

COUNTY OF BLAND, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF BLAND, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

COUNTY OF BLAND, VIRGINIA

BOARD OF SUPERVISORS

Stephen Kelley, Vice-Chair	Randy Johnson, Chair Karen Hodock	Adam Kidd
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COUNTY SCHOOL BOARD

Gerry Schepers, Vice-Chair	Duane Bailey, Chair William Crabtree	Sharon Puckett
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SOCIAL SERVICES BOARD

Terry Horne, Vice-Chair Melinda Litton	Cathy Whitt, Chair	Karen Hodock Michelle Cantrell
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OTHER OFFICIALS

Clerk of the Circuit Court	Rebecca I. Johnson
Commonwealth's Attorney	Patrick White
Commissioner of the Revenue.....	Cindy U. Wright
Treasurer	John F. Goins
Sheriff	Thomas Roseberry, II
Superintendent of Schools	Scott Meade
Director of Social Services	Nikki Adkins
County Administrator	Eric Workman
County Attorney	Paul Cassell

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules related to pension and OPEB funding on pages 90 and 91-108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2019, on our consideration of the County of Bland, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Bland, 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 Bland, Virginia's internal control over financial reporting and compliance.

Polina, Fanev, Cox Associates

Blacksburg, Virginia
November 24, 2019

Basic Financial Statements

County of Bland, Virginia
Statement of Net Position
June 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
ASSETS						
Cash and cash equivalents	\$ 5,486,864	\$ 294,054	\$ 5,780,918	\$ 2,308,313	\$ -	\$ 1
Cash in custody of others	-	-	-	124,634	537,511	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	6,122,080	-	6,122,080	-	-	-
Accounts receivable	162,026	105,889	267,915	-	-	-
Grants receivable	-	11,663	11,663	-	-	-
Due from other governmental units	376,761	-	376,761	177,392	-	-
Due from component unit	116,453	-	116,453	-	-	-
Inventories	26,155	-	26,155	-	-	-
Prepaid items	31,577	-	31,577	30,983	-	-
Net pension asset	-	-	-	32,248	-	-
Restricted assets:						
Cash and cash equivalents	-	159,601	159,601	-	-	-
Capital assets, net of accumulated depreciation:						
Land	306,038	255,156	561,194	603,897	420,159	-
Buildings and utility plant	3,314,588	19,091,644	22,406,232	1,400,422	771,299	-
Improvements other than buildings	-	-	-	402,320	926,344	-
Machinery and equipment	608,062	44,143	652,205	-	-	-
Infrastructure	-	-	-	-	-	303,120
Construction in progress	427,564	67,311	494,875	253,573	-	-
Total Assets	<u>\$ 16,978,168</u>	<u>\$ 20,029,461</u>	<u>\$ 37,007,629</u>	<u>\$ 5,333,782</u>	<u>\$ 2,655,313</u>	<u>\$ 303,121</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 347,358	\$ 10,833	\$ 358,191	\$ 709,720	\$ -	\$ -
OPEB related items	48,000	-	48,000	106,039	-	-
Total deferred outflows of resources	<u>\$ 395,358</u>	<u>\$ 10,833</u>	<u>\$ 406,191</u>	<u>\$ 815,759</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 63,894	\$ 8,752	\$ 72,646	\$ 91,922	\$ -	\$ 188
Accrued payroll	-	-	-	575,407	-	-
Customers' deposits	-	8,025	8,025	-	-	-
Accrued interest payable	20,337	17,065	37,402	-	1,680	-
Due to primary government	-	-	-	116,453	-	-
Noncurrent liabilities:						
Due within one year	327,804	261,710	589,514	69,488	15,908	-
Due in more than one year	5,155,563	9,493,864	14,649,427	6,532,896	568,107	-
Total Liabilities	<u>\$ 5,567,598</u>	<u>\$ 9,789,416</u>	<u>\$ 15,357,014</u>	<u>\$ 7,386,166</u>	<u>\$ 585,695</u>	<u>\$ 188</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 5,412,994	\$ -	\$ 5,412,994	\$ -	\$ -	\$ -
Deferred revenue - grants	50,000	-	50,000	-	-	-
Pension related items	313,429	45,165	358,594	1,521,346	-	-
OPEB related items	24,000	-	24,000	150,154	-	-
Total Deferred Inflows of Resources	<u>\$ 5,800,423</u>	<u>\$ 45,165</u>	<u>\$ 5,845,588</u>	<u>\$ 1,671,500</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION						
Net investment in capital assets	\$ 2,254,057	\$ 9,752,789	\$ 12,006,846	\$ 2,660,212	\$ 1,533,787	\$ 303,120
Restricted:						
Asset forfeiture funds	4,927	-	4,927	-	-	-
Restricted for debt service and bond covenants	-	159,601	159,601	-	-	-
School cafeteria	-	-	-	124,634	-	-
Unrestricted	3,746,521	293,323	4,039,844	(5,692,971)	535,831	(187)
Total Net Position	<u>\$ 6,005,505</u>	<u>\$ 10,205,713</u>	<u>\$ 16,211,218</u>	<u>\$ (2,908,125)</u>	<u>\$ 2,069,618</u>	<u>\$ 302,933</u>

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

County of Bland, Virginia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units					
					Governmental Activities	Business-type Activities	Total	School Board	EDA	Wireless Authority		
PRIMARY GOVERNMENT:												
Governmental activities:												
General government administration	\$ 1,286,224	\$ -	\$ 185,571	\$ -	\$ (1,100,653)	\$ (1,100,653)						
Judicial administration	495,449	1,418	382,829	-	(111,202)	(111,202)						
Public safety	1,774,271	397,050	620,146	-	(757,075)	(757,075)						
Public works	1,021,869	330,413	6,207	-	(685,249)	(685,249)						
Health and welfare	1,537,420	-	1,212,302	-	(325,118)	(325,118)						
Education	1,996,849	-	-	-	(1,996,849)	(1,996,849)						
Parks, recreation, and cultural	376,996	10,651	-	25,001	(341,344)	(341,344)						
Community development	182,184	600	48,045	-	(133,539)	(133,539)						
Interest on long-term debt	64,385	-	-	-	(64,385)	(64,385)						
Total governmental activities	\$ 8,735,647	\$ 740,132	\$ 2,455,100	\$ 25,001	\$ (5,515,414)	\$ (5,515,414)						
Business-type activities:												
Service Authority	\$ 1,425,938	\$ 625,192	\$ -	\$ 447,933	\$ (352,813)	\$ (352,813)						
Total primary government	\$ 10,161,585	\$ 1,365,324	\$ 2,455,100	\$ 472,934	\$ (5,515,414)	\$ (5,515,414)						
COMPONENT UNITS:												
School Board	\$ 7,430,713	\$ 142,581	\$ 5,898,244	\$ -	\$ -	\$ (1,389,888)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	215,217	-	-	-	-	-	-	-	-	(215,217)	-	-
Wireless Authority	16,908	-	-	-	-	-	-	-	-	-	-	(16,908)
Total component units	\$ 7,662,838	\$ 142,581	\$ 5,898,244	\$ -	\$ -	\$ (1,389,888)	\$ (1,389,888)	\$ (215,217)	\$ (215,217)	\$ (16,908)	\$ -	\$ -
General revenues:												
General property taxes					\$ 4,902,341	\$ -	\$ 4,902,341	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes:												
Local sales and use taxes					377,103	-	377,103	-	-	-	-	-
Consumers' utility taxes					163,032	-	163,032	-	-	-	-	-
Restaurant food taxes					178,417	-	178,417	-	-	-	-	-
Motor vehicle licenses					112,745	-	112,745	-	-	-	-	-
Franchise license tax					29,163	-	29,163	-	-	-	-	-
Consumption taxes					21,061	-	21,061	-	-	-	-	-
Taxes on recordings and wills					29,707	-	29,707	-	-	-	-	-
Other local taxes					21,073	-	21,073	-	-	-	-	-
Unrestricted revenues from use of money and property					86,871	37,544	124,415	11,354	6,799	6,799	-	-
Miscellaneous					264,020	3,981	268,001	266,809	121,913	121,913	-	-
Contributions from Bland County					-	-	-	1,987,548	40,000	40,000	6,375	-
Grants and contributions not restricted to specific programs					680,996	-	680,996	-	-	-	-	-
Transfers					(500,344)	500,344	-	-	-	-	-	-
Total general revenues and transfers					\$ 6,366,185	\$ 541,869	\$ 6,908,054	\$ 2,265,711	\$ 168,712	\$ 168,712	\$ 6,375	\$ -
Change in net position					\$ 850,771	\$ 189,056	\$ 1,039,827	\$ 875,823	\$ (46,505)	\$ (46,505)	\$ (10,533)	\$ -
Net position - beginning					5,154,734	10,016,657	15,171,391	(3,783,948)	2,116,123	2,116,123	313,466	-
Net position - ending					\$ 6,005,505	\$ 10,205,713	\$ 16,211,218	\$ (2,908,125)	\$ 2,069,618	\$ 2,069,618	\$ 302,933	\$ -

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

County of Bland, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 5,486,864
Taxes receivable	6,122,080
Accounts receivable	162,026
Due from component unit	116,453
Due from other governmental units	376,761
Inventories	26,155
Prepaid items	31,577
Total assets	<u>\$ 12,321,916</u>
LIABILITIES	
Accounts payable	<u>\$ 63,894</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 6,132,090
Unavailable revenue - grants	50,000
Total deferred inflows of resources	<u>\$ 6,182,090</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 31,577
Inventories	26,155
Restricted:	
Asset forfeiture funds	4,927
Committed:	
Law library	36
Courthouse maintenance	14,274
Courtroom security	116,646
Library Building	285,233
Assigned:	
Dare program	547
Patrol fund	5,346
Broadband Project	1,226
Tourism and Travel Initiative	19,687
Rocky Gap Greenway Project	210,002
Capital improvements	278,739
General reserves	2,017,908
Unassigned	3,063,629
Total fund balances	<u>\$ 6,075,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,321,916</u>

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

County of Bland, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	6,075,932
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	306,038
Buildings and system		3,314,588
Machinery, equipment, and vehicles		608,062
Construction in progress		<u>427,564</u>
		4,656,252
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes		719,096
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$	347,358
OPEB related items		<u>48,000</u>
		395,358
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease revenue bonds	\$	(2,050,000)
Unamortized bond premium		(232,195)
Capital leases		(120,000)
Landfill accrued post-closure costs		(29,007)
Net OPEB liabilities		(1,057,266)
Net pension liability		(1,458,815)
Compensated absences		(220,373)
Accrued interest payable		(20,337)
Other long-term liabilities-Virginia Transportation Commission		<u>(315,711)</u>
		(5,503,704)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(313,429)
OPEB related items		<u>(24,000)</u>
		(337,429)
Net position of governmental activities		<u><u>\$ 6,005,505</u></u>

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

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	<u>General</u>
REVENUES	
General property taxes	\$ 5,035,232
Other local taxes	932,301
Permits, privilege fees, and regulatory licenses	17,862
Fines and forfeitures	371,220
Revenue from the use of money and property	86,871
Charges for services	351,050
Miscellaneous	264,020
Recovered costs	20,084
Intergovernmental:	
Commonwealth	2,210,378
Federal	950,719
Total revenues	<u>\$ 10,239,737</u>
EXPENDITURES	
Current:	
General government administration	\$ 1,242,535
Judicial administration	516,876
Public safety	1,811,543
Public works	1,182,104
Health and welfare	1,519,661
Education	1,996,849
Parks, recreation, and cultural	426,440
Community development	212,859
Debt service:	
Principal retirement	140,000
Interest and other fiscal charges	83,000
Total expenditures	<u>\$ 9,131,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,107,870</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	\$ 81,935
Transfers out	(582,279)
Issuance of capital lease	150,000
Total other financing sources (uses)	<u>\$ (350,344)</u>
Net change in fund balances	\$ 757,526
Fund balances - beginning	5,318,406
Fund balances - ending	<u><u>\$ 6,075,932</u></u>

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

County of Bland, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds \$ 757,526

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 in the current period.

Capital asset additions	\$ 423,479	
Depreciation expense	(357,317)	66,162

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

Change in unavailable revenue-property taxes		(132,891)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Issuance of capital lease	\$ (150,000)	
Payments of principal:		
Lease revenue bonds	110,000	
Capital lease	30,000	
(Increase) decrease in landfill accrued closure and post-closure monitoring costs	(653)	(10,653)

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	\$ 37,758	
Change in pension related items	199,226	
Change in OPEB related items	(84,972)	
Change in accrued interest payable	1,091	
Amortization of bond premium	17,524	170,627

Change in net position of governmental activities		<u>\$ 850,771</u>
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The notes to the financial statements are an integral part of this statement.

