11,307                                                              |
| Greenfield ETC mobile class                 | -                          | 275,782                 | 275,782       | -                                                                   |
| County offices and circuit court relocation | 500,000                    | 1,071,182               | 286,731       | 784,451                                                             |
| General district courthouse                 | 90,000                     | 136,218                 | 49,959        | 86,259                                                              |
| Comprehensive Facility Master Plan          | 250,000                    | 250,000                 | -             | 250,000                                                             |
| Server and Storage Refresh                  | 130,100                    | 115,100                 | 58,690        | 56,410                                                              |
| Exchange Online                             | 35,000                     | 50,000                  | 35,490        | 14,510                                                              |
| Voter Registration Expansion                | -                          | 7,500                   | 5,322         | 2,178                                                               |
| Blue Ridge Park                             | 30,000                     | 30,000                  | 30,000        | -                                                                   |
| Orchards of Ashley Roads                    | -                          | 228,655                 | 65,026        | 163,629                                                             |
| West Center Drive                           | -                          | 80,169                  | 80,169        | -                                                                   |
| Total capital projects                      | \$ 1,722,100               | \$ 24,400,602           | \$ 12,816,202 | \$ 11,584,400                                                       |
| Debt service:                               |                            |                         |               |                                                                     |
| Principal retirement                        | \$ 2,531,448               | \$ 2,541,448            | \$ 2,541,442  | \$ 6                                                                |
| Interest and other fiscal charges           | 2,051,288                  | 2,051,288               | 2,051,288     | -                                                                   |
| Total debt service                          | \$ 4,582,736               | \$ 4,592,736            | \$ 4,592,730  | \$ 6                                                                |
| Total General Fund                          | \$ 67,003,023              | \$ 96,482,474           | \$ 79,899,817 | \$ 16,582,657                                                       |
| Total Primary Government                    | \$ 67,003,023              | \$ 96,482,474           | \$ 79,899,817 | \$ 16,582,657                                                       |

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

| <u>Fund, Function, Activity and Element</u>                 | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|-------------------------------------------------------------|----------------------------|-------------------------|----------------------|---------------------------------------------------------------------|
| <b>Discretely Presented Component Unit School Board</b>     |                            |                         |                      |                                                                     |
| <b>School Operating Fund:</b>                               |                            |                         |                      |                                                                     |
| Education:                                                  |                            |                         |                      |                                                                     |
| Administration of schools:                                  |                            |                         |                      |                                                                     |
| Administration and health services                          | \$ 2,522,273               | \$ 2,584,976            | \$ 2,547,159         | \$ 37,817                                                           |
| Total administration of schools                             | <u>2,522,273</u>           | <u>2,584,976</u>        | <u>2,547,159</u>     | <u>37,817</u>                                                       |
| Instruction costs:                                          |                            |                         |                      |                                                                     |
| Instructional costs                                         | \$ 43,031,686              | \$ 43,067,499           | \$ 39,526,118        | \$ 3,541,381                                                        |
| Total instruction costs                                     | <u>43,031,686</u>          | <u>43,067,499</u>       | <u>39,526,118</u>    | <u>3,541,381</u>                                                    |
| Operating costs:                                            |                            |                         |                      |                                                                     |
| Pupil transportation                                        | \$ 3,547,552               | \$ 3,554,552            | \$ 3,191,215         | \$ 363,337                                                          |
| Operation and maintenance of school plant                   | 4,641,561                  | 4,641,561               | 4,420,953            | 220,608                                                             |
| School food service                                         | 1,779,913                  | 1,779,913               | 1,697,651            | 82,262                                                              |
| Facilities                                                  | 400,000                    | 820,935                 | 956,356              | (135,421)                                                           |
| Technology                                                  | 2,200,881                  | 2,274,430               | 1,784,486            | 489,944                                                             |
| Total operating costs                                       | <u>\$ 12,569,907</u>       | <u>\$ 13,071,391</u>    | <u>\$ 12,050,661</u> | <u>\$ 1,020,730</u>                                                 |
| Total education                                             | <u>\$ 58,123,866</u>       | <u>\$ 58,723,866</u>    | <u>\$ 54,123,938</u> | <u>\$ 4,599,928</u>                                                 |
| Debt service:                                               |                            |                         |                      |                                                                     |
| Principal retirement                                        | \$ 299,029                 | \$ 299,029              | \$ 299,028           | \$ 1                                                                |
| Interest and other fiscal charges                           | 20,334                     | 20,334                  | 20,334               | -                                                                   |
| Total debt service                                          | <u>\$ 319,363</u>          | <u>\$ 319,363</u>       | <u>\$ 319,362</u>    | <u>\$ 1</u>                                                         |
| Total School Operating Fund                                 | <u>\$ 58,443,229</u>       | <u>\$ 59,043,229</u>    | <u>\$ 54,443,300</u> | <u>\$ 4,599,929</u>                                                 |
| Total Discretely Presented Component Unit -<br>School Board | <u>\$ 58,443,229</u>       | <u>\$ 59,043,229</u>    | <u>\$ 54,443,300</u> | <u>\$ 4,599,929</u>                                                 |

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

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## STATISTICAL SECTION

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Table 1

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

|                                                    | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Governmental activities</b>                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 34,962,435        | \$ 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        |
| Restricted                                         | 198,529              | 186,710              | 187,390              | 285,943              | 249,392              | 276,250              | 122,663              | 430,509              | 593,603              | 1,064,456            |
| Unrestricted                                       | 10,975,733           | 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           |
| <b>Total governmental activities net position</b>  | <b>\$ 46,136,697</b> | <b>\$ 46,039,862</b> | <b>\$ 50,556,457</b> | <b>\$ 51,481,715</b> | <b>\$ 50,999,192</b> | <b>\$ 51,026,219</b> | <b>\$ 48,490,809</b> | <b>\$ 47,643,713</b> | <b>\$ 55,671,757</b> | <b>\$ 59,554,621</b> |
| <b>Business-type activities</b>                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 10,019,461        | \$ 10,215,268        | \$ 10,091,246        | \$ 10,222,456        | \$ 10,039,266        | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Unrestricted                                       | 2,511,990            | 2,615,419            | 3,520,581            | 3,773,638            | 1,044,299            | -                    | -                    | -                    | -                    | -                    |
| <b>Total business-type activities net position</b> | <b>\$ 12,531,451</b> | <b>\$ 12,830,687</b> | <b>\$ 13,611,827</b> | <b>\$ 13,996,094</b> | <b>\$ 11,083,565</b> | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Primary government</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                   | \$ 44,981,896        | \$ 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        |
| Restricted                                         | 198,529              | 186,710              | 187,390              | 285,943              | 249,392              | 276,250              | 122,663              | 430,509              | 593,603              | 1,064,456            |
| Unrestricted                                       | 13,487,723           | 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           |
| <b>Total primary government net position</b>       | <b>\$ 58,668,148</b> | <b>\$ 58,870,549</b> | <b>\$ 64,168,284</b> | <b>\$ 65,477,809</b> | <b>\$ 62,082,757</b> | <b>\$ 51,026,219</b> | <b>\$ 48,490,809</b> | <b>\$ 47,643,713</b> | <b>\$ 55,671,757</b> | <b>\$ 59,554,621</b> |