County of Bland, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Fund	Component Units	
	<u>Service Authority</u>	<u>EDA</u>	<u>Wireless Authority</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 294,054	\$ -	\$ 1
Cash in custody of others	-	537,511	-
Accounts receivable, net of allowance for uncollectibles	105,889	-	-
Grant receivable	11,663	-	-
Total current assets	<u>\$ 411,606</u>	<u>\$ 537,511</u>	<u>\$ 1</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 159,601	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 420,159	\$ -
Buildings and utility plant in service	19,091,644	771,299	-
Improvements other than buildings	-	926,344	-
Machinery and equipment	44,143	-	-
Infrastructure	-	-	303,120
Construction in progress	67,311	-	-
Total capital assets	<u>\$ 19,458,254</u>	<u>\$ 2,117,802</u>	<u>\$ 303,120</u>
Total noncurrent assets	<u>\$ 19,617,855</u>	<u>\$ 2,117,802</u>	<u>\$ 303,120</u>
Total assets	<u>\$ 20,029,461</u>	<u>\$ 2,655,313</u>	<u>\$ 303,121</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 10,833	\$ -	\$ -
Total deferred outflows of resources	<u>\$ 10,833</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 8,752	\$ -	\$ 188
Customers' deposits	8,025	-	-
Accrued interest payable	17,065	1,680	-
Compensated absences - current portion	18,093	-	-
Bonds payable - current portion	243,617	15,908	-
Total current liabilities	<u>\$ 295,552</u>	<u>\$ 17,588</u>	<u>\$ 188</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 9,461,848	\$ 568,107	\$ -
Compensated absences - net of current portion	6,031	-	-
Net pension liability	25,985	-	-
Total noncurrent liabilities	<u>\$ 9,493,864</u>	<u>\$ 568,107</u>	<u>\$ -</u>
Total liabilities	<u>\$ 9,789,416</u>	<u>\$ 585,695</u>	<u>\$ 188</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 45,165	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 45,165</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 9,752,789	\$ 1,533,787	\$ 303,120
Restricted for debt service and bond covenants	159,601	-	-
Unrestricted	293,323	535,831	(187)
Total net position	<u>\$ 10,205,713</u>	<u>\$ 2,069,618</u>	<u>\$ 302,933</u>

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

County of Bland, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Fund Service Authority	Component Units	
		EDA	Wireless Authority
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 335,739	\$ -	\$ -
Sewer revenues	264,048	-	-
Connection fees	6,675	-	-
Penalties	18,730	-	-
Rental income	-	-	-
Other revenues	35,912	-	-
Miscellaneous	3,981	121,913	-
Total operating revenues	<u>\$ 665,085</u>	<u>\$ 121,913</u>	<u>\$ -</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 102,388	\$ 567	\$ 1,009
Utilities	63,226	-	2,727
Purchase of chemicals	16,524	-	2,676
Purchase of water	164,276	-	-
Maintenance and repairs	65,485	-	500
Office expense	4,071	8,542	-
Insurance	12,592	-	70
Permits	6,360	-	-
Professional services	13,062	-	-
Miscellaneous	3,933	111,519	-
Depreciation	724,432	73,900	9,926
Total operating expenses	<u>\$ 1,176,349</u>	<u>\$ 194,528</u>	<u>\$ 16,908</u>
Operating income (loss)	<u>\$ (511,264)</u>	<u>\$ (72,615)</u>	<u>\$ (16,908)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 1,632	\$ 6,799	\$ -
Interest expense	(249,589)	(20,689)	-
Total nonoperating revenues (expenses)	<u>\$ (247,957)</u>	<u>\$ (13,890)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (759,221)</u>	<u>\$ (86,505)</u>	<u>\$ (16,908)</u>
Capital contributions and construction grants	\$ 447,933	\$ -	\$ -
Transfers in (Contributions from primary government)	537,342	40,000	6,375
Transfers out (project repayments to primary government)	(36,998)	-	-
Change in net position	<u>\$ 189,056</u>	<u>\$ (46,505)</u>	<u>\$ (10,533)</u>
Net position - beginning	10,016,657	2,116,123	313,466
Net position - ending	<u>\$ 10,205,713</u>	<u>\$ 2,069,618</u>	<u>\$ 302,933</u>

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

County of Bland, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 657,388	\$ 141,913	\$ 525
Payments to suppliers	(350,409)	(120,061)	(5,890)
Payments to and for employees	(113,740)	(567)	(1,009)
Net cash provided by (used for) operating activities	<u>\$ 193,239</u>	<u>\$ 21,285</u>	<u>\$ (6,374)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to primary government	\$ (36,998)	\$ -	\$ -
Contributions from primary government or component unit	537,342	40,000	6,375
Net cash provided by (used for) noncapital financing activities	<u>\$ 500,344</u>	<u>\$ 40,000</u>	<u>\$ 6,375</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (641,099)	\$ -	\$ -
Proceeds from indebtedness	1,463,000	-	-
Principal payments on bonds	(1,868,038)	(15,362)	-
Capital contributions received	659,368	-	-
Interest expense	(249,861)	(20,733)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (636,630)</u>	<u>\$ (36,095)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 1,632	\$ 6,799	\$ -
Net cash provided by (used for) investing activities	<u>\$ 1,632</u>	<u>\$ 6,799</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 58,585	\$ 31,989	\$ 1
Cash and cash equivalents - beginning	395,070	505,522	-
Cash and cash equivalents - ending	<u>\$ 453,655</u>	<u>\$ 537,511</u>	<u>\$ 1</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ (511,264)</u>	<u>\$ (72,615)</u>	<u>\$ (16,908)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 724,432	\$ 73,900	\$ 9,926
(Increase) decrease in accounts receivable	(7,697)	20,000	525
(Increase) decrease in deferred outflows of resources	24,777	-	-
Increase (decrease) in accounts payable	(880)	-	83
Increase (decrease) compensated absences	8,066	-	-
Increase (decrease) in net pension liability	(30,298)	-	-
Increase (decrease) in deferred inflows of resources	(13,897)	-	-
Total adjustments	<u>\$ 704,503</u>	<u>\$ 93,900</u>	<u>\$ 10,534</u>
Net cash provided by (used for) operating activities	<u>\$ 193,239</u>	<u>\$ 21,285</u>	<u>\$ (6,374)</u>

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

County of Bland, Virginia
Statement of Net Position
Fiduciary Fund
June 30, 2019

	<u>Agency Fund Special Welfare</u>
ASSETS	
Cash and cash equivalents	\$ 5,351
Total assets	<u>\$ 5,351</u>
LIABILITIES	
Amounts held for social services clients	\$ 5,351
Total liabilities	<u>\$ 5,351</u>

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

COUNTY OF BLAND, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended Component Units - The Bland County Service Authority provides water and sewer service to the County. The Service Authority is fiscally dependent upon the County. In addition, the County Board appoints the Service Authority's Board.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

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

The Bland County Economic Development Authority encourages and provides financing for economic development in the County. The Economic Development Authority board members are appointed by the Board of Supervisors. The Economic Development Authority is fiscally dependent upon the County. The Economic Development Authority is presented as an enterprise fund type. A separate report is not issued for the Economic Development Authority.

The Bland County Wireless Authority provides wireless internet services in the County. The Wireless Authority board members are appointed by the Board of Supervisors. The Wireless Authority is fiscally dependent upon the County. The Wireless Authority is presented as an enterprise fund type. A separate report is not issued for the Wireless Authority.

Related Organizations - The County has no related organizations.

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

A. Financial Reporting Entity (Continued)

Jointly Governed Organizations - The County of Bland and the County of Wythe participate in supporting the Wythe-Bland Service Authority. The respective governing bodies of the jurisdictions appoint the governing body of this organization. The Service Authority generates revenue through service charges for refuse disposal.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as 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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library Fund, the E-911 Fund, Federal Asset Forfeiture Funds, the Social Services Fund, the CSA Fund, the Selective Enforcement Fund, the Recreation Fund, Courthouse Maintenance Fund, Patrol Fund, the Courtroom Security Fund, Sheriff Asset Forfeiture Fund, Commonwealth's Attorney Asset Forfeiture, General Fund Reserves, Sheriff Dare Funds, Capital Improvement Fund, Broadband Expenditure Funds, Rocky Gap Greenway Project, Library Building Fund, Industrial Park Expenditure Fund, and Indian Village.

The government reports the following major proprietary funds:

The Bland County Service Authority provides water service to the County and is presented as a blended component unit.

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 (trust and agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Agency fund consists of the special welfare fund.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

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

2. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

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

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

3. Receivables and Payables

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

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

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 December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$193,753 at June 30, 2019. The allowance consists of delinquent taxes in the amount of \$148,616, delinquent garbage bills of \$38,872, and delinquent water and sewer bills of \$6,265.

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. 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.

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

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

7. Capital Assets (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County had no capitalized interest for the year ended June 30, 2019.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Utility plant	20-40
Infrastructure	20-40
Machinery and equipment	4-30
Land improvements	30

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two 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

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

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

8. Deferred Outflows/Inflows of Resources (Continued)

prior to June 30th, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. Compensated Absences

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

10. Pensions

For purposes of measuring the net pension liability (asset), 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 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.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, 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.

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

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

11. Other Postemployment Benefits (OPEB) (Continued)

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

12. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

13. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

The County's highest decision-making level is the Board of Supervisors. Action from the Board of Supervisors is required to commit or release funds from commitment.

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

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

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

13. Fund Balance (Continued)

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

14. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

15. Net Position Flow Assumption

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

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

A. Budgetary Information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The Board of Supervisors authorizes transfers of budgeted amounts within the general government departments and the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2019, there were no funds that had expenditures in excess of appropriations.

C. Deficit Fund Equity

At June 30, 2019, there were no funds with deficit fund equity.

Note 3-Deposits and Investments:

Deposits:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 3-Deposits and Investments: (Continued)

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 and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2019.

Note 4-Due from Other Governmental Units:

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

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 67,488	\$ -
State sales tax	-	100,852
Shared expenses	83,937	-
Categorical aid	15,568	11,715
Non-categorical aid	23,199	-
Virginia public assistance funds	29,097	-
Community services act	43,277	-
VA tobacco settlement	-	12,660
<u>Federal Government:</u>		
Virginia public assistance funds	50,747	-
School grants	-	52,165
VDOT grant	37,600	-
Victim witness grant	25,848	-
Totals	<u>\$ 376,761</u>	<u>\$ 177,392</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 81,935	\$ 582,279
Service Authority:		
Water Fund	290,865	36,998
Sewer Fund	246,477	-
Total	<u>\$ 619,277</u>	<u>\$ 619,277</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.

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 116,453
Component Unit:		
School Board	\$ 116,453	\$ -

Note 7-Long-Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2019.

	Balance July 1, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Governmental Activities:				
Direct Borrowings and Placements				
Lease revenue bond	\$ 2,160,000	\$ -	\$ (110,000)	\$ 2,050,000
Deferred Amounts:				
Bond premium	249,719	-	(17,524)	232,195
Total Direct Borrowings and Placements	\$ 2,409,719	\$ -	\$ (127,524)	\$ 2,282,195
Capital lease	-	150,000	(30,000)	120,000
Landfill post-closure monitoring liability	28,354	653	-	29,007
Net pension liability	1,630,055	913,896	(1,085,136)	1,458,815
Net OPEB liabilities	951,294	212,982	(107,010)	1,057,266
Compensated absences	258,131	155,840	(193,598)	220,373
VA Transportation Commission payable	315,711	-	-	315,711
Total Governmental Activities	\$ 5,593,264	\$ 1,433,371	\$ (1,543,268)	\$ 5,483,367
Business-type Activities:				
Direct Borrowings and Placements				
Revenue Bonds	\$ 8,647,503	\$ 1,463,000	\$ (405,038)	\$ 9,705,465
Note Payable	1,463,000	-	(1,463,000)	-
Total Direct Borrowings and Placements	\$ 10,110,503	\$ 1,463,000	\$ (1,868,038)	\$ 9,705,465
Compensated Absences	16,059	20,109	(12,044)	24,124
Net pension liability	56,283	15,802	(46,100)	25,985
Total Business-type Activities	\$ 10,182,845	\$ 1,498,911	\$ (1,926,182)	\$ 9,755,574
Total Long-term Obligations	\$ 15,776,109	\$ 2,932,282	\$ (3,469,450)	\$ 15,238,941

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 7-Long-Term Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements			
	Governmental Activities		Business-type Activities	
	Lease Revenue Bond		Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 115,000	\$ 77,759	\$ 243,617	\$ 234,523
2021	120,000	72,113	249,643	228,497
2022	130,000	66,106	255,862	222,278
2023	135,000	59,741	237,279	215,861
2024	140,000	53,619	243,903	209,237
2025-2029	775,000	191,206	1,326,635	939,065
2030-2034	635,000	41,391	1,480,949	740,627
2035-2039	-	-	1,498,020	534,726
2040-2044	-	-	1,267,042	364,042
2045-2049	-	-	1,287,814	232,046
2050-2054	-	-	1,400,563	92,053
2055-2058	-	-	214,138	8,450
Total	\$ 2,050,000	\$ 561,935	\$ 9,705,465	\$ 4,021,405

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 7-Long-Term Obligations: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
Governmental Activities:						
Direct Borrowings and Placements:						
Lease revenue bond - VRA 2012	2.163-4.821%	\$90,000-\$185,000 (a+)	4/1/2033	\$ 2,645,000	\$ 2,050,000	\$ 115,000
Deferred Amounts:						
Unamortized bond premium	n/a	n/a	n/a	n/a	232,195	17,524
Total Direct Borrowings and Placements:					\$ 2,282,195	\$ 132,524
Other Long-term Obligations:						
Capital lease	n/a	\$30,000 (a+)	12/31/2023	\$ 150,000	\$ 120,000	\$ 30,000
Compensated absences	n/a	n/a	n/a	n/a	220,373	165,280
Landfill post-closure monitoring liability	n/a	n/a	n/a	n/a	29,007	-
Net pension liability	n/a	n/a	n/a	n/a	1,458,815	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,057,266	-
VA Transportation Commission payable (1)	n/a	n/a	3/16/2021	n/a	315,711	-
Total other long-term obligations					\$ 3,201,172	\$ 195,280
Total long-term obligations, governmental activities					\$ 5,483,367	\$ 327,804
Business-type Activities:						
Revenue Bonds:						
Rural Development 1991B	5.00%	\$1,439 (m)	11/10/2031	\$ 293,000	\$ 159,751	\$ 9,496
Rural Development 1995	4.50%	\$2,181 (m)	7/14/2035	475,000	300,209	12,928
Rural Development 1998	4.50%	\$1,582 (m)	5/13/2038	344,600	241,780	8,274
Rural Development 2000	4.50%	\$3,822 (m)	12/28/2040	832,650	632,076	17,786
VRA Revolving Loan	n/a	\$12,500 (sa)	2/1/2022	500,000	75,000	25,000
VRA WSL-32-10	3.00%	\$16,682 (sa)	2/1/2043	579,359	484,551	18,969
Rural Development 2013	2.125%	\$21,088 (m)	3/11/2054	6,590,000	6,231,403	121,820
VRA WSL-18-11	3.00%	\$3,728 (sa)	8/1/2045	146,448	132,724	3,561
Rural Development 2018	1.75%	\$4,316 (m)	11/27/2058	1,463,000	1,447,971	25,783
Total revenue bonds					\$ 9,705,465	\$ 243,617
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 24,124	\$ 18,093
Net pension liability	n/a	n/a	n/a	n/a	25,985	-
Total other long-term obligations					\$ 50,109	\$ 18,093
Total long-term obligations, business-type activities					\$ 9,755,574	\$ 261,710
Total long-term obligations, primary government					\$ 15,238,941	\$ 589,514

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

(m) - monthly installments, includes interest as applicable

(sa) - semi-annual installments, includes interest as applicable

(1) - Repayment of grant to Virginia Transportation Commission for Industrial Park Access Grant

(mi) - monthly interest only until maturity

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

If an event of default occurs with Rural Development, the holders of the bonds at their option may declare the entire unpaid principal amount of the bonds then outstanding and accrued interest thereon to be immediately due and payable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8-Long-Term Obligations-Component Units:

The following is a summary of long-term obligation transactions of the component units for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2019</u>
EDA:				
Direct Borrowings and Placements				
Note Payable	\$ 599,377	\$ -	\$ (15,362)	\$ 584,015
School Board:				
Compensated absences	\$ 120,750	\$ 62,463	\$ (90,563)	\$ 92,650
Net OPEB liabilities	1,399,378	165,682	(270,326)	1,294,734
Net pension liability	6,075,000	1,404,000	(2,264,000)	5,215,000
Total School Board	<u>\$ 7,595,128</u>	<u>\$ 1,632,145</u>	<u>\$ (2,624,889)</u>	<u>\$ 6,602,384</u>

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

Year Ending June 30,	Direct Borrowings and Placements	
	Note Payable	
	Principal	Interest
2020	\$ 15,908	\$ 20,187
2021	16,474	19,621
2022	17,060	19,035
2023	17,667	18,428
2024	18,295	17,800
2025-2029	101,713	76,361
2030-2034	121,134	59,343
2035-2039	144,263	36,214
2040-2043	131,501	9,377
Total	<u>\$ 584,015</u>	<u>\$ 276,366</u>

A default rate of 4% above the current rate will apply should the loan ever reach 15 days past due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8-Long-Term Obligations-Component Units: (Continued)

Details of long-term obligations are as follows:

Type	Interest Rates	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance	Amount Due Within One Year
EDA:						
Direct Borrowings and Placements						
Note Payable	3.500%	\$3,007 (m)	4/1/2043	\$ 600,000	\$ 584,015	\$ 15,908
School Board:						
Other Long-term Obligations:						
Compensated absences	n/a	n/a	n/a	n/a	\$ 92,650	\$ 69,488
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,294,734	-
Net pension liability	n/a	n/a	n/a	n/a	5,215,000	-
Total School Board other long-term obligations					\$ 6,602,384	\$ 69,488

(m) - monthly installments, includes interest as applicable

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Note 9-Pension Plans:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. 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 creditable service 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 creditable service.
- 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 creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service 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 creditable service.
- 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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 9-Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	37	20
Inactive members:		
Vested inactive members	15	5
Non-vested inactive members	4	12
Inactive members active elsewhere in VRS	<u>17</u>	<u>7</u>
Total inactive members	36	24
Active members	<u>54</u>	<u>24</u>
Total covered employees	<u>127</u>	<u>68</u>

Note 9-Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 11.79% 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 \$293,044 and \$385,727 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 4.95% 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 \$16,623 and \$19,184 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) 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 (assets) were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% 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.

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.

Note 9-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - 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% to 20%

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% to 15%

Note 9-Pension Plans: (Continued)

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, 2017, 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	3.5% - 4.75%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Hazardous Duty: 70% 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

Mortality rates: (Continued)

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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

Note 9-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 9,312,130	\$ 7,625,792	\$ 1,686,338
Changes for the year:			
Service cost	\$ 263,646	\$ -	\$ 263,646
Interest	633,997	-	633,997
Differences between expected and actual experience	(32,861)	-	(32,861)
Contributions - employer	-	385,727	(385,727)
Contributions - employee	-	121,173	(121,173)
Net investment income	-	564,703	(564,703)
Benefit payments, including refunds of employee contributions	(510,046)	(510,046)	-
Administrative expenses	-	(4,775)	4,775
Other changes	-	(508)	508
Net changes	\$ 354,736	\$ 556,274	\$ (201,538)
Balances at June 30, 2018	\$ 9,666,866	\$ 8,182,066	\$ 1,484,800

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 1,717,473	\$ 1,783,995	\$ (66,522)
Changes for the year:			
Service cost	\$ 40,665	\$ -	\$ 40,665
Interest	116,846	-	116,846
Differences between expected and actual experience	43,375	-	43,375
Contributions - employer	-	19,184	(19,184)
Contributions - employee	-	18,543	(18,543)
Net investment income	-	130,148	(130,148)
Benefit payments, including refunds of employee contributions	(96,500)	(96,500)	-
Administrative expenses	-	(1,148)	1,148
Other changes	-	(115)	115
Net changes	\$ 104,386	\$ 70,112	\$ 34,274
Balances at June 30, 2018	\$ 1,821,859	\$ 1,854,107	\$ (32,248)

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

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability	\$ 2,788,632	\$ 1,484,800	\$ 409,861
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 165,388	\$ (32,248)	\$ (199,802)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$74,398 and \$176, respectively. At June 30, 2019, 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	\$ 23,487	\$ 256,488	\$ 24,097	\$ 264
Change in assumptions	4,732	-	-	48
Change in proportionate share	32,929	32,929	-	-
Net difference between projected and actual earnings on pension plan investments	3,999	69,177	-	15,034
Employer contributions subsequent to the measurement date	293,044	-	16,623	-
Total	\$ 358,191	\$ 358,594	\$ 40,720	\$ 15,346

\$293,044 and \$16,623 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 or component of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2020. 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)
2020	\$ (101,942)	\$ 25,115
2021	(101,986)	3,441
2022	(83,279)	(18,332)
2023	(6,240)	(1,473)
Thereafter	-	-

Note 9-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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 is included in the first section of this note.

Contributions

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

Each School Division's contractually required employer contribution rate for the year ended June 30, 2019 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 Board were \$533,000 and \$581,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$5,215,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .04435% as compared to .04940% at June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2019, the school division recognized pension expense of \$19,000. 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, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 445,000
Change in assumptions	62,000	-
Net difference between projected and actual earnings on pension plan investments	-	111,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,000	950,000
Employer contributions subsequent to the measurement date	<u>533,000</u>	<u>-</u>
Total	<u>\$ 669,000</u>	<u>\$ 1,506,000</u>

\$533,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (367,000)
2021	(365,000)
2022	(374,000)
2023	(177,000)
Thereafter	(87,000)

Note 9-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, 2017, 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	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	<u>34,919,563</u>
Employers' Net Pension Liability (Asset)	<u>\$ 11,759,992</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 74.81%

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 9-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

The long-term expected rate of return and discount rate information previously described also apply to his 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 7,967,000	\$ 5,215,000	\$ 2,938,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10—Healthcare OPEB Plans:

Primary Government

Plan Description

In addition to the pension benefits described in Note 9, the County administers a single-employer defined benefit healthcare plan, The County of Bland Postretirement Healthcare Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include Medical and Dental. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	60
Total retirees with coverage	<u>8</u>
Total	<u>68</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 Board of Supervisors. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$0.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	1.90%
Discount Rate	3.50%

Mortality rates are based on the RP2000 Mortality Table for Males and Females Projected 18 years; This assumption does not include a margin for future improvements in longevity.

The date of the most recent actuarial experience study for which significant assumptions were based is July 1, 2017.

Discount Rate

The discount rate is based on the 20 year, tax exempt municipal bond yield.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability
Balances at June 30, 2018	\$ 724,294
Changes for the year:	
Service Cost	75,738
Interest	30,961
Effect of economic/demographic gains or losses	(47,602)
Other adjustments	35,875
Net changes	94,972
Balances at June 30, 2019	\$ 819,266

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

Rate		
1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
\$ 928,460	\$ 819,266	\$ 727,174

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 697,628	\$ 819,266	\$ 967,799

The healthcare trend rates for medical, pharmacy, dental, and vision are 4.60% in 2019 increasing to 4.70% in 2029, 7.60% in 2019 decreasing to 4.70% in 2029, 3.50% in 2019 decreasing to 3.00% in 2029, and 3.00%, respectively.

Note 10—Healthcare OPEB Plans: (Continued)

Primary Government (Continued)

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$94,972. At June 30, 2019, the County did not report deferred outflows of resources and deferred inflows of resources related to OPEB.

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

Component Unit - School Board

Plan Description

In addition to the pension benefits described in Note 9, the Component Unit - School Board administers a single-employer defined benefit healthcare plan, The Bland County School Board OPEB 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 Medical and Dental. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	94
Total retirees with coverage	<u>8</u>
Total	<u>102</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, 2019 was \$46,906.

Note 10—Healthcare OPEB Plans: (Continued)

Component Unit - School Board (Continued)

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.50% - 5.35% based on years of service
Discount Rate	3.50%
Health Care Cost Trend	6.20% in 2019, 7.00% in 2020, 5.20% in 2021, then grading to an ultimate rate of 4.10% in 2095.

Mortality Rates:

Pre-Retirement

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

Post-Retirement

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

Post-Disablement

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

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2016.

Discount Rate

The discount rate is based on the bond buyer 20 year bond GO index as of the measurement date.

Note 10—Healthcare OPEB Plans: (Continued)

Component Unit - School Board (Continued)

Changes in Total OPEB Liability

	Component Unit School Board <u>Total OPEB Liability</u>
Balances at June 30, 2018	\$ 423,378
Changes for the year:	
Service Cost	18,531
Interest	15,103
Effect of economic/demographic gains or losses	(28,420)
Change in assumptions	22,048
Benefit payments	(46,906)
Net changes	<u>(19,644)</u>
Balances at June 30, 2019	<u>\$ 403,734</u>

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

The following amounts present the total OPEB liability of the Component Unit 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 (2.50%) or one percentage point higher (4.50%) than the current discount rate:

<u>Rates</u>		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
\$ 427,611	\$ 403,734	\$ 380,496

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

The following presents the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.20%) or one percentage point higher (7.20%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease</u>	<u>Healthcare Cost Trend</u>	<u>1% Increase</u>
\$ 363,398	\$ 403,734	\$ 450,798

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10—Healthcare OPEB Plans: (Continued)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$31,008. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 23,253
Changes in assumptions	18,039	6,901
Total	<u>\$ 18,039</u>	<u>\$ 30,154</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (2,626)
2021	(2,626)
2022	(2,626)
2023	(2,625)
2024	(1,612)
Thereafter	-
Total	<u>\$ (12,115)</u>

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

Note 11-Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This 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 Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

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

Benefit Amounts

The GLI Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the County were \$13,000 and \$13,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit-School Board (non-professional) were \$2,000 and \$2,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit-School Board (professional) were \$18,000 and \$19,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$199,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (nonprofessional) reported a liability of \$31,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (professional) reported a liability of \$290,000 for its proportionate share of the Net GLI OPEB Liability.