Source: County financial reports



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

|                                                 | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                                 | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
| <b>Expenses</b>                                 |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| General government administration               | \$ 3,017,197  | \$ 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  |
| Judicial administration                         | 1,251,798     | 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     |
| Public safety                                   | 11,119,800    | 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    |
| Public works                                    | 1,902,510     | 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     |
| Health and welfare                              | 3,572,226     | 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     |
| Education                                       | 22,116,884    | 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    |
| Parks, recreation and cultural                  | 3,266,210     | 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     |
| Community development                           | 581,692       | 533,841       | 307,960       | 246,185       | 1,042,460     | 3,449,920     | 5,287,420     | 2,432,431     | 3,926,147     | 3,290,998     |
| Interest on long-term debt                      | 1,763,356     | 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     |
| Total governmental activities expenses          | \$ 48,591,673 | \$ 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 |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Water                                           | \$ 2,616,243  | \$ 2,664,729  | \$ 2,819,888  | \$ 2,883,325  | \$ 2,789,595  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Total primary government expenses               | \$ 51,207,916 | \$ 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 |
| <b>Program Revenues</b>                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:                        |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| General government administration               | \$ 1,148      | \$ 308        | \$ 1,154      | \$ 600        | \$ 736        | \$ 131,950    | \$ 68,472     | \$ 84,938     | \$ 91,880     | \$ 84,832     |
| Judicial administration                         | 183,408       | 223,594       | 240,931       | 276,141       | 263,000       | 217,156       | 180,704       | 126,667       | 115,017       | 100,747       |
| Public safety                                   | 396,503       | 395,365       | 479,049       | 550,788       | 591,880       | 623,338       | 547,878       | 592,072       | 864,333       | 617,684       |
| Public works                                    | 174,421       | 141,865       | 155,792       | 162,979       | 163,934       | 171,249       | 184,054       | 200,839       | 222,436       | 256,710       |
| Parks, recreation and cultural                  | 163,473       | 183,585       | 165,958       | 183,661       | 186,413       | 167,683       | 160,335       | 150,661       | 180,721       | 133,466       |
| Operating grants and contributions              | 6,943,118     | 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     |
| Total governmental activities program revenues  | \$ 7,862,071  | \$ 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 |
| Business-type activities:                       |               |               |               |               |               |               |               |               |               |               |
| Charges for services:                           |               |               |               |               |               |               |               |               |               |               |
| Water                                           | \$ 2,826,574  | \$ 3,019,701  | \$ 3,571,258  | \$ 3,270,261  | \$ 3,001,021  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Total business-type activities program revenues | \$ 2,826,574  | \$ 3,019,701  | \$ 3,571,258  | \$ 3,270,261  | \$ 3,001,021  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| Total primary government program revenues       | \$ 10,688,645 | \$ 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 |

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

|                                                           | Fiscal Year     |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                           | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            |
| <b>Net (expense) / revenue</b>                            |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ (40,729,602) | \$ (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) |
| Business-type activities                                  | 210,331         | 354,972         | 757,370         | 386,936         | 211,426         | -               | -               | -               | -               | -               |
| Total primary government net expense                      | \$ (40,519,271) | \$ (41,209,031) | \$ (41,274,468) | \$ (43,832,238) | \$ (44,112,533) | \$ (47,312,816) | \$ (53,558,502) | \$ (52,886,791) | \$ (51,292,673) | \$ (53,665,111) |
| <b>General Revenues and Other Changes in Net Position</b> |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Taxes                                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Property taxes                                            | \$ 30,227,710   | \$ 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   |
| Local sales and use taxes                                 | 2,028,548       | 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       |
| Taxes on recordation and wills                            | 263,973         | 256,065         | 310,308         | 269,869         | 263,879         | 305,433         | 381,730         | 352,757         | 397,587         | 416,941         |
| Motor vehicle licenses taxes                              | 632,926         | 647,083         | 647,951         | 661,412         | 668,174         | 657,801         | 666,327         | 653,037         | 674,493         | 657,354         |
| Consumers' utility taxes                                  | 699,959         | 695,430         | 702,303         | 710,204         | 712,242         | 709,924         | 714,794         | 572,118         | 574,527         | 584,390         |
| Business licenses taxes                                   | 745,256         | 829,929         | 875,526         | 840,808         | 823,543         | 851,925         | 813,572         | 910,399         | 947,815         | 976,576         |
| Other local taxes                                         | 1,703,421       | 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       |
| Unrestricted grants and contributions                     | 4,509,921       | 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       |
| Unrestricted revenues from use of money and property      | 602,854         | 647,477         | 571,498         | 369,202         | 477,777         | 425,030         | 584,924         | 959,680         | 1,787,364       | 1,604,624       |
| Miscellaneous                                             | 1,948,711       | 235,015         | 217,703         | 221,521         | 195,928         | 236,630         | 236,602         | 185,589         | 729,999         | 391,730         |
| Gain (loss) on disposal of capital assets                 | -               | -               | 1,582,755       | -               | -               | -               | -               | -               | -               | -               |
| Special item - Gain on transfer of landfill rights        | -               | -               | -               | -               | -               | -               | -               | -               | 3,059,966       | -               |
| Transfers                                                 | 6,282           | 7,657           | (3,555)         | 17,989          | 2,975,826       | 9,999           | -               | -               | -               | -               |
| Total governmental activities                             | \$ 43,369,561   | \$ 41,615,299   | \$ 46,548,433   | \$ 45,144,432   | \$ 49,169,331   | \$ 47,339,843   | \$ 51,023,092   | \$ 53,074,400   | \$ 59,320,717   | \$ 57,547,975   |
| Business-type activities:                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Unrestricted revenues from use of money and property      | \$ 19,062       | \$ 26,128       | \$ 20,215       | \$ 15,320       | \$ 14,303       | \$ -            | \$ -            | \$ -            | \$ -            | \$ -            |
| Special item - Loss on transfer of operations             | -               | -               | -               | -               | -               | (11,073,566)    | -               | -               | -               | -               |
| Transfers                                                 | (6,282)         | (7,657)         | 3,555           | (17,989)        | (2,975,826)     | (9,999)         | -               | -               | -               | -               |
| Total business-type activities                            | \$ 12,780       | \$ 18,471       | \$ 23,770       | \$ (2,669)      | \$ (2,961,523)  | \$ (11,083,565) | \$ -            | \$ -            | \$ -            | \$ -            |
| Total primary government                                  | \$ 43,382,341   | \$ 41,633,770   | \$ 46,572,203   | \$ 45,141,763   | \$ 46,207,808   | \$ 36,256,278   | \$ 51,023,092   | \$ 53,074,400   | \$ 59,320,717   | \$ 57,547,975   |
| <b>Change in Net Position</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                                   | \$ 2,639,959    | \$ 51,296       | \$ 4,516,595    | \$ 925,258      | \$ 4,845,372    | \$ 27,027       | \$ (2,535,410)  | \$ 187,609      | \$ 8,028,044    | \$ 3,882,864    |
| Business-type activities                                  | 223,111         | 373,443         | 781,140         | 384,267         | (2,750,097)     | (11,083,565)    | -               | -               | -               | -               |
| Total primary government                                  | \$ 2,863,070    | \$ 424,739      | \$ 5,297,735    | \$ 1,309,525    | \$ 2,095,275    | \$ (11,056,538) | \$ (2,535,410)  | \$ 187,609      | \$ 8,028,044    | \$ 3,882,864    |