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

At June 30, 2018, the County's proportion was 0.01315% as compared to 0.01222% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (nonprofessional) proportion was 0.00204% as compared to 0.00244% at June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

At June 30, 2018, the Component Unit-School Board (professional) proportion was 0.01909% as compared to 0.02102% at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$5,000. 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, 2019, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(1,000). 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, 2019, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$(2,000) GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, 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 (Non-professional)		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	\$ 10,000	\$ 4,000	\$ 2,000	\$ 1,000	\$ 14,000	\$ 6,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,000	-	1,000	-	9,000
Change in assumptions	-	8,000	-	1,000	-	12,000
Changes in proportion	20,000	-	-	6,000	5,000	27,000
Employer contributions subsequent to the measurement date	13,000	-	2,000	-	18,000	-
Total	\$ 43,000	\$ 18,000	\$ 4,000	\$ 9,000	\$ 37,000	\$ 54,000

\$13,000, \$2,000, and \$18,000 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, 2020. 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:

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

Year Ended June 30	Primary Government	Component Unit- School Board (Nonprofessional)	Component Unit- School Board (Professional)
2020	\$ 1,000	\$ (1,000)	\$ (8,000)
2021	1,000	(1,000)	(8,000)
2022	1,000	(1,000)	(8,000)
2023	3,000	(1,000)	(6,000)
2024	5,000	(1,000)	(3,000)
Thereafter	1,000	(2,000)	(2,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of OPEB liabilities.

Note 11-Group Life Insurance (GLI) Program (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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 20%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 15%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 45%

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Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’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, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,113,508
Plan Fiduciary Net Position		1,594,773
Employers' Net GLI OPEB Liability (Asset)	\$	1,518,735
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		 51.22%

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

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Note 11-Group Life Insurance (GLI) Program (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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.

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 261,000	\$ 199,000	\$ 150,000
Component Unit-School Board (Non-professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 40,000	\$ 31,000	\$ 23,000
Component Unit-School Board (Non-professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 379,000	\$ 290,000	\$ 218,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Program 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 Program 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.

HIC Program 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.

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	<u>6</u>
Inactive members:	
Vested inactive members	2
Total inactive members	<u>8</u>
Active members	<u>18</u>
Total covered employees	<u><u>26</u></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 County’s contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate 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 County to the HIC Program were \$5,000 and \$4,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

Net HIC OPEB Liability

The County’s net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% to simplify preparation of the OPEB liabilities.

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

Actuarial Assumptions: (Continued)

Mortality Rates - 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 20%

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 15%

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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% to 45%

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Note 12-Health Insurance Credit (HIC) Program (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. 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, 2018, 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, 2018 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.

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

Changes in Net HIC OPEB Liability - Primary Government

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 47,000	\$ 4,000	\$ 43,000
Changes for the year:			
Service cost	\$ 2,000	\$ -	\$ 2,000
Interest	3,000	-	3,000
Differences between expected and actual experience	(4,000)	-	(4,000)
Contributions - employer		5,000	(5,000)
Benefit payments	(4,000)	(4,000)	-
Net changes	<u>\$ (3,000)</u>	<u>\$ 1,000</u>	<u>\$ (4,000)</u>
Balances at June 30, 2018	<u>\$ 44,000</u>	<u>\$ 5,000</u>	<u>\$ 39,000</u>

Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the County's HIC Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the County's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	\$ 43,000	\$ 39,000	\$ 35,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

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

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

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of \$3,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County HIC Program from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,000
Change in assumptions	-	2,000
Employer contributions subsequent to the measurement date	5,000	-
Total	\$ 5,000	\$ 6,000

\$5,000 reported as deferred outflows of resources related to the HIC OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. 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	Primary Government
2020	\$ (1,000)
2021	(1,000)
2022	(2,000)
2023	(1,000)
2024	(1,000)
Thereafter	-

HIC Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees 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 Program 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 Program 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.

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$42,000 and \$45,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$570,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.04487% as compared to 0.04912% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$40,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,000
Change in assumptions	-	5,000
Change in proportion	5,000	48,000
Employer contributions subsequent to the measurement date	<u>42,000</u>	<u>-</u>
Total	<u>\$ 47,000</u>	<u>\$ 57,000</u>

\$42,000 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (7,000)
2021	(7,000)
2022	(7,000)
2023	(7,000)
2024	(7,000)
Thereafter	(17,000)

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2017, 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	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,381,313
Plan Fiduciary Net Position	<u>111,639</u>
Teacher Employee net HIC OPEB Liability (Asset)	<u>\$ 1,269,674</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%
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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 13-Teacher Employee Health Insurance Credit (HIC) Program (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 13-Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 636,000	\$ 570,000	\$ 513,000

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-Summary of Pension Plans:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans (Note 9):								
Primary Government	\$ 358,191	\$ 358,594	\$ 1,484,800	\$ 74,398	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	40,720	15,346	(32,248)	176
School Board Professional	-	-	-	-	669,000	1,506,000	5,215,000	19,000
Totals	<u>\$ 358,191</u>	<u>\$ 358,594</u>	<u>\$ 1,484,800</u>	<u>\$ 74,398</u>	<u>\$ 709,720</u>	<u>\$ 1,521,346</u>	<u>\$ 5,182,752</u>	<u>\$ 19,176</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 15-Summary of OPEB Plans:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
County Stand-Alone Plan (Note 10)	\$ -	\$ -	\$ 819,266	\$ 94,972	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 10)	-	-	-	-	18,039	30,154	403,734	31,008
VRS OPEB Plans:								
Group Life Insurance Program (Note 11):								
County	43,000	18,000	199,000	5,000	-	-	-	-
School Board Nonprofessional	-	-	-	-	4,000	9,000	31,000	(1,000)
School Board Professional	-	-	-	-	37,000	54,000	290,000	(2,000)
County Health Insurance Credit Program (Note 12)	5,000	6,000	39,000	3,000	-	-	-	-
Teacher Health Insurance Credit Program (Note 13)	-	-	-	-	47,000	57,000	570,000	40,000
Totals	\$ 48,000	\$ 24,000	\$ 1,057,266	\$ 102,972	\$ 106,039	\$ 150,154	\$ 1,294,734	\$ 68,008

Note 16-Unavailable Revenue and Deferred Revenue:

Deferred revenue/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 no available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 719,096
Tax assessments due after June 30	5,352,274	5,352,274
Prepaid property taxes due after June 30 but paid in advance by taxpayers	60,720	60,720
Greenway grant	50,000	50,000
Total unavailable/deferred revenue	\$ 5,462,994	\$ 6,182,090

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 17-Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 259,103	\$ 46,935	\$ -	\$ 306,038
Construction in progress	711,809	32,919	(317,164)	427,564
Total capital assets not being depreciated	<u>\$ 970,912</u>	<u>\$ 79,854</u>	<u>\$ (317,164)</u>	<u>\$ 733,602</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 5,717,815	\$ 495,800	\$ -	\$ 6,213,615
Machinery and equipment	3,257,753	164,989	(67,563)	3,355,179
Total capital assets being depreciated	<u>\$ 8,975,568</u>	<u>\$ 660,789</u>	<u>\$ (67,563)</u>	<u>\$ 9,568,794</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,681,693)	\$ (217,334)	\$ -	\$ (2,899,027)
Machinery and equipment	(2,674,697)	(139,983)	67,563	(2,747,117)
Total accumulated depreciation	<u>\$ (5,356,390)</u>	<u>\$ (357,317)</u>	<u>\$ 67,563</u>	<u>\$ (5,646,144)</u>
Total capital assets being depreciated, net	<u>\$ 3,619,178</u>	<u>\$ 303,472</u>	<u>\$ -</u>	<u>\$ 3,922,650</u>
Governmental activities capital assets, net	<u>\$ 4,590,090</u>	<u>\$ 383,326</u>	<u>\$ (317,164)</u>	<u>\$ 4,656,252</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	2,249,211	256,295	(2,438,195)	67,311
Total capital assets not being depreciated	<u>\$ 2,504,367</u>	<u>\$ 256,295</u>	<u>\$ (2,438,195)</u>	<u>\$ 322,467</u>
Capital assets, being depreciated:				
Utility plant	\$ 25,127,926	\$ 2,552,469	\$ -	\$ 27,680,395
Machinery and equipment	260,069	18,501	-	278,570
Total capital assets being depreciated	<u>\$ 25,387,995</u>	<u>\$ 2,570,970</u>	<u>\$ -</u>	<u>\$ 27,958,965</u>
Accumulated depreciation:				
Utility plant	\$ (7,891,360)	\$ (697,391)	\$ -	\$ (8,588,751)
Machinery and equipment	(207,386)	(27,041)	-	(234,427)
Total accumulated depreciation	<u>\$ (8,098,746)</u>	<u>\$ (724,432)</u>	<u>\$ -</u>	<u>\$ (8,823,178)</u>
Total capital assets being depreciated, net	<u>\$ 17,289,249</u>	<u>\$ 1,846,538</u>	<u>\$ -</u>	<u>\$ 19,135,787</u>
Business-type activities capital assets, net	<u>\$ 19,793,616</u>	<u>\$ 2,102,833</u>	<u>\$ (2,438,195)</u>	<u>\$ 19,458,254</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 17-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$ 153,631
Judicial administration	7,320
Public safety	83,422
Public works	19,768
Health and welfare	6,854
Parks, recreation, and cultural	65,077
Community development	<u>21,245</u>

Total depreciation expense-governmental activities	<u>\$ 357,317</u>
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Business-type activities:

Service authority	<u>\$ 724,432</u>
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Discretely Presented Component Unit-School Board:

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 603,897	\$ -	\$ -	\$ 603,897
Construction in progress	-	253,573	-	253,573
Total capital assets not being depreciated	<u>\$ 603,897</u>	<u>\$ 253,573</u>	<u>\$ -</u>	<u>\$ 857,470</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,936,831	\$ 48,060	\$ -	\$ 3,984,891
Machinery and equipment	2,136,638	172,268	-	2,308,906
Total capital assets being depreciated	<u>\$ 6,073,469</u>	<u>\$ 220,328</u>	<u>\$ -</u>	<u>\$ 6,293,797</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,478,153)	\$ (106,316)	\$ -	\$ (2,584,469)
Machinery and equipment	(1,756,736)	(149,850)	-	(1,906,586)
Total accumulated depreciation	<u>\$ (4,234,889)</u>	<u>\$ (256,166)</u>	<u>\$ -</u>	<u>\$ (4,491,055)</u>
Total capital assets being depreciated, net	<u>\$ 1,838,580</u>	<u>\$ (35,838)</u>	<u>\$ -</u>	<u>\$ 1,802,742</u>
Governmental activities capital assets, net	<u>\$ 2,442,477</u>	<u>\$ 217,735</u>	<u>\$ -</u>	<u>\$ 2,660,212</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 17-Capital Assets: (Continued)

Discretely Presented Component Unit-Economic Development Authority:

Capital asset activity for the Economic Development Authority for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 420,159	\$ -	\$ -	\$ 420,159
Total capital assets not being depreciated	<u>\$ 420,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,159</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 921,309	\$ -	\$ -	\$ 921,309
Land improvements	1,196,154	-	-	1,196,154
Machinery and equipment	4,546	-	-	4,546
Total capital assets being depreciated	<u>\$ 2,122,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,122,009</u>
Accumulated depreciation:				
Buildings and improvements	\$ (115,982)	\$ (34,028)	\$ -	\$ (150,010)
Land improvements	(229,938)	(39,872)	-	(269,810)
Machinery and equipment	(4,546)	-	-	(4,546)
Total accumulated depreciation	<u>\$ (350,466)</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ (424,366)</u>
Total capital assets being depreciated, net	<u>\$ 1,771,543</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ 1,697,643</u>
Business-type activities capital assets, net	<u>\$ 2,191,702</u>	<u>\$ (73,900)</u>	<u>\$ -</u>	<u>\$ 2,117,802</u>

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 397,018	\$ -	\$ -	\$ 397,018
Accumulated depreciation:				
Infrastructure	\$ (83,972)	\$ (9,926)	\$ -	\$ (93,898)
Business-type activities capital assets, net	<u>\$ 313,046</u>	<u>\$ (9,926)</u>	<u>\$ -</u>	<u>\$ 303,120</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 18-Capital Lease:

The County has entered into a lease agreement to finance the acquisition of land and a building. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

As of June 30, 2019, the County had the following capital lease:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Lease	Balance Governmental Activities
Governmental Land and Building (144 Seddon St)	0.00%	12-18	12-23	\$ 150,000	<u>\$ 120,000</u>

The cost and accumulated depreciation associated with the above mentioned building acquired through a capital lease is as follows:

Building	\$ 103,065
Accumulated Depreciation	<u>(1,312)</u>
Total	<u>\$ 101,753</u>

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Governmental Activities
2020	\$ 30,000
2021	30,000
2022	30,000
2023	<u>30,000</u>
Total minimum lease payments	\$ 120,000
Less: amount representing interest	-
Present value of minimum lease payments	<u>\$ 120,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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 and its Component Unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability, auto, property, workers compensation, and crime insurance 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 and its Component Unit - School Board pay the Virginia Association of Counties contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the depletion of all available excess insurance, the pool may assess all members in the proportion in 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 U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 21-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Rebecca I. Johnson, Clerk of the Circuit Court	\$ 105,000
John F. Goins, Treasurer	300,000
Cindy Wright, Commissioner of the Revenue	3,000
Thomas Roseberry, II, Sheriff	30,000

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Note 22-Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County landfill has been closed. Total costs for landfill postclosure are estimated to be \$29,007. These amounts are based on what it would cost to perform all post-closure care in 2019. Actual costs for postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill post-closure costs. The County demonstrated financial assurance requirements for closure, 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-Litigation:

As of June 30, 2019, 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 24-Tax Abatements:

Tax Abatement Disclosures require governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement.

The County entered into a performance agreement with Love's Travel Stops & Country Stores, Inc. on December 22, 2015. Under the agreement, the Company was to acquire and improve the site and to construct and equip the Facility costing approximately \$7,500,000, of which approximately \$2,500,000 would be invested in machinery and equipment, and approximately \$5,000,000 would be invested in site improvements and construction of the Facility. In addition, 40 new jobs would be created and maintained through the performance date, which is ten years from the opening date. In return, the Locality agreed to disburse an Economic Development Opportunity Grant equal to 90% of the locally collected tax on prepared food and beverages, not to exceed \$100,000, annually on or before March 1st for a term of 10 years. If the Company fails to meet 90% of the targets as of the performance date, the Company shall repay to the Bland County Economic Development Authority that part of the local grant that is proportional to the target or targets for which there is a shortfall. Love's Travel Stop opened in September 2018 and the County expects to begin payments in March 2020.

Note 25-Adoption of Accounting Principles:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

Note 26-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, 2018.

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 December 15, 2019.

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, 2019.

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, 2018.

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, 2020.

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

Required Supplementary Information

County of Bland, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
General property taxes	\$ 4,953,528	\$ 4,953,528	\$ 5,035,232	\$ 81,704
Other local taxes	742,828	742,828	932,301	189,473
Permits, privilege fees, and regulatory licenses	25,600	25,600	17,862	(7,738)
Fines and forfeitures	540,713	540,713	371,220	(169,493)
Revenue from the use of money and property	26,565	26,565	86,871	60,306
Charges for services	362,879	362,879	351,050	(11,829)
Miscellaneous	600,381	592,881	264,020	(328,861)
Recovered costs	67,043	95,333	20,084	(75,249)
Intergovernmental:				
Commonwealth	2,414,705	2,432,413	2,210,378	(222,035)
Federal	1,615,472	1,651,492	950,719	(700,773)
Total revenues	<u>\$ 11,349,714</u>	<u>\$ 11,424,232</u>	<u>\$ 10,239,737</u>	<u>\$ (1,184,495)</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,171,452	\$ 1,268,639	\$ 1,242,535	\$ 26,104
Judicial administration	540,214	539,795	516,876	22,919
Public safety	2,185,195	2,206,445	1,811,543	394,902
Public works	1,164,777	1,097,918	1,182,104	(84,186)
Health and welfare	1,610,947	1,666,494	1,519,661	146,833
Education	2,332,776	2,332,776	1,996,849	335,927
Parks, recreation, and cultural	1,427,477	1,428,577	426,440	1,002,137
Community development	624,743	649,293	212,859	436,434
Capital projects	50,000	50,000	-	50,000
Debt service:				
Principal retirement	110,000	110,000	140,000	(30,000)
Interest and other fiscal charges	83,000	83,000	83,000	-
Total expenditures	<u>\$ 11,300,581</u>	<u>\$ 11,432,937</u>	<u>\$ 9,131,867</u>	<u>\$ 2,301,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 49,133</u>	<u>\$ (8,705)</u>	<u>\$ 1,107,870</u>	<u>\$ 1,116,575</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 81,935	\$ 81,935
Transfers out	(249,133)	(289,267)	(582,279)	(293,012)
Issuance of capital lease	-	-	150,000	150,000
Total other financing sources (uses)	<u>\$ (249,133)</u>	<u>\$ (289,267)</u>	<u>\$ (350,344)</u>	<u>\$ (61,077)</u>
Net change in fund balances	\$ (200,000)	\$ (297,972)	\$ 757,526	\$ 1,055,498
Fund balances - beginning	200,000	297,972	5,318,406	5,020,434
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,075,932</u>	<u>\$ 6,075,932</u>

County of Bland, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 263,646	\$ 251,429	\$ 215,957	\$ 223,426	\$ 208,295
Interest	633,997	642,385	613,129	578,125	554,140
Changes of assumptions	-	10,538	-	-	-
Differences between expected and actual experience	(32,861)	(517,956)	64,383	137,056	-
Benefit payments, including refunds of employee contributions	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
Net change in total pension liability	\$ 354,736	\$ (115,996)	\$ 444,819	\$ 510,160	\$ 351,274
Total pension liability - beginning	9,312,130	9,428,126	8,983,307	8,473,147	8,121,873
Total pension liability - ending (a)	\$ 9,666,866	\$ 9,312,130	\$ 9,428,126	\$ 8,983,307	\$ 8,473,147
Plan fiduciary net position					
Contributions - employer	\$ 385,727	\$ 349,001	\$ 306,879	\$ 294,936	\$ 338,669
Contributions - employee	121,173	109,417	107,661	99,321	98,577
Net investment income	564,703	832,465	118,357	296,855	884,620
Benefit payments, including refunds of employee contributions	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
Administrative expense	(4,775)	(4,746)	(4,159)	(4,036)	(4,716)
Other	(508)	(745)	(50)	(63)	46
Net change in plan fiduciary net position	\$ 556,274	\$ 783,000	\$ 80,038	\$ 258,566	\$ 906,035
Plan fiduciary net position - beginning	7,625,792	6,842,792	6,762,754	6,504,188	5,598,153
Plan fiduciary net position - ending (b)	\$ 8,182,066	\$ 7,625,792	\$ 6,842,792	\$ 6,762,754	\$ 6,504,188
County's net pension liability - ending (a) - (b)	\$ 1,484,800	\$ 1,686,338	\$ 2,585,334	\$ 2,220,553	\$ 1,968,959
Plan fiduciary net position as a percentage of the total pension liability	84.64%	81.89%	72.58%	75.28%	76.76%
Covered payroll	\$ 2,500,000	\$ 2,250,542	\$ 2,089,541	\$ 1,999,717	\$ 1,972,767
County's net pension liability as a percentage of covered payroll	59.39%	74.93%	123.73%	111.04%	99.81%

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 Bland, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 40,665	\$ 42,560	\$ 43,116	\$ 42,034	\$ 48,144
Interest	116,846	116,925	105,646	106,276	100,513
Changes of assumptions	-	(9,584)	-	-	-
Differences between expected and actual experience	43,375	(53,234)	96,371	(88,366)	-
Benefit payments, including refunds of employee contributions	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
Net change in total pension liability	\$ 104,386	\$ (2,448)	\$ 176,263	\$ (9,084)	\$ 85,019
Total pension liability - beginning	1,717,473	1,719,921	1,543,658	1,552,742	1,467,723
Total pension liability - ending (a)	\$ 1,821,859	\$ 1,717,473	\$ 1,719,921	\$ 1,543,658	\$ 1,552,742
Plan fiduciary net position					
Contributions - employer	\$ 19,184	\$ 27,729	\$ 29,601	\$ 32,871	\$ 49,500
Contributions - employee	18,543	25,174	19,892	22,001	23,522
Net investment income	130,148	197,037	28,385	71,729	212,964
Benefit payments, including refunds of employee contributions	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
Administrative expense	(1,148)	(1,162)	(1,006)	(983)	(1,131)
Other	(115)	(174)	(12)	(17)	11
Net change in plan fiduciary net position	\$ 70,112	\$ 149,489	\$ 7,990	\$ 56,573	\$ 221,228
Plan fiduciary net position - beginning	1,783,995	1,634,506	1,626,516	1,569,943	1,348,715
Plan fiduciary net position - ending (b)	\$ 1,854,107	\$ 1,783,995	\$ 1,634,506	\$ 1,626,516	\$ 1,569,943
School Division's net pension liability (asset) - ending (a) - (b)	\$ (32,248)	\$ (66,522)	\$ 85,415	\$ (82,858)	\$ (17,201)
Plan fiduciary net position as a percentage of the total pension liability	101.77%	103.87%	95.03%	105.37%	101.11%
Covered payroll	\$ 388,950	\$ 449,747	\$ 411,381	\$ 446,288	\$ 465,565
School Division's net pension liability (asset) as a percentage of covered payroll	-8.29%	-14.79%	20.76%	-18.57%	-3.69%

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 Bland, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.04435%	0.04940%	0.04855%	0.05253%	0.05666%
Employer's Proportionate Share of the Net Pension Liability	\$ 5,215,000	\$ 6,075,000	\$ 6,804,000	\$ 6,611,000	\$ 6,848,000
Employer's Covered Payroll	3,617,610	3,420,417	3,700,904	3,901,573	4,142,763

Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll

	144.16%	177.61%	183.85%	169.44%	165.30%
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Plan Fiduciary Net Position as a Percentage of the Total Pension Liability

	74.81%	72.92%	68.28%	70.68%	70.88%
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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 Bland, Virginia
 Schedule of Employer Contributions
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 293,044	\$ 293,044	\$ -	\$ 2,552,486	11.48%
2018	385,727	385,727	-	2,500,000	15.43%
2017	352,884	352,884	-	2,250,541	15.68%
2016	308,625	308,625	-	2,089,541	14.77%
2015	295,358	295,358	-	1,999,717	14.77%
2014	338,724	338,724	-	1,972,767	17.17%
2013	310,343	310,343	-	1,807,473	17.17%
2012	291,959	291,959	-	1,861,981	15.68%
2011	286,221	286,221	-	1,825,391	15.68%
2010	247,806	247,806	-	1,747,571	14.18%
Component Unit School Board (nonprofessional)					
2019	\$ 16,623	\$ 16,623	\$ -	\$ 347,325	4.79%
2018	19,184	19,184	-	388,950	4.93%
2017	23,522	23,522	-	449,747	5.23%
2016	30,278	30,278	-	411,381	7.36%
2015	32,871	32,871	-	446,288	7.37%
2014	48,884	48,884	-	465,565	10.50%
2013	50,507	50,507	-	481,020	10.50%
2012	37,765	37,765	-	482,310	7.83%
2011	38,759	38,759	-	495,012	7.83%
2010	41,702	41,702	-	560,511	7.44%
Component Unit School Board (professional)					
2019	\$ 533,000	\$ 533,000	\$ -	\$ 3,509,236	15.19%
2018	581,000	581,000	-	3,617,610	16.06%
2017	564,000	564,000	-	3,420,417	16.49%
2016	518,319	518,319	-	3,700,904	14.01%
2015	565,000	565,000	-	3,901,573	14.48%
2014	483,046	483,046	-	4,142,763	11.66%
2013	473,850	473,850	-	4,063,898	11.66%
2012	251,494	251,494	-	3,973,049	6.33%
2011	164,732	164,732	-	4,191,650	3.93%
2010	375,217	375,217	-	4,258,987	8.81%

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

County of Bland, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - 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% to 20%

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% to 15%

Largest 10 - 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

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

County of Bland, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2019

	2019		2018
Total OPEB liability			
Service cost	\$ 75,738	\$	54,401
Interest	30,961		13,685
Effect of Economic/Demographic Gains or Losses	(47,602)		
Changes in assumptions	35,875		(158,748)
Other adjustments	-		36,812
Net change in total OPEB liability	\$ 94,972	\$	(53,850)
Total OPEB liability - beginning	724,294		778,144
Total OPEB liability - ending	\$ 819,266	\$	724,294
Covered-employee payroll		N/A	N/A
County's total OPEB liability (asset) as a percentage of covered-employee payroll		N/A	N/A

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

County of Bland, Virginia
Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2019

Valuation Date: 7/1/2017
Measurement Date: 6/30/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Salary Increase Rates	1.90%
Discount Rate	3.50%
Mortality Rates	RP2000 Mortality Table for Males and Females Projected 18 years. This assumption does not include margin for future improvements in longevity.