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 | Motor                  |                     |            | Record-ation and Wills Tax | Business License Tax | Restaurant Food Tax | Other       |            | Total |
|-------------|---------------|-------------------------|------------------------|---------------------|------------|----------------------------|----------------------|---------------------|-------------|------------|-------|
|             |               |                         | Consumers' Utility Tax | Vehicle License Tax |            |                            |                      |                     | Local Taxes |            |       |
| 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 |       |
| 2011        | 30,227,710    | 2,028,548               | 699,959                | 632,926             | 263,973    | 745,256                    | 1,093,240            | 610,181             |             | 36,301,793 |       |

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)

|                       | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General fund          |               |               |               |               |               |               |               |               |               |               |
| Reserved/Restricted   | \$ 198,529    | \$ 186,710    | \$ 187,390    | \$ 285,943    | \$ 775,696    | \$ 276,250    | \$ 122,663    | \$ 23,005,779 | \$ 21,785,746 | \$ 11,665,803 |
| Assigned/Committed    | -             | -             | 1,643,315     | 992,671       | 1,300,957     | -             | -             | -             | 800,000       | 487,500       |
| Unreserved/Unassigned | 15,900,561    | 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    |
| Non-spendable         | 117,761       | 121,510       | 255,005       | 227,218       | 251,649       | 235,716       | 147,063       | 1,317,058     | 676,031       | 269,373       |
| Total general fund    | \$ 16,216,851 | \$ 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 |

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)

|                                                           | 2011          | 2012          | 2013          | 2014          | 2015          | 2016           | 2017          | 2018           | 2019          | 2020           |
|-----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
| <b>Revenues</b>                                           |               |               |               |               |               |                |               |                |               |                |
| General property taxes                                    | \$ 30,156,224 | \$ 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  |
| Other local taxes                                         | 6,074,083     | 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      |
| Permits, privilege fees and regulatory licenses           | 216,496       | 174,426       | 237,446       | 245,505       | 312,369       | 498,046        | 384,983       | 475,519        | 525,329       | 366,880        |
| Fines and forfeitures                                     | 115,006       | 154,048       | 132,627       | 139,238       | 141,023       | 105,481        | 112,769       | 77,064         | 64,213        | 50,775         |
| Revenue from use of money and property                    | 602,854       | 647,477       | 571,498       | 369,202       | 477,777       | 425,030        | 584,924       | 959,680        | 1,787,364     | 1,604,624      |
| Charges for services                                      | 587,451       | 616,429       | 672,811       | 789,426       | 752,571       | 707,849        | 643,691       | 602,594        | 884,845       | 775,784        |
| Miscellaneous                                             | 1,948,711     | 235,015       | 217,703       | 221,521       | 195,928       | 236,602        | 236,602       | 185,589        | 729,999       | 391,730        |
| Recovered costs                                           | 1,383,273     | 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      |
| Intergovernmental:                                        |               |               |               |               |               |                |               |                |               |                |
| Commonwealth                                              | 10,151,813    | 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     |
| Federal                                                   | 1,301,226     | 1,506,888     | 1,373,777     | 1,177,385     | 916,763       | 942,872        | 921,917       | 1,032,101      | 1,080,791     | 1,332,288      |
| Total revenues                                            | \$ 52,537,137 | \$ 51,050,707 | \$ 53,961,195 | \$ 54,549,567 | \$ 55,850,140 | \$ 58,818,357  | \$ 64,264,763 | \$ 63,194,506  | \$ 67,989,395 | \$ 69,988,886  |
| <b>Expenditures</b>                                       |               |               |               |               |               |                |               |                |               |                |
| General government administration                         | \$ 2,946,149  | \$ 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   |
| Judicial administration                                   | 1,224,399     | 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      |
| Public safety                                             | 11,570,131    | 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     |
| Public works                                              | 1,670,355     | 1,727,239     | 1,666,210     | 1,739,422     | 1,735,611     | 1,855,518      | 1,995,355     | 1,714,161      | 1,563,162     | 1,707,163      |
| Health and welfare                                        | 3,639,024     | 3,471,988     | 3,293,613     | 3,488,579     | 3,461,038     | 3,606,886      | 3,739,064     | 3,546,407      | 3,752,760     | 4,443,166      |
| Education                                                 | 20,401,136    | 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     |
| Parks, recreation and cultural                            | 2,850,141     | 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      |
| Community development                                     | 600,861       | 289,055       | 304,429       | 242,770       | 211,088       | 3,417,586      | 5,274,461     | 2,043,143      | 3,958,438     | 3,194,929      |
| Capital projects                                          | 1,016,336     | 261,819       | 92,247        | 776,212       | 122,404       | 594,223        | 1,035,549     | 8,712,817      | 2,948,598     | 12,816,202     |
| Debt service                                              |               |               |               |               |               |                |               |                |               |                |
| Principal                                                 | 2,784,220     | 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      |
| Bond issuance cost                                        | 31,266        | -             | -             | -             | 108,500       | -              | -             | 261,812        | -             | -              |
| Interest and other fiscal charges                         | 1,972,381     | 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      |
| Total expenditures                                        | \$ 50,706,399 | \$ 51,763,310 | \$ 51,266,284 | \$ 55,469,201 | \$ 54,886,146 | \$ 61,313,754  | \$ 63,378,507 | \$ 66,858,756  | \$ 67,773,979 | \$ 79,899,817  |
| Excess (deficiency) of revenues over (under) expenditures | \$ 1,830,738  | \$ (712,603)  | \$ 2,694,911  | \$ (919,634)  | \$ 963,994    | \$ (2,495,397) | \$ 886,256    | \$ (3,664,250) | \$ 215,416    | \$ (9,910,931) |
| <b>Other financing sources (uses)</b>                     |               |               |               |               |               |                |               |                |               |                |
| Transfers in                                              | \$ 6,282      | \$ 7,657      | \$ -          | \$ 17,989     | \$ 3,175,826  | \$ 9,999       | \$ -          | \$ -           | \$ -          | \$ -           |
| Transfers out                                             | -             | -             | (3,555)       | -             | -             | -              | (2,519)       | -              | -             | -              |
| Proceeds from refunding bonds issued                      | 2,074,298     | -             | -             | -             | -             | -              | -             | -              | -             | -              |
| Payments to refunded bonds escrow agent                   | (2,015,000)   | -             | -             | -             | 14,985,611    | -              | -             | -              | -             | -              |
| Proceeds of general obligation bonds                      | -             | -             | -             | 446,372       | (14,878,212)  | -              | -             | 28,965,329     | -             | -              |
| Premium on general obligation bonds                       | -             | -             | -             | -             | -             | -              | -             | 1,280,355      | -             | -              |
| Proceeds of capital lease                                 | -             | -             | -             | -             | -             | 53,130         | -             | -              | -             | -              |
| Sale of assets                                            | -             | 341,901       | 1,705,253     | -             | 526,304       | -              | -             | -              | -             | -              |
| Total other financing sources (uses)                      | \$ 65,580     | \$ 349,558    | \$ 1,701,698  | \$ 464,361    | \$ 4,047,867  | \$ 63,129      | \$ (2,519)    | \$ 30,245,684  | \$ -          | \$ -           |
| Net change in fund balances                               | \$ 1,896,318  | \$ (363,045)  | \$ 4,396,609  | \$ (455,273)  | \$ 5,011,861  | \$ (2,432,268) | \$ 883,737    | \$ 26,581,434  | \$ 215,416    | \$ (9,910,931) |
| Debt service as a percentage of noncapital expenditures   | 9.57%         | 9.15%         | 8.88%         | 8.40%         | 8.00%         | 6.61%          | 5.41%         | 5.39%          | 7.42%         | 6.95%          |