County of Bland, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Measurement Dates of June 30, 2018 through June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	\$ 18,531	\$ 27,582
Interest	15,103	15,244
Changes in assumptions	22,048	(9,837)
Differences between expected and actual experience	(28,420)	-
Benefit payments	(46,906)	(34,855)
Net change in total OPEB liability	\$ (19,644)	\$ (1,866)
Total OPEB liability - beginning	423,378	425,244
Total OPEB liability - ending	\$ 403,734	\$ 423,378
Covered-employee payroll	\$ 3,486,791	\$ 4,019,100
Component Unit School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	11.58%	10.53%

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

County of Bland, Virginia
 Notes to Required Supplementary Information - School OPEB
 For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
 Measurement Date: 6/30/2019

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:

Salary Increase Rates	5.35% in 2019 decreasing to 3.50% by year 2039
Inflation	2.50%
Discount Rate	3.50%
Health Care Cost Trend	6.20% in 2019, 7.00% in 2020, 5.20% in 2021, then grading to an ultimate rate of 4.10% in fiscal year 2095.
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.
	Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.
	Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Bland, Virginia
 Schedule of Employer's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.01315%	\$ 199,000	\$ 2,499,999	7.96%	51.22%
2017	0.01222%	184,000	2,253,598	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.00204%	\$ 31,000	\$ 388,950	7.97%	51.22%
2017	0.00244%	37,000	449,747	8.23%	48.86%
Component Unit School Board (professional)					
2018	0.01909%	\$ 290,000	\$ 3,628,766	7.99%	51.22%
2017	0.02102%	316,000	3,876,929	8.15%	48.86%

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

County of Bland, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 13,000	\$ 13,000	\$ -	\$ 2,583,204	0.50%
2018	13,000	13,000	-	2,499,999	0.52%
2017	12,000	12,000	-	2,253,598	0.53%
2016	10,121	10,121	-	2,108,547	0.48%
2015	9,681	9,681	-	2,016,907	0.48%
2014	9,482	9,482	-	1,975,469	0.48%
2013	8,676	8,676	-	1,807,473	0.48%
2012	5,214	5,214	-	1,861,981	0.28%
2011	5,111	5,111	-	1,825,391	0.28%
2010	3,540	3,540	-	1,747,571	0.20%
Component Unit School Board (nonprofessional)					
2019	\$ 2,000	\$ 2,000	\$ -	\$ 347,325	0.58%
2018	2,000	2,000	-	388,950	0.51%
2017	2,000	2,000	-	449,747	0.44%
2016	1,975	1,975	-	411,381	0.48%
2015	2,142	2,142	-	446,288	0.48%
2014	2,235	2,235	-	465,565	0.48%
2013	2,309	2,309	-	481,020	0.48%
2012	1,350	1,350	-	482,310	0.28%
2011	1,386	1,386	-	495,012	0.28%
2010	1,098	1,098	-	560,511	0.20%
Component Unit School Board (professional)					
2019	\$ 18,000	\$ 18,000	\$ -	\$ 3,524,850	0.51%
2018	19,000	19,000	-	3,628,766	0.52%
2017	20,000	20,000	-	3,876,929	0.52%
2016	17,769	17,769	-	3,701,791	0.48%
2015	18,747	18,747	-	3,905,628	0.48%
2014	19,888	19,888	-	4,143,297	0.48%
2013	19,516	19,516	-	4,065,919	0.48%
2012	11,127	11,127	-	3,973,881	0.28%
2011	11,701	11,701	-	4,178,778	0.28%
2010	8,174	8,174	-	4,258,987	0.19%

Current year and prior year contribution information is from County records.

County of Bland, Virginia
Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

County of Bland, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios
 Primary Government
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability		
Service cost	\$ 2,000	\$ 2,000
Interest	3,000	3,000
Differences between expected and actual experience	(4,000)	-
Changes in assumptions	-	(2,000)
Benefit payments	(4,000)	(3,000)
Other changes	-	(1,000)
Net change in total HIC OPEB liability	\$ (3,000)	\$ (1,000)
Total HIC OPEB Liability - beginning	<u>47,000</u>	<u>48,000</u>
Total HIC OPEB Liability - ending (a)	<u>\$ 44,000</u>	<u>\$ 47,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 5,000	\$ 4,000
Benefit payments	(4,000)	(3,000)
Net change in plan fiduciary net position	\$ 1,000	\$ 1,000
Plan fiduciary net position - beginning	<u>4,000</u>	<u>3,000</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,000</u>	<u>\$ 4,000</u>
Employer's net HIC OPEB asset - ending (a) - (b)	\$ 39,000	\$ 43,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	12.82%	9.30%
Covered payroll	\$ 856,974	\$ 724,044
Employer's net HIC OPEB liability as a percentage of covered payroll	4.55%	5.94%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

County of Bland, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 5,000	\$ 5,000	-	\$ 917,303	0.55%
2018	4,000	4,000	-	856,974	0.47%
2017	4,000	4,000	-	724,044	0.55%
2016	2,941	2,941	-	639,327	0.46%
2015	2,653	2,653	-	576,807	0.46%
2014	761	761	-	585,051	0.13%
2013	2,350	2,350	-	1,807,708	0.13%
2012	2,048	2,048	-	1,861,981	0.11%
2011	2,008	2,008	-	1,825,391	0.11%
2010	2,097	2,097	-	1,747,571	0.12%

Current year and prior year contribution information is from County records.

County of Bland, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Program
For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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% to 20%

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% to 15%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

County of Bland, Virginia
 Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.04487% \$	570,000 \$	3,628,766	15.71%	8.08%
2017	0.04912%	623,000	3,876,929	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 Bland, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 42,000	\$ 42,000	\$ -	\$ 3,524,850	1.19%
2018	45,000	45,000	-	3,628,766	1.24%
2017	43,000	43,000	-	3,876,929	1.11%
2016	39,239	39,239	-	3,701,791	1.06%
2015	41,400	41,400	-	3,905,628	1.06%
2014	45,991	45,991	-	4,143,297	1.11%
2013	45,130	45,130	-	4,065,727	1.11%
2012	23,838	23,838	-	3,973,049	0.60%
2011	25,150	25,150	-	4,191,650	0.60%
2010	31,483	31,483	-	4,258,987	0.74%

Current year and prior year contribution information is from County records.

County of Washington, Virginia
 Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

Other Supplementary Information

County of Bland, Virginia
Combining Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 200,507	\$ 93,547	\$ 294,054
Accounts receivable, net of allowance for uncollectibles	62,398	43,491	105,889
Grant receivable	11,663	-	11,663
Total current assets	<u>\$ 274,568</u>	<u>\$ 137,038</u>	<u>\$ 411,606</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 159,601	\$ -	\$ 159,601
Capital assets, net of accumulated depreciation:			
Land	\$ 6,028	\$ 249,128	\$ 255,156
Buildings and utility plant in service	6,990,056	12,101,588	19,091,644
Machinery and equipment	24,971	19,172	44,143
Construction in progress	13,750	53,561	67,311
Total capital assets	<u>\$ 7,034,805</u>	<u>\$ 12,423,449</u>	<u>\$ 19,458,254</u>
Total noncurrent assets	<u>\$ 7,194,406</u>	<u>\$ 12,423,449</u>	<u>\$ 19,617,855</u>
Total assets	<u>\$ 7,468,974</u>	<u>\$ 12,560,487</u>	<u>\$ 20,029,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 4,542	6,291	\$ 10,833
Total deferred outflows of resources	<u>\$ 4,542</u>	<u>\$ 6,291</u>	<u>\$ 10,833</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,817	\$ 4,935	\$ 8,752
Customers' deposits	8,025	-	8,025
Accrued interest payable	9,576	7,489	17,065
Compensated absences - current portion	10,231	7,862	18,093
Bonds payable - current portion	79,011	164,606	243,617
Note payable - current portion	-	-	-
Total current liabilities	<u>\$ 110,660</u>	<u>\$ 184,892</u>	<u>\$ 295,552</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 2,687,975	\$ 6,773,873	\$ 9,461,848
Compensated absences - net of current portion	3,411	2,620	6,031
Net pension liability	-	25,985	25,985
Total noncurrent liabilities	<u>\$ 2,691,386</u>	<u>\$ 6,802,478</u>	<u>\$ 9,493,864</u>
Total liabilities	<u>\$ 2,802,046</u>	<u>\$ 6,987,370</u>	<u>\$ 9,789,416</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 29,842	\$ 15,323	\$ 45,165
Total deferred inflows of resources	<u>\$ 29,842</u>	<u>\$ 15,323</u>	<u>\$ 45,165</u>
NET POSITION			
Net investment in capital assets	\$ 4,267,819	\$ 5,484,970	\$ 9,752,789
Restricted for debt service and bond covenants	159,601	-	159,601
Unrestricted	214,208	79,115	293,323
Total net position	<u>\$ 4,641,628</u>	<u>\$ 5,564,085</u>	<u>\$ 10,205,713</u>

County of Bland, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 335,739	\$ -	\$ 335,739
Sewer revenues	-	264,048	264,048
Connection fees	5,075	1,600	6,675
Penalties	18,730	-	18,730
Other revenues	35,912	-	35,912
Miscellaneous	130	3,851	3,981
Total operating revenues	<u>\$ 395,586</u>	<u>\$ 269,499</u>	<u>\$ 665,085</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 28,645	\$ 73,743	\$ 102,388
Utilities	19,635	43,591	63,226
Purchase of chemicals	-	16,524	16,524
Purchase of water	164,276	-	164,276
Maintenance and repairs	27,367	38,118	65,485
Office expense	2,008	2,063	4,071
Insurance	3,585	9,007	12,592
Permits	3,592	2,768	6,360
Professional services	12,528	534	13,062
Miscellaneous	852	3,081	3,933
Depreciation	307,033	417,399	724,432
Total operating expenses	<u>\$ 569,521</u>	<u>\$ 606,828</u>	<u>\$ 1,176,349</u>
Operating income (loss)	<u>\$ (173,935)</u>	<u>\$ (337,329)</u>	<u>\$ (511,264)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 1,632	\$ -	\$ 1,632
Interest expense	(86,615)	(162,974)	(249,589)
Total nonoperating revenues (expenses)	<u>\$ (84,983)</u>	<u>\$ (162,974)</u>	<u>\$ (247,957)</u>
Income before contributions and transfers	<u>\$ (258,918)</u>	<u>\$ (500,303)</u>	<u>\$ (759,221)</u>
Capital contributions and construction grants	\$ 446,683	\$ 1,250	\$ 447,933
Transfers in (Contributions from primary government)	290,865	246,477	537,342
Transfers out (project repayments to primary government)	(36,998)	-	(36,998)
Change in net position	<u>\$ 441,632</u>	<u>\$ (252,576)</u>	<u>\$ 189,056</u>
Net position - beginning	4,199,996	5,816,661	10,016,657
Net position - ending	<u>\$ 4,641,628</u>	<u>\$ 5,564,085</u>	<u>\$ 10,205,713</u>

County of Bland, Virginia
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Fund		
	Service Authority		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 389,963	\$ 267,425	\$ 657,388
Payments to suppliers	(235,164)	(115,245)	(350,409)
Payments to and for employees	(37,754)	(75,986)	(113,740)
Net cash provided by (used for) operating activities	<u>\$ 117,045</u>	<u>\$ 76,194</u>	<u>\$ 193,239</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to primary government	\$ (36,998)	\$ -	\$ (36,998)
Contributions from primary government or component unit	290,865	246,477	537,342
Net cash provided by (used for) noncapital financing activities	<u>\$ 253,867</u>	<u>\$ 246,477</u>	<u>\$ 500,344</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (641,099)	\$ -	\$ (641,099)
Proceeds from indebtedness	1,463,000	-	1,463,000
Principal payments on bonds	(1,706,779)	(161,259)	(1,868,038)
Capital contributions received	658,118	1,250	659,368
Interest expense	(87,199)	(162,662)	(249,861)
Net cash provided by (used for) capital and related financing activities	<u>\$ (313,959)</u>	<u>\$ (322,671)</u>	<u>\$ (636,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 1,632	\$ -	\$ 1,632
Net cash provided by (used for) investing activities	<u>\$ 1,632</u>	<u>\$ -</u>	<u>\$ 1,632</u>
Net increase (decrease) in cash and cash equivalents	\$ 58,585	\$ -	\$ 58,585
Cash and cash equivalents - beginning	301,523	93,547	395,070
Cash and cash equivalents - ending	<u>\$ 360,108</u>	<u>\$ 93,547</u>	<u>\$ 453,655</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (173,935)	\$ (337,329)	\$ (511,264)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 307,033	\$ 417,399	\$ 724,432
(Increase) decrease in accounts receivable	(5,623)	(2,074)	(7,697)
(Increase) decrease in deferred outflows of resources	(2,882)	27,659	24,777
Increase (decrease) in accounts payable	(1,321)	441	(880)
Increase (decrease) compensated absences	4,561	3,505	8,066
Increase (decrease) in net pension liability	-	(30,298)	(30,298)
Increase (decrease) in deferred inflows of resources	(10,788)	(3,109)	(13,897)
Total adjustments	<u>\$ 290,980</u>	<u>\$ 413,523</u>	<u>\$ 704,503</u>
Net cash provided by (used for) operating activities	<u>\$ 117,045</u>	<u>\$ 76,194</u>	<u>\$ 193,239</u>

FIDUCIARY FUND

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

County of Bland, Virginia
 Statement of Changes in Assets and Liabilities
 Agency Fund
 For the Year Ended June 30, 2019

	<u>Agency Fund - Special Welfare</u>			
	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Cash and cash equivalents	<u>\$ 7,417</u>	<u>\$ 8,557</u>	<u>\$ (10,623)</u>	<u>\$ 5,351</u>
Liabilities				
Amounts held for social services clients	<u>\$ 7,417</u>	<u>\$ 8,557</u>	<u>\$ (10,623)</u>	<u>\$ 5,351</u>

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

School Operating Fund - The School Operating Fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Bland, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,308,313
Cash in custody of others		124,634
Due from other governmental units		177,392
Prepaid items		30,983
Total assets		\$ 2,641,322
LIABILITIES		
Accounts payable	\$	91,922
Accrued payroll		575,407
Due to primary government		116,453
Total liabilities		\$ 783,782
FUND BALANCES		
Nonspendable:		
Prepaid items	\$	30,983
Restricted:		
School cafeteria		124,634
Assigned:		
Textbook payments		65,692
Future school construction		1,630,510
Unassigned		5,721
Total fund balances		\$ 1,857,540
Total liabilities and fund balances		\$ 2,641,322
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	1,857,540
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	603,897
Buildings and system		1,400,422
Improvements other than buildings		402,320
Construction in progress		253,573
		2,660,212
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		32,248
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$	709,720
OPEB related items		106,039
		815,759
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	\$	(1,294,734)
Compensated absences		(92,650)
Net pension liability		(5,215,000)
		(6,602,384)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(1,521,346)
OPEB related items		(150,154)
		(1,671,500)
Net position of governmental activities		\$ (2,908,125)