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<br>Year | Property<br>Tax | Local sales<br>and use<br>Tax | Consumers'<br>Utility<br>Tax | Motor                     |            | Record-<br>ation and<br>Wills Tax | Business<br>License<br>Tax | Other          |               | Total |
|----------------|-----------------|-------------------------------|------------------------------|---------------------------|------------|-----------------------------------|----------------------------|----------------|---------------|-------|
|                |                 |                               |                              | Vehicle<br>License<br>Tax |            |                                   |                            | Local<br>Taxes |               |       |
| 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    |       |
| 2011           | 30,156,224      | 2,028,548                     | 699,959                      | 632,926                   | 263,973    | 745,256                           | 1,703,421                  |                | 36,230,307    |       |

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 |
|-------------|------------------|-------------------|--------------|---------------------|--------------------|----------------|-----------------------|------------------------------|--------------------------------|------------------------------------------------|
|             |                  |                   |              |                     |                    |                |                       |                              |                                |                                                |
| 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%                                        |
| 2011        | 3,235,788,546    | 300,246,831       | 7,491,117    | 194,707,052         | n/a                | 198,118,207    | 0.852                 | 3,936,351,753                | 3,936,351,753                  | 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<br>Years | Direct Rates     |                      |                 |                        |                       |                          |                | Overlapping Rates    |  |
|-----------------|------------------|----------------------|-----------------|------------------------|-----------------------|--------------------------|----------------|----------------------|--|
|                 | Town of Buchanan |                      |                 |                        |                       |                          |                | Town of Buchanan     |  |
|                 | Real<br>Estate   | Personal<br>Property | Mobile<br>Homes | Machinery<br>and Tools | Merchants'<br>Capital | Total Direct<br>Tax Rate | Real<br>Estate | Personal<br>Property |  |
| 2020 \$         | 0.79             | \$ 2.71              | \$ 0.79         | 1.80                   | n/a                   | \$ 1.010                 | 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                 |  |
| 2011            | 0.65             | 2.55                 | 0.65            | 1.80                   | n/a                   | 0.852                    | 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<br>Business | Fiscal Year 2020              |                                     |  | Fiscal Year 2011              |                                     |  |
|--------------------------------------|------------------|-------------------------------|-------------------------------------|--|-------------------------------|-------------------------------------|--|
|                                      |                  | 2019<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |  | 2010<br>Assessed<br>Valuation | % of Total<br>Assessed<br>Valuation |  |
| American Electric Power              | Utility          | \$ 302.4                      | 6.67%                               |  | \$ 72.1                       | 1.83%                               |  |
| Roanoke Cement                       | Manufacturing    | 109.2                         | 2.41%                               |  | 100.0                         | 2.54%                               |  |
| Dynax America Corporation            | Manufacturing    | 63.0                          | 1.39%                               |  | 32.9                          | 0.84%                               |  |
| Metalsa Roanoke                      | Manufacturing    | 55.7                          | 1.23%                               |  | 51.0                          | 1.30%                               |  |
| Ballast Point (Constellation Brands) | Brewing Company  | 38.3                          | 0.85%                               |  | -                             | -                                   |  |
| Altec Industries                     | Manufacturing    | 36.3                          | 0.80%                               |  | 14.2                          | 0.36%                               |  |
| New River Electrical                 | Construction     | 29.9                          | 0.66%                               |  | 7.0                           | 0.18%                               |  |
| Eldor Corporation                    | Manufacturing    | 29.1                          | 0.64%                               |  | -                             | -                                   |  |
| Roanoke Gas                          | Utility          | 27.0                          | 0.60%                               |  | 13.8                          | 0.35%                               |  |
| CSX Transportation                   | Railroad         | 23.3                          | 0.51%                               |  | 13.0                          | 0.33%                               |  |
|                                      | Totals           | \$ 714.2                      | 15.76%                              |  | \$ 304.0                      | 7.72%                               |  |

Source: Commissioner of Revenue

Table 10

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

| Fiscal<br>Year<br>Ending June 30 | Total Tax<br>Levy for<br>Fiscal Year(1) | Collected within the    |                       |                       | Collections in   |    | Total Collections to Date |                       |
|----------------------------------|-----------------------------------------|-------------------------|-----------------------|-----------------------|------------------|----|---------------------------|-----------------------|
|                                  |                                         | Fiscal Year of the Levy |                       | Percentage<br>of Levy | Subsequent Years |    | Amount<br>Collected       | Percentage<br>of Levy |
|                                  |                                         | Amount<br>Collected     | Percentage<br>of Levy |                       |                  |    |                           |                       |
| 2020                             | \$ 42,055,900                           | \$ 41,531,794           | 98.75%                | \$                    | -                | \$ | 41,531,794                | 98.754%               |
| 2019                             | 40,311,541                              | 39,741,256              | 98.59%                |                       | 332,546          |    | 40,073,802                | 99.410%               |
| 2018                             | 38,994,267                              | 38,608,350              | 99.01%                |                       | 371,942          |    | 38,980,292                | 99.964%               |
| 2017                             | 37,675,151                              | 36,987,684              | 98.18%                |                       | 422,802          |    | 37,410,486                | 99.298%               |
| 2016                             | 34,091,602                              | 33,612,597              | 98.59%                |                       | 402,545          |    | 34,015,142                | 99.776%               |
| 2015                             | 33,381,580                              | 32,921,494              | 98.62%                |                       | 389,297          |    | 33,310,791                | 99.788%               |
| 2014                             | 32,788,844                              | 32,281,609              | 98.45%                |                       | 463,231          |    | 32,744,840                | 99.866%               |
| 2013                             | 32,638,807                              | 32,057,003              | 98.22%                |                       | 571,719          |    | 32,628,722                | 99.969%               |
| 2012                             | 29,469,926                              | 28,899,357              | 98.06%                |                       | 486,639          |    | 29,385,996                | 99.715%               |
| 2011                             | 29,724,326                              | 29,247,069              | 98.39%                |                       | 476,569          |    | 29,723,638                | 99.998%               |

(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<br>Years | Governmental Activities |            |                        |                          | Business-Type Activities |   |                   |           | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (1) | Per<br>Capita (1) |    |       |
|-----------------|-------------------------|------------|------------------------|--------------------------|--------------------------|---|-------------------|-----------|--------------------------------|-----------------------------------------|-------------------|----|-------|
|                 | General                 |            | Literary<br>Fund Loans | Other<br>Notes/<br>Bonds | Revenue                  |   | Capital<br>Leases |           |                                |                                         |                   |    |       |
|                 | Obligation              | Bonds      |                        |                          | Bonds                    |   |                   |           |                                |                                         |                   |    |       |
|                 |                         |            |                        |                          |                          |   |                   |           |                                |                                         |                   |    |       |
| 2020            | \$                      | 48,819,360 | \$                     | 455,790                  | \$                       | - | \$                | -         | \$                             | 49,275,150                              | 2.95%             | \$ | 1,471 |
| 2019            |                         | 51,145,429 |                        | 857,720                  |                          | - |                   | -         |                                | 52,124,508                              | 3.26%             |    | 1,566 |
| 2018            |                         | 53,471,360 |                        | 1,509,650                |                          | - |                   | -         |                                | 55,220,325                              | 3.54%             |    | 1,656 |
| 2017            |                         | 24,845,517 |                        | 2,161,580                |                          | - |                   | -         |                                | 27,361,061                              | 1.76%             |    | 825   |
| 2016            |                         | 26,423,079 |                        | 2,813,510                |                          | - |                   | -         |                                | 29,701,986                              | 1.90%             |    | 887   |
| 2015            |                         | 28,432,950 |                        | 3,465,440                |                          | - |                   | 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 |
| 2011            |                         | 36,145,337 |                        | 6,073,160                |                          | - |                   | 7,739,655 |                                | 49,958,152                              | 3.69%             |    | 1,504 |

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<br>Year | Gross<br>Bonded<br>Debt | Less: Amounts<br>Reserved for<br>Debt Service | Net<br>Bonded<br>Debt (3) | Ratio of Net<br>General<br>Obligation |                       | Net<br>Bonded<br>Debt per<br>Capita (1) |
|----------------|-------------------------|-----------------------------------------------|---------------------------|---------------------------------------|-----------------------|-----------------------------------------|
|                |                         |                                               |                           | Debt to<br>Assessed<br>Value (2)      | Assessed<br>Value (2) |                                         |
| 2020           | \$ 49,275,150           | \$ -                                          | \$ 49,275,150             | 1.09%                                 | \$ 1,471              | 1,471                                   |
| 2019           | 52,003,149              | -                                             | 52,003,149                | 1.18%                                 | 1,562                 | 1,562                                   |
| 2018           | 54,981,010              | -                                             | 54,981,010                | 1.28%                                 | 1,649                 | 1,649                                   |
| 2017           | 27,007,097              | -                                             | 27,007,097                | 0.64%                                 | 814                   | 814                                     |
| 2016           | 29,236,589              | -                                             | 29,236,589                | 0.72%                                 | 873                   | 873                                     |
| 2015           | 31,898,390              | -                                             | 31,898,390                | 0.79%                                 | 952                   | 952                                     |
| 2014           | 34,024,868              | -                                             | 34,024,868                | 0.86%                                 | 1,018                 | 1,018                                   |
| 2013           | 36,504,440              | -                                             | 36,504,440                | 0.92%                                 | 1,096                 | 1,096                                   |
| 2012           | 39,335,806              | -                                             | 39,335,806                | 1.01%                                 | 1,178                 | 1,178                                   |
| 2011           | 42,218,497              | -                                             | 42,218,497                | 1.07%                                 | 1,271                 | 1,271                                   |

(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, 2020**

| <u>Governmental Unit</u>                   | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|--------------------------------------------|-----------------------------|----------------------------------------------------|--------------------------------------------------------|
| Debt repaid with taxes: Town of Troutville | \$ 253,765                  | 100%                                               | \$ 253,765                                             |
| Subtotal, overlapping debt                 |                             |                                                    | <u>\$ 253,765</u>                                      |
| County of Botetourt, direct debt           |                             |                                                    | \$ 49,275,150                                          |
| Total direct and overlapping debt          |                             |                                                    | <u>\$ 49,528,915</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 |
|             |                                   |                          |                       | Principal    | Interest   |                                |           |          |          |
| 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          | \$ 675,725   | \$ 290,208 | n/a                            | n/a       | n/a      | n/a      |
| 2014        | 6,812,390                         | 1,774,092                | 5,038,298             | 604,659      | 327,591    | n/a                            | n/a       | n/a      | n/a      |
| 2013        | 7,136,660                         | 1,736,393                | 5,400,267             | 527,590      | 268,949    | n/a                            | n/a       | n/a      | n/a      |
| 2012        | 5,590,913                         | 1,595,354                | 3,995,559             | 498,158      | 284,171    | n/a                            | n/a       | n/a      | n/a      |
| 2011        | 5,647,072                         | 1,546,418                | 4,100,654             | 478,632      | 288,574    | 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<br>Year | Population | Personal<br>Income        |           | Per<br>Capita<br>Personal<br>Income |        | Median<br>Age | School<br>Enrollment | Unemploy-<br>ment Rate |
|----------------|------------|---------------------------|-----------|-------------------------------------|--------|---------------|----------------------|------------------------|
|                |            | (thousands<br>of dollars) |           | (thousands<br>of dollars)           |        |               |                      |                        |
| 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%                  |
| 2011           | 33,209     |                           | 1,354,794 |                                     | 40,796 | 44.9          | 4,943                | 5.80%                  |