County of Bland, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

		School Operating <u>Fund</u>
REVENUES		
Revenue from the use of money and property	\$	11,354
Charges for services		142,581
Miscellaneous		266,809
Recovered costs		63,703
Intergovernmental:		
Local government		1,987,548
Commonwealth		5,239,607
Federal		658,637
Total revenues	<u>\$</u>	<u>8,370,239</u>
EXPENDITURES		
Current:		
Education	<u>\$</u>	<u>8,301,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>68,643</u>
Net change in fund balances	<u>\$</u>	<u>68,643</u>
Fund balances - beginning		<u>1,788,897</u>
Fund balances - ending	<u>\$</u>	<u>1,857,540</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	<u>\$</u>	<u>68,643</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital asset additions	\$	473,901
Depreciation expense		(256,166)
		<u>217,735</u>
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	\$	28,100
Pension expense		523,447
OPEB expense		37,898
		<u>589,445</u>
Change in net position of governmental activities	<u>\$</u>	<u>875,823</u>

County of Bland, 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, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 11,354	\$ 11,354
Charges for services	157,079	157,079	142,581	(14,498)
Miscellaneous	234,372	302,740	266,809	(35,931)
Recovered costs	19,920	19,920	63,703	43,783
Intergovernmental:				
Local government	2,323,475	2,323,475	1,987,548	(335,927)
Commonwealth	4,803,590	5,255,770	5,239,607	(16,163)
Federal	611,789	540,292	658,637	118,345
Total revenues	<u>\$ 8,150,225</u>	<u>\$ 8,599,276</u>	<u>\$ 8,370,239</u>	<u>\$ (229,037)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 8,222,688</u>	<u>\$ 8,671,739</u>	<u>\$ 8,301,596</u>	<u>\$ 370,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (72,463)</u>	<u>\$ (72,463)</u>	<u>\$ 68,643</u>	<u>\$ 141,106</u>
Net change in fund balances	\$ (72,463)	\$ (72,463)	\$ 68,643	\$ 141,106
Fund balances - beginning	72,463	72,463	1,788,897	1,716,434
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,857,540</u>	<u>\$ 1,857,540</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,720,775	\$ 2,720,775	\$ 2,764,078	\$ 43,303
Real and personal public service corporation taxes	447,406	447,406	618,870	171,464
Personal property taxes	1,077,294	1,077,294	1,120,077	42,783
Mobile home taxes	22,893	22,893	21,471	(1,422)
Machinery and tools taxes	431,561	431,561	247,344	(184,217)
Merchant's capital taxes	236,599	236,599	171,599	(65,000)
Penalties	15,000	15,000	41,972	26,972
Interest	2,000	2,000	49,821	47,821
Total general property taxes	<u>\$ 4,953,528</u>	<u>\$ 4,953,528</u>	<u>\$ 5,035,232</u>	<u>\$ 81,704</u>
Other local taxes:				
Local sales and use taxes	\$ 342,065	\$ 342,065	\$ 377,103	\$ 35,038
Consumers' utility taxes	160,000	160,000	163,032	3,032
Consumption taxes	20,000	20,000	21,061	1,061
Gross receipts taxes	-	-	5,988	5,988
Franchise license tax	-	-	29,163	29,163
Motor vehicle licenses	-	-	112,745	112,745
Taxes on recordation and wills	28,763	28,763	29,707	944
Hotel and motel room taxes	10,500	10,500	15,085	4,585
Restaurant food taxes	181,500	181,500	178,417	(3,083)
Total other local taxes	<u>\$ 742,828</u>	<u>\$ 742,828</u>	<u>\$ 932,301</u>	<u>\$ 189,473</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,200	\$ 4,200	\$ 2,384	\$ (1,816)
Land use application fees	1,000	1,000	300	(700)
Transfer fees	-	-	242	242
Building permits	20,000	20,000	14,636	(5,364)
Permits and other licenses	400	400	300	(100)
Total permits, privilege fees, and regulatory licenses	<u>\$ 25,600</u>	<u>\$ 25,600</u>	<u>\$ 17,862</u>	<u>\$ (7,738)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 540,688	\$ 540,688	\$ 371,220	\$ (169,468)
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	<u>\$ 540,713</u>	<u>\$ 540,713</u>	<u>\$ 371,220</u>	<u>\$ (169,493)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 19,965	\$ 19,965	\$ 66,591	\$ 46,626
Revenue from use of property	6,600	6,600	20,280	13,680
Total revenue from use of money and property	<u>\$ 26,565</u>	<u>\$ 26,565</u>	<u>\$ 86,871</u>	<u>\$ 60,306</u>
Charges for services:				
Charges for sheriff's fees	\$ 325	\$ 325	\$ 461	\$ 136
Charges for courthouse maintenance	14,000	14,000	14,328	328
Charges for law library	700	700	733	33
Charges for Commonwealth's Attorney	250	250	443	193
Charges for sanitation and waste removal	330,000	330,000	316,085	(13,915)
Charges for cannery	5,217	5,217	5,797	580
Charges for library	3,000	3,000	4,854	1,854
Charges for forest service coop law enforcement	2,640	2,640	2,574	(66)
Other charges for services	6,747	6,747	5,775	(972)
Total charges for services	<u>\$ 362,879</u>	<u>\$ 362,879</u>	<u>\$ 351,050</u>	<u>\$ (11,829)</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 246,171	\$ 247,171	\$ 91,592	\$ (155,579)
Library donations	-	-	2,246	2,246
Crossroads Industrial Facilities Authority	150,000	150,000	162,565	12,565
Wythe Bland Community Foundation contribution	204,210	195,710	7,617	(188,093)
Total miscellaneous	<u>\$ 600,381</u>	<u>\$ 592,881</u>	<u>\$ 264,020</u>	<u>\$ (328,861)</u>
Recovered costs:				
Social services	\$ 57,783	\$ 75,783	-	\$ (75,783)
Utilities	1,500	1,500	1,082	(418)
Other recovered costs	7,760	18,050	19,002	952
Total recovered costs	<u>\$ 67,043</u>	<u>\$ 95,333</u>	<u>\$ 20,084</u>	<u>\$ (75,249)</u>
Total revenue from local sources	<u>\$ 7,319,537</u>	<u>\$ 7,340,327</u>	<u>\$ 7,078,640</u>	<u>\$ (261,687)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 566	\$ 66
Mobile home titling tax	20,000	20,000	19,069	(931)
Motor vehicle rental tax	-	-	499	499
State recordation tax	6,000	6,000	5,933	(67)
Communications taxes	105,000	105,000	88,641	(16,359)
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	<u>\$ 486,061</u>	<u>\$ 486,061</u>	<u>\$ 469,269</u>	<u>\$ (16,792)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 162,300	\$ 162,300	\$ 160,803	\$ (1,497)
Sheriff	501,854	501,854	506,540	4,686
Commissioner of revenue	84,241	84,241	84,359	118
Treasurer	63,952	63,952	64,072	120
Registrar/electoral board	34,500	34,500	35,755	1,255
Clerk of the Circuit Court	141,429	141,429	156,801	15,372
Total shared expenses	<u>\$ 988,276</u>	<u>\$ 988,276</u>	<u>\$ 1,008,330</u>	<u>\$ 20,054</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 266,223	\$ 284,386	\$ 299,515	\$ 15,129
Comprehensive Services Act program	368,864	368,864	259,465	(109,399)
Department of emergency management grant	22,000	22,000	1,227	(20,773)
Litter control grant	6,500	6,500	6,207	(293)
Two-for-life	6,300	6,300	6,588	288
E-911 state revenue	45,844	45,844	41,121	(4,723)
Victim-witness grant	17,500	17,045	16,306	(739)
Fire program	20,000	20,000	23,620	3,620
State library grant	49,387	49,387	48,045	(1,342)
Mining royalties	2,750	2,750	1,385	(1,365)
Department of justice grants	135,000	135,000	29,300	(105,700)
Total other categorical aid	<u>\$ 940,368</u>	<u>\$ 958,076</u>	<u>\$ 732,779</u>	<u>\$ (225,297)</u>
Total categorical aid	<u>\$ 1,928,644</u>	<u>\$ 1,946,352</u>	<u>\$ 1,741,109</u>	<u>\$ (205,243)</u>
Total revenue from the Commonwealth	<u>\$ 2,414,705</u>	<u>\$ 2,432,413</u>	<u>\$ 2,210,378</u>	<u>\$ (222,035)</u>

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 115,000	\$ 115,000	\$ 211,727	\$ 96,727
Categorical aid:				
Victim-witness grant	\$ 52,500	\$ 51,136	\$ 48,919	\$ (2,217)
Public assistance and welfare administration	547,972	585,356	616,497	31,141
Comprehensive Services Act program	-	-	36,825	36,825
State homeland security grant	-	-	11,750	11,750
Highway planning and construction	900,000	900,000	25,001	(874,999)
Total categorical aid	<u>\$ 1,500,472</u>	<u>\$ 1,536,492</u>	<u>\$ 738,992</u>	<u>\$ (797,500)</u>
Total revenue from the federal government	<u>\$ 1,615,472</u>	<u>\$ 1,651,492</u>	<u>\$ 950,719</u>	<u>\$ (700,773)</u>
Total General Fund	<u>\$ 11,349,714</u>	<u>\$ 11,424,232</u>	<u>\$ 10,239,737</u>	<u>\$ (1,184,495)</u>
Total Primary Government	<u>\$ 11,349,714</u>	<u>\$ 11,424,232</u>	<u>\$ 10,239,737</u>	<u>\$ (1,184,495)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,354	\$ 11,354
Charges for services:				
Cafeteria sales	\$ 157,079	\$ 157,079	\$ 142,581	\$ (14,498)
Miscellaneous:				
Other miscellaneous	\$ 234,372	\$ 302,740	\$ 266,809	\$ (35,931)
Recovered costs:				
Miscellaneous recovered costs	\$ 19,920	\$ 19,920	\$ 63,703	\$ 43,783
Total revenue from local sources	<u>\$ 411,371</u>	<u>\$ 479,739</u>	<u>\$ 484,447</u>	<u>\$ 4,708</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	<u>\$ 2,323,475</u>	<u>\$ 2,323,475</u>	<u>\$ 1,987,548</u>	<u>\$ (335,927)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 857,252	\$ 863,814	\$ 864,328	\$ 514
Basic school aid	2,402,509	2,628,884	2,628,379	(505)
Regular foster care	7,587	12,187	10,886	(1,301)
Adult secondary education	7,859	-	-	-
Gifted and talented	22,976	24,747	24,747	-
Remedial education	56,982	61,373	61,373	-
Special education	331,320	419,222	397,814	(21,408)
Textbook payment	46,270	49,836	49,836	-
Vocational SOQ payments	43,196	46,524	46,524	-
Vocational adult education	3,340	3,139	1,086	(2,053)
School food	3,278	3,219	4,398	1,179