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 2020 |                  |                     | Fiscal Year 2011 |                  |                     |
|-------------------------------------|------------------|------------------|---------------------|------------------|------------------|---------------------|
|                                     | Rank             | Ownership        | Number of Employees | Rank             | Ownership        | Number of Employees |
| Altec Industries Inc                | 1                | Private          | 000 and over        | 4                | Private          | 250 to 499          |
| Botetourt County School Board       | 2                | Local Government | 500 to 999          | 1                | Local Government | 500 to 999          |
| Dynax America Corporation           | 3                | Private          | 250 to 499          | 2                | Private          | 250 to 499          |
| County of Botetourt                 | 4                | Local Government | 250 to 499          | 3                | Local Government | 250 to 499          |
| Lawrence Transportation Services    | 5                | Private          | 250 to 499          | 5                | Private          | 100 to 249          |
| Metalsa Roanoke Inc                 | 6                | Private          | 250 to 499          | 7                | Private          | 100 to 249          |
| Arkay Packaging Corporation         | 7                | Private          | 100 to 249          | 13               | Private          | 100 to 249          |
| The Glebe Inc Dip                   | 8                | Private          | 100 to 249          | 9                | Private          | 100 to 249          |
| Virginia Truck Center, Inc.         | 9                | Private          | 100 to 249          | 12               | Private          | 100 to 249          |
| Gala Industries, Inc.               | 10               | Private          | 100 to 249          | 8                | Private          | 100 to 249          |
| Eldor Automotive Powertrain Usa LLC | 11               | Private          | 100 to 249          | -                | -                | -                   |
| Roanoke Cement Comp LLC             | 12               | Private          | 100 to 249          | 10               | Private          | 100 to 249          |
| Workforce Unlimited LLC             | 13               | Private          | 100 to 249          | -                | -                | -                   |
| Cracker Barrel Old Country Store    | 14               | Private          | 100 to 249          | 14               | Private          | 100 to 249          |
| Kroger                              | 15               | Private          | 100 to 249          | 15               | Private          | 100 to 249          |
| The Pepsi Bottling Group            | 16               | Private          | 100 to 249          | 16               | Private          | 100 to 249          |
| Food Lion                           | 17               | Private          | 100 to 249          | -                | -                | -                   |
| Kissito Healthcare                  | 18               | Private          | 100 to 249          | -                | -                | -                   |
| Single Source Security              | 19               | Private          | 100 to 249          | -                | -                | -                   |
| Kirby Vass Insulation Inc           | 20               | Private          | 100 to 249          | 19               | Private          | 50 to 99            |
| Lanford Brothers Company            | -                | -                | -                   | 6                | Private          | 100 to 249          |
| Tread Corporation New               | -                | -                | -                   | 11               | Private          | 100 to 249          |
| Carrington Place Botetourt          | -                | -                | -                   | 17               | Private          | 100 to 249          |
| Howell's Motor Freight Inc.         | -                | -                | -                   | 18               | Private          | 50 to 99            |
| Loomis Fargo & Company              | -                | -                | -                   | 20               | Private          | 50 to 99            |

Source: Virginia Employment Commission



Table 17

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

| Function                                 | Fiscal Year |            |            |            |            |            |            |            |            |            |
|------------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                          | 2011        | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
| <b>General government administration</b> | 31          | 30         | 29         | 30         | 31         | 31         | 31         | 31         | 32         | 33         |
| <b>Judicial administration</b>           | 16          | 17         | 17         | 17         | 17         | 17         | 17         | 17         | 17         | 17         |
| <b>Public safety:</b>                    |             |            |            |            |            |            |            |            |            |            |
| Sheriffs department                      | 109         | 114        | 113        | 115        | 115        | 115        | 116        | 117        | 117        | 118        |
| Fire & rescue                            | 25          | 29         | 30         | 34         | 34         | 34         | 40         | 43         | 43         | 44         |
| Inspections (Development Services)       | 4           | 8          | 9          | 8          | 9          | 10         | 10         | 11         | 12         | 12         |
| 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               | 11          | 12         | 12         | 11         | 11         | 4          | 4          | 2          | 1          | 1          |
| General maintenance                      | 7           | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 8          | 8          |
| Waste Management                         | 4           | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          |
| Engineering                              | 4           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Health and welfare:</b>               |             |            |            |            |            |            |            |            |            |            |
| Department of social services            | 14          | 16         | 15         | 17         | 19         | 20         | 21         | 21         | 21         | 21         |
| Comprehensive Services                   | 1           | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| <b>Culture and recreation:</b>           |             |            |            |            |            |            |            |            |            |            |
| Parks and recreation                     | 15          | 14         | 14         | 13         | 13         | 13         | 13         | 14         | 14         | 15         |
| Library                                  | 14          | 14         | 13         | 13         | 13         | 13         | 13         | 13         | 13         | 13         |
| Tourism / Marketing                      | 1           | 1          | 1          | 2          | 2          | 2          | 2          | 2          | 3          | 3          |
| <b>Community development:</b>            |             |            |            |            |            |            |            |            |            |            |
| Planning                                 | 3           | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Totals</b>                            | <u>263</u>  | <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> |

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 |       |       |       |       |       |       |       |       |       |
|------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                    | 2011        | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
| Public safety                      |             |       |       |       |       |       |       |       |       |       |
| Sheriff's department:              |             |       |       |       |       |       |       |       |       |       |
| Physical arrests                   | 2,402       | 2,290 | 2,302 | 2,051 | 2,417 | 2,448 | 2,375 | 2,413 | 2,719 | 2,643 |
| Traffic violations                 | 3,232       | 2,951 | 2,560 | 3,180 | 3,199 | 2,742 | 2,865 | 3,349 | 5,435 | 4,173 |
| Civil papers                       | 6,955       | 6,813 | 6,750 | 6,335 | 6,494 | 6,398 | 6,761 | 6,858 | 7,335 | 7,220 |
| Fire and rescue:                   |             |       |       |       |       |       |       |       |       |       |
| Number of calls answered           | 4,057       | 4,730 | 4,719 | 4,618 | 4,396 | 4,633 | 4,783 | 4,860 | 5,236 | 5,862 |
| Building inspections:              |             |       |       |       |       |       |       |       |       |       |
| Permits issued (same as Planning)  | 424         | 378   | 395   | 411   | 421   | 399   | 446   | 471   | 469   | 460   |
| Animal control:                    |             |       |       |       |       |       |       |       |       |       |
| Number of calls answered           | 6,035       | 6,100 | 5,210 | 4,790 | 5,543 | 5,878 | 5,051 | 5,398 | 4,616 | 4,988 |
| Public works                       |             |       |       |       |       |       |       |       |       |       |
| General maintenance:               |             |       |       |       |       |       |       |       |       |       |
| Trucks/vehicles                    | 3           | 3     | 3     | 4     | 6     | 5     | 6     | 6     | 6     | 6     |
| Landfill:                          |             |       |       |       |       |       |       |       |       |       |
| Refuse collected (tons/day)        | 7.1         | 5.6   | 6.4   | 7.1   | 6.7   | 6.8   | 6.9   | 6.0   | 16.1  | 14.2  |
| Recycling (tons/day)               | 9.5         | 8.3   | 10.3  | 10.7  | 10.0  | 10.9  | 9.3   | 7.8   | 8.4   | 7.9   |
| Health and welfare                 |             |       |       |       |       |       |       |       |       |       |
| Department of Social Services:     |             |       |       |       |       |       |       |       |       |       |
| Caseload                           | 4,125       | 4,152 | 4,479 | 5,014 | 5,929 | 5,437 | 6,840 | 4,148 | 4,651 | 4,907 |
| Culture and recreation             |             |       |       |       |       |       |       |       |       |       |
| Parks and recreation:              |             |       |       |       |       |       |       |       |       |       |
| Recreation permits issued          | 93          | 97    | 129   | 118   | 156   | 115   | 106   | 94    | 285   | 285   |
| Youth sports participants          | 2,309       | 2,292 | 2,447 | 2,755 | 2,766 | 2,917 | 3,590 | 2,490 | 2,771 | 2,771 |
| Community development              |             |       |       |       |       |       |       |       |       |       |
| Planning:                          |             |       |       |       |       |       |       |       |       |       |
| Zoning permits issued              | 424         | 378   | 395   | 411   | 421   | 399   | 446   | 471   | 469   | 460   |
| 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                 | 405         | 414   | 408   | 398   | 393   | 399   | 390   | 388   | 385   | 384   |
| Local expenditures per pupil       | 4,344       | 4,304 | 4,721 | 5,246 | 5,015 | 5,402 | 5,823 | 6,044 | 5,830 | 6,007 |

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 |      |      |      |      |      |      |      |      |      |
|----------------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                              | 2011        | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General government administration            |             |      |      |      |      |      |      |      |      |      |
| Administration buildings                     | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Vehicles                                     | 7           | 4    | 3    | 5    | 4    | 4    | 4    | 3    | 3    | 2    |
| Public safety                                |             |      |      |      |      |      |      |      |      |      |
| Sheriffs department:                         |             |      |      |      |      |      |      |      |      |      |
| Patrol units                                 | 51          | 51   | 51   | 51   | 51   | 51   | 51   | 48   | 49   | 49   |
| Other vehicles                               | 16          | 15   | 16   | 18   | 18   | 21   | 22   | 22   | 22   | 22   |
| Development Services / Building inspections: |             |      |      |      |      |      |      |      |      |      |
| Vehicles                                     | 4           | 7    | 6    | 8    | 8    | 9    | 8    | 6    | 7    | 8    |
| Animal control:                              |             |      |      |      |      |      |      |      |      |      |
| Vehicles                                     | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Public works                                 |             |      |      |      |      |      |      |      |      |      |
| General maintenance:                         |             |      |      |      |      |      |      |      |      |      |
| Trucks/vehicles                              | 17          | 19   | 22   | 19   | 20   | 12   | 12   | 8    | 8    | 7    |
| Landfill:                                    |             |      |      |      |      |      |      |      |      |      |
| Vehicles                                     | 6           | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    | 6    |
| Equipment                                    | 9           | 9    | 9    | 9    | 9    | 9    | 9    | 9    | 9    | 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    |
| County Van Program - Vehicles                | 2           | 2    | 2    | 2    | 2    | 3    | 4    | 3    | 4    | 3    |
| Culture and recreation                       |             |      |      |      |      |      |      |      |      |      |
| Parks and recreation:                        |             |      |      |      |      |      |      |      |      |      |
| Community centers                            | 2           | 2    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Vehicles - Parks & Recreation, Library       | 19          | 20   | 21   | 21   | 20   | 21   | 21   | 21   | 23   | 23   |
| Parks acreage                                | 158         | 158  | 158  | 158  | 158  | 158  | 158  | 158  | 158  | 158  |
| Tennis courts                                | 4           | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    | 4    |
| Community development                        |             |      |      |      |      |      |      |      |      |      |
| Planning:                                    |             |      |      |      |      |      |      |      |      |      |
| Vehicles                                     | 2           | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Component Unit - School Board                |             |      |      |      |      |      |      |      |      |      |
| Education:                                   |             |      |      |      |      |      |      |      |      |      |
| Schools                                      | 12          | 12   | 12   | 13   | 13   | 13   | 13   | 13   | 13   | 13   |
| School buses                                 | 94          | 96   | 95   | 94   | 95   | 96   | 98   | 97   | 96   | 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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**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, 2020, 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 October 19, 2020.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
October 19, 2020



**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 a direct and material effect on each of the County of Botetourt, Virginia's major federal programs for the year ended June 30, 2020. The County of Botetourt, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County of 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Botetourt, Virginia's compliance.

***Opinion on Each Major Federal Program***

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 major federal programs for the year ended June 30, 2020.

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

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

*Robinson, Farmer, Cox Associates*

Blacksburg, Virginia  
October 19, 2020



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

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| Federal Grantor/<br>Pass-Through Grantor/<br>Program or Cluster Title                  | Federal<br>CFDA<br>Number | Pass-through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |              |
|----------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|-------------------------|--------------|
| <b>DEPARTMENT OF AGRICULTURE:</b>                                                      |                           |                                                 |                         |              |
| Pass through payments from:                                                            |                           |                                                 |                         |              |
| <i>Department of Social Services:</i>                                                  |                           |                                                 |                         |              |
| SNAP Program Cluster:                                                                  |                           |                                                 |                         |              |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561                    | 0010119/0010120/0040119/0040120/0050119         |                         | \$ 184,223   |
| <i>Department of Education:</i>                                                        |                           |                                                 |                         |              |
| Forest Service School And Roads Cluster:                                               |                           |                                                 |                         |              |
| Schools and Roads - Grants to States                                                   | 10.665                    | 43841                                           |                         | 49,569       |
| Child Nutrition Cluster:                                                               |                           |                                                 |                         |              |
| School Breakfast Program                                                               | 10.553                    | 40591                                           | \$ 460,270              |              |
| COVID-19 - School Breakfast Program                                                    | 10.553                    | 40591                                           | 42,510                  | \$ 502,780   |
| <i>State Department of Agriculture:</i>                                                |                           |                                                 |                         |              |
| Food Distribution-Schools (Note C)                                                     | 10.555                    | Unknown                                         | \$ 126,847              |              |
| <i>Department of Education:</i>                                                        |                           |                                                 |                         |              |
| National School Lunch Program                                                          | 10.555                    | 40623                                           | 61,834                  |              |
| COVID-19 - National School Lunch Program                                               | 10.555                    | 40623                                           | 85,107                  | 273,788      |
| Total Child Nutrition Cluster                                                          |                           |                                                 |                         | 776,568      |
| Total Department of Agriculture                                                        |                           |                                                 |                         | \$ 1,010,360 |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                                        |                           |                                                 |                         |              |
| Direct:                                                                                |                           |                                                 |                         |              |
| Provider Relief Fund                                                                   | 93.498                    | Not applicable                                  |                         | \$ 52,894    |
| Pass through payments from:                                                            |                           |                                                 |                         |              |
| <i>Department of Social Services:</i>                                                  |                           |                                                 |                         |              |
| Promoting Safe and Stable Families                                                     | 93.556                    | 0950118/0950119                                 |                         | 9,444        |
| TANF Cluster:                                                                          |                           |                                                 |                         |              |
| Temporary Assistance for Needy Families                                                | 93.558                    | 0400119/0400120                                 |                         | 123,888      |
| Refugee and Entrant Assistance State/Replacement Designee Administred Programs         | 93.566                    | 0500119/0500120                                 |                         | 201          |
| Low Income Home Energy Assistance                                                      | 93.568                    | 0600419/0600420                                 |                         | 24,411       |
| Social Services Block Grant                                                            | 93.667                    | 1000119/1000120                                 |                         | 125,809      |
| John H. Chafee Foster Care Porgram for Successful Transition to Adulthood              | 93.674                    | 9150119                                         |                         | 1,125        |
| Children's Health Insurance Program                                                    | 93.767                    | 0540119/0540120                                 |                         | 3,064        |
| Medicaid Cluster:                                                                      |                           |                                                 |                         |              |
| Medical Assistance Program                                                             | 93.778                    | 1200118/1200120                                 |                         | 190,922      |
| Stephanie Tubbs Jones Child Welfare Services Program                                   | 93.645                    | 0900118                                         |                         | 304          |
| CCDF Cluster:                                                                          |                           |                                                 |                         |              |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund         | 93.596                    | 0760119/07601201100119/1100120/1110119          |                         | 23,792       |
| Foster Care - Title IV E                                                               | 93.658                    | 10119                                           |                         | 240,343      |
| Adoption Assistance                                                                    | 93.659                    | 1120119/1120120                                 |                         | 82,292       |
| Child Support Enforcement                                                              | 93.563                    | Unknown                                         |                         | 5,400        |
| Total Department of Health and Human Services                                          |                           |                                                 |                         | \$ 883,889   |
| <b>DEPARTMENT OF HOMELAND SECURITY:</b>                                                |                           |                                                 |                         |              |
| Pass through payments from:                                                            |                           |                                                 |                         |              |
| <i>Department of Emergency Management:</i>                                             |                           |                                                 |                         |              |
| Emergency Management Performance Grants                                                | 97.042                    | 158                                             |                         | \$ 7,500     |
| Total Department of Homeland Security                                                  |                           |                                                 |                         | \$ 7,500     |
| <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                                           | \$ 3,973                |              |
| National Priority Safety Programs                                                      | 20.616                    | Unknown                                         | 6,259                   |              |
| Total Highway Safety Cluster                                                           |                           |                                                 |                         | \$ 10,232    |
| Total Department of Transportation                                                     |                           |                                                 |                         | \$ 10,232    |

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

Page 2 of 2

**DEPARTMENT OF EDUCATION:**

Pass through payments from:

*City of Salem, Virginia:*

|                                          |        |       |  |          |
|------------------------------------------|--------|-------|--|----------|
| Adult Education - Basic Grants to States | 84.002 | 42801 |  | \$ 8,882 |
|------------------------------------------|--------|-------|--|----------|

*Virginia Tech:*

|                                           |        |         |          |  |
|-------------------------------------------|--------|---------|----------|--|
| English Language Acquisition State Grants | 84.365 | Unknown | \$ 6,541 |  |
|-------------------------------------------|--------|---------|----------|--|

*Department of Education:*

|                                           |        |         |        |        |
|-------------------------------------------|--------|---------|--------|--------|
| English Language Acquisition State Grants | 84.365 | Unknown | 76,250 | 82,791 |
|-------------------------------------------|--------|---------|--------|--------|

|                                                          |        |       |  |        |
|----------------------------------------------------------|--------|-------|--|--------|
| Career and Technical Education -- Basic Grants to States | 84.048 | 61095 |  | 52,506 |
|----------------------------------------------------------|--------|-------|--|--------|

|                                                 |        |         |  |        |
|-------------------------------------------------|--------|---------|--|--------|
| Student Support and Academic Enrichment Program | 84.424 | Unknown |  | 14,616 |
|-------------------------------------------------|--------|---------|--|--------|

|                                              |        |       |  |         |
|----------------------------------------------|--------|-------|--|---------|
| Title I Grants to Local Educational Agencies | 84.010 | 42901 |  | 427,038 |
|----------------------------------------------|--------|-------|--|---------|

Special Education Cluster - IDEA:

|                                      |        |       |              |  |
|--------------------------------------|--------|-------|--------------|--|
| Special Education - Grants to States | 84.027 | 73071 | \$ 1,116,096 |  |
|--------------------------------------|--------|-------|--------------|--|

|                                      |        |       |        |  |
|--------------------------------------|--------|-------|--------|--|
| Special Education - Preschool Grants | 84.173 | 62521 | 20,994 |  |
|--------------------------------------|--------|-------|--------|--|

|                                        |  |  |  |           |
|----------------------------------------|--|--|--|-----------|
| Total Special Education Cluster - IDEA |  |  |  | 1,137,090 |
|----------------------------------------|--|--|--|-----------|

|                               |  |  |  |              |
|-------------------------------|--|--|--|--------------|
| Total Department of Education |  |  |  | \$ 1,722,923 |
|-------------------------------|--|--|--|--------------|

|                                      |  |  |  |              |
|--------------------------------------|--|--|--|--------------|
| Total Expenditures of Federal Awards |  |  |  | \$ 3,634,904 |
|--------------------------------------|--|--|--|--------------|

**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, 2020. 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 indentifying 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--Subrecipients

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

NOTE E--Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note F--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 | \$ 13,639,808 |
|----------------------------------|---------------|

|                                     |              |
|-------------------------------------|--------------|
| Less: Revenue from the Commonwealth | (12,307,520) |
|-------------------------------------|--------------|

|                                |           |
|--------------------------------|-----------|
| Less: Payment in Lieu of Taxes | (246,444) |
|--------------------------------|-----------|

Component Unit School Board:

|                                           |            |
|-------------------------------------------|------------|
| School Operating Fund - Intergovernmental | 55,226,499 |
|-------------------------------------------|------------|

|                                      |              |
|--------------------------------------|--------------|
| Less: Revenue from local governments | (25,663,251) |
|--------------------------------------|--------------|

|                                     |              |
|-------------------------------------|--------------|
| Less: Revenue from the Commonwealth | (27,014,188) |
|-------------------------------------|--------------|

|                                                                               |              |
|-------------------------------------------------------------------------------|--------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 3,634,904 |
|-------------------------------------------------------------------------------|--------------|

County of Botetourt, Virginia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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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?                     | No            |
| Significant deficiency(ies) identified?               | None reported |
| Noncompliance material to financial statements noted? | No            |

Federal Awards

|                                                                                                              |               |
|--------------------------------------------------------------------------------------------------------------|---------------|
| Internal control over major programs:                                                                        |               |
| Material weakness(es) identified?                                                                            | No            |
| Significant deficiency(ies) identified?                                                                      | None reported |
| Type of auditors' report issued on compliance for major programs:                                            | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)? | No            |

Identification of major programs:

| CFDA #        | Name of Federal Program or Cluster |
|---------------|------------------------------------|
| 84.027/84.173 | Special Education Cluster          |
| 10.553/10.555 | Child Nutrition 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, 2020 (Continued)

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**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings**

**2019-001**

**(Material Weakness)**

Condition: The County's financial statements required year end adjusting entries by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles. While there were very few adjusting entries, some of those were material to the financial statements.

Recommendation: Overall, County staff does a good job of identifying year end entries. We recommend, the County develop a process to review the accounting treatment of new agreements with their consulting CPA.

Current Status: No similar findings were noted in the current year and the County developed a process to review the accounting treatment of new agreements with their consulting CPA.