County of Bland, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (continued)				
Social security fringe benefits	\$ 150,725	\$ 162,341	\$ 162,341	\$ -
Retirement fringe benefits	332,239	357,842	357,842	-
Group life insurance benefits	10,110	10,889	10,889	-
Early reading intervention	18,531	18,531	18,531	-
Dropout prevention	3,354	3,354	3,354	-
Vocation education - equipment	-	-	5,353	5,353
Homebound education	12,963	5,096	5,096	-
At risk payments	49,760	58,969	58,926	(43)
Primary class size	74,243	84,161	84,161	-
Standards of Learning algebra readiness	9,395	9,395	9,395	-
Mentor teacher program	1,241	1,032	1,032	-
Virginia tobacco settlement	-	46,430	48,049	1,619
At risk four year olds	8,768	8,768	9,780	1,012
Technology initiative	102,000	102,000	102,000	-
Small school enrollment loss	93,254	93,254	93,254	-
Other state funds	154,438	180,763	180,233	(530)
	<u>\$ 4,803,590</u>	<u>\$ 5,255,770</u>	<u>\$ 5,239,607</u>	<u>\$ (16,163)</u>
Total categorical aid				
	<u>\$ 4,803,590</u>	<u>\$ 5,255,770</u>	<u>\$ 5,239,607</u>	<u>\$ (16,163)</u>
Total revenue from the Commonwealth				
	<u>\$ 4,803,590</u>	<u>\$ 5,255,770</u>	<u>\$ 5,239,607</u>	<u>\$ (16,163)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 145,563	\$ 145,563	\$ 137,170	\$ (8,393)
Title VI-B, flow-through/preschool	210,611	210,611	184,734	(25,877)
Title VI-B, preschool	-	-	8,634	8,634
Title II Part A	22,237	22,237	16,658	(5,579)
School food program	150,000	150,681	197,457	46,776
Schools and roads	72,178	-	77,449	77,449
Career and technical education	11,200	11,200	16,535	5,335
Other federal categorical	-	-	20,000	20,000
Total categorical aid	<u>\$ 611,789</u>	<u>\$ 540,292</u>	<u>\$ 658,637</u>	<u>\$ 118,345</u>
Total revenue from the federal government	<u>\$ 611,789</u>	<u>\$ 540,292</u>	<u>\$ 658,637</u>	<u>\$ 118,345</u>
Total School Operating Fund	<u>\$ 8,150,225</u>	<u>\$ 8,599,276</u>	<u>\$ 8,370,239</u>	<u>\$ (229,037)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 8,150,225</u>	<u>\$ 8,599,276</u>	<u>\$ 8,370,239</u>	<u>\$ (229,037)</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 63,232	\$ 93,732	\$ 102,374	\$ (8,642)
General and financial administration:				
County administrator	\$ 457,927	\$ 528,599	\$ 529,663	\$ (1,064)
Commissioner of revenue	187,235	187,610	187,396	214
Treasurer	173,172	173,172	169,583	3,589
Legal services	36,025	36,025	29,375	6,650
Information technology	52,250	48,740	45,392	3,348
Auditors	77,780	77,780	73,463	4,317
Employee added benefit pool	5,500	1,500	1,000	500
Local government dues	9,350	11,350	3,436	7,914
Total general and financial administration	<u>\$ 999,239</u>	<u>\$ 1,064,776</u>	<u>\$ 1,039,308</u>	<u>\$ 25,468</u>
Board of elections:				
Electoral board and officials	\$ 34,122	\$ 34,122	\$ 24,778	\$ 9,344
Registrar	74,859	76,009	76,075	(66)
Total board of elections	<u>\$ 108,981</u>	<u>\$ 110,131</u>	<u>\$ 100,853</u>	<u>\$ 9,278</u>
Total general government administration	<u>\$ 1,171,452</u>	<u>\$ 1,268,639</u>	<u>\$ 1,242,535</u>	<u>\$ 26,104</u>
Judicial administration:				
Courts:				
Circuit court	\$ 5,066	\$ 5,066	\$ 4,678	\$ 388
General district court	2,590	2,965	3,082	(117)
Magistrates	375	375	-	375
Juvenile and domestic relations court	8,460	8,460	2,136	6,324
Victim and witness assistance	70,000	68,181	64,957	3,224
Clerk of the circuit court	231,603	231,603	224,313	7,290
Law Library	1,800	1,825	1,822	3
Total courts	<u>\$ 319,894</u>	<u>\$ 318,475</u>	<u>\$ 300,988</u>	<u>\$ 17,487</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 220,320	\$ 221,320	\$ 215,888	\$ 5,432
Total judicial administration	<u>\$ 540,214</u>	<u>\$ 539,795</u>	<u>\$ 516,876</u>	<u>\$ 22,919</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,003,119	\$ 1,081,619	\$ 1,041,321	\$ 40,298
Ticket enforcement	55,356	23,356	14,843	8,513
Transportation safety	-	-	-	-
School resource officer	107,910	83,080	78,632	4,448
Total law enforcement and traffic control	<u>\$ 1,166,385</u>	<u>\$ 1,188,055</u>	<u>\$ 1,134,796</u>	<u>\$ 53,259</u>
Fire and rescue services:				
Fire department	\$ 107,979	\$ 141,529	\$ 135,345	\$ 6,184
Ambulance and rescue services	14,998	26,588	26,501	87
Other fire and rescue services	14,930	15,190	15,184	6
Total fire and rescue services	<u>\$ 137,907</u>	<u>\$ 183,307</u>	<u>\$ 177,030</u>	<u>\$ 6,277</u>
Correction and detention:				
Regional jail	\$ 180,000	\$ 125,000	\$ 116,985	\$ 8,015
Courthouse security	184,887	184,887	58,018	126,869
Total correction and detention	<u>\$ 364,887</u>	<u>\$ 309,887</u>	<u>\$ 175,003</u>	<u>\$ 134,884</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (continued)				
Inspections:				
Building	\$ 88,277	\$ 97,457	\$ 93,640	\$ 3,817
Total inspections	<u>\$ 88,277</u>	<u>\$ 97,457</u>	<u>\$ 93,640</u>	<u>\$ 3,817</u>
Other protection:				
Animal control	\$ 65,036	\$ 65,036	\$ 55,430	\$ 9,606
Medical examiner	120	120	80	40
E-911	362,583	362,583	175,564	187,019
Total other protection	<u>\$ 427,739</u>	<u>\$ 427,739</u>	<u>\$ 231,074</u>	<u>\$ 196,665</u>
Total public safety	<u>\$ 2,185,195</u>	<u>\$ 2,206,445</u>	<u>\$ 1,811,543</u>	<u>\$ 394,902</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 7,000	\$ 11,800	\$ 11,837	\$ (37)
Sanitation and waste removal:				
Refuse collection and disposal	\$ 362,507	\$ 362,507	\$ 348,719	\$ 13,788
Landfill closure	35,000	18,655	17,620	1,035
Total sanitation and waste removal	<u>\$ 397,507</u>	<u>\$ 381,162</u>	<u>\$ 366,339</u>	<u>\$ 14,823</u>
Maintenance of general buildings and grounds:				
General properties	\$ 554,301	\$ 502,167	\$ 607,256	\$ (105,089)
Canneries	48,768	54,768	52,085	2,683
Public works administration	157,201	148,021	144,587	3,434
Total maintenance of general buildings and grounds	<u>\$ 760,270</u>	<u>\$ 704,956</u>	<u>\$ 803,928</u>	<u>\$ (98,972)</u>
Total public works	<u>\$ 1,164,777</u>	<u>\$ 1,097,918</u>	<u>\$ 1,182,104</u>	<u>\$ (84,186)</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 87,225	\$ 87,225	\$ 87,225	\$ -
Mental health and mental retardation:				
Community services board	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Welfare:				
Welfare administration	\$ 983,316	\$ 1,038,863	\$ 937,418	\$ 101,445
Public assistance	85,000	85,000	65,719	19,281
Elderly and handicapped services	9,700	9,700	9,700	-
Comprehensive services	412,206	412,206	386,599	25,607
Other welfare	1,500	1,500	1,000	500
Total welfare	<u>\$ 1,491,722</u>	<u>\$ 1,547,269</u>	<u>\$ 1,400,436</u>	<u>\$ 146,833</u>
Total health and welfare	<u>\$ 1,610,947</u>	<u>\$ 1,666,494</u>	<u>\$ 1,519,661</u>	<u>\$ 146,833</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,301	\$ 9,301	\$ 9,301	\$ -
Contribution to County School Board	2,323,475	2,323,475	1,987,548	335,927
Total education	<u>\$ 2,332,776</u>	<u>\$ 2,332,776</u>	<u>\$ 1,996,849</u>	<u>\$ 335,927</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation facilities	\$ 14,589	\$ 14,589	\$ 9,724	\$ 4,865
Rocky Gap Greenway project	950,000	950,000	24,237	925,763
Total parks and recreation	<u>\$ 964,589</u>	<u>\$ 964,589</u>	<u>\$ 33,961</u>	<u>\$ 930,628</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Indian Village	\$ 268,836	\$ 268,836	\$ 208,603	\$ 60,233
Youth enrichment program	2,000	3,100	3,100	-
Total cultural enrichment	<u>\$ 270,836</u>	<u>\$ 271,936</u>	<u>\$ 211,703</u>	<u>\$ 60,233</u>
Library:				
Contribution to regional library	\$ 59,522	\$ 59,522	\$ 52,774	\$ 6,748
Library	132,530	132,530	128,002	4,528
Total library	<u>\$ 192,052</u>	<u>\$ 192,052</u>	<u>\$ 180,776</u>	<u>\$ 11,276</u>
Total parks, recreation, and cultural	<u>\$ 1,427,477</u>	<u>\$ 1,428,577</u>	<u>\$ 426,440</u>	<u>\$ 1,002,137</u>
Community development:				
Planning and community development:				
Community development	\$ 5,783	\$ 5,783	\$ 5,156	\$ 627
Planning	271,043	295,593	87,347	208,246
Contribution to EDA	240,000	240,000	40,000	200,000
Contribution to Wireless Authority	8,398	8,398	6,375	2,023
Economic development	23,627	23,627	12,095	11,532
Tourism	6,028	6,028	5,381	647
Total planning and community development	<u>\$ 554,879</u>	<u>\$ 579,429</u>	<u>\$ 156,354</u>	<u>\$ 423,075</u>
Environmental management:				
Contribution to soil and water district	\$ 12,500	\$ 12,500	\$ 12,500	-
Cooperative extension program:				
Extension office	\$ 57,364	\$ 57,364	\$ 44,005	\$ 13,359
Total community development	<u>\$ 624,743</u>	<u>\$ 649,293</u>	<u>\$ 212,859</u>	<u>\$ 436,434</u>
Capital projects:				
Other capital projects	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Total capital projects	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Debt service:				
Principal retirement	\$ 110,000	\$ 110,000	\$ 140,000	\$ (30,000)
Interest and other fiscal charges	83,000	83,000	83,000	-
Total debt service	<u>\$ 193,000</u>	<u>\$ 193,000</u>	<u>\$ 223,000</u>	<u>\$ (30,000)</u>
Total General Fund	<u>\$ 11,300,581</u>	<u>\$ 11,432,937</u>	<u>\$ 9,131,867</u>	<u>\$ 2,301,070</u>
Total Primary Government	<u>\$ 11,300,581</u>	<u>\$ 11,432,937</u>	<u>\$ 9,131,867</u>	<u>\$ 2,301,070</u>

County of Bland, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund: (1)				
Education:				
Instruction costs:				
Instruction costs	\$ 5,797,091	\$ 5,841,986	\$ 5,651,508	\$ 190,478
Operating costs:				
Administration and health services	\$ 614,899	\$ 616,504	\$ 607,826	\$ 8,678
Pupil transportation	641,704	666,455	639,990	26,465
Operation and maintenance of school plant	1,012,307	1,391,307	1,134,061	257,246
Total operating costs	<u>\$ 2,268,910</u>	<u>\$ 2,674,266</u>	<u>\$ 2,381,877</u>	<u>\$ 292,389</u>
School food services:				
Administration of school food program	\$ 156,687	\$ 155,487	\$ 268,211	\$ (112,724)
Total Discretely Presented Component Unit - School Board	<u>\$ 8,222,688</u>	<u>\$ 8,671,739</u>	<u>\$ 8,301,596</u>	<u>\$ 370,143</u>

- (1) School Board appropriations are approved at the fund level; therefore, appropriations should be compared against expenditures at the fund level only for legal compliance requirements. School expenditures above include disbursements at decentralized cafeteria operations in the amount of \$125,668, including inventory for commodities. These amounts are not subject to appropriation and accordingly are not budgeted.

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Service Authority	Total
2018-19	\$ 1,286,224	\$ 495,449	\$ 1,774,271	\$1,021,869	\$ 1,537,420	\$ 1,996,849	\$ 376,996	\$ 182,184	\$ 64,385	\$ 1,425,938	\$ 10,161,585
2017-18	1,209,853	491,696	1,807,390	846,654	1,528,012	2,222,735	494,815	177,442	69,244	1,373,857	10,221,698
2016-17	1,039,462	492,290	1,568,382	851,842	1,432,762	2,470,955	622,192	587,746	73,896	1,517,800	10,657,327
2015-16	972,705	456,139	1,662,417	797,128	1,389,567	2,670,132	562,562	55,249	77,817	1,273,892	9,917,608
2014-15	954,717	416,140	1,551,766	860,933	1,483,133	2,331,385	425,297	115,637	81,988	1,057,244	9,278,240
2013-14	938,433	452,885	1,700,060	748,735	1,539,871	1,925,993	354,602	343,923	87,939	997,642	9,090,083
2012-13	766,053	380,935	1,529,359	913,032	1,542,730	2,190,433	330,798	216,174	188,081	933,851	8,991,446
2011-12	801,053	370,921	1,743,094	774,316	1,364,061	2,568,469	377,449	1,190,443	151,503	874,131	10,215,440
2010-11	809,520	351,881	1,706,549	797,124	1,472,938	2,089,162	427,167	117,950	154,670	848,184	8,775,145
2009-10	899,026	339,747	1,634,918	793,257	1,349,766	2,073,276	374,658	127,203	178,482	836,366	8,606,699

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2018-19	\$ 1,365,324	\$ 2,455,100	\$ 472,934	\$	\$ 4,902,341	\$ 932,301	\$ 124,415	\$ 268,001	\$ 680,996	\$ 11,201,412	
2017-18	1,449,449	2,599,129	853,171		4,667,009	839,472	62,532	703,847	678,572	11,853,181	
2016-17	1,196,789	2,319,531	260,463		4,804,541	626,117	49,725	322,821	604,434	10,184,421	
2015-16	1,154,461	2,155,814	1,080,328		4,536,479	563,483	33,807	258,715	603,491	10,386,578	
2014-15	1,044,425	2,287,302	655,801		4,344,114	526,829	23,722	302,269	584,868	9,769,330	
2013-14	943,157	2,535,982	200,740		4,265,515	764,027	19,518	251,329	595,694	9,575,962	
2012-13	976,316	2,183,202	796,843		4,193,169	627,514	18,954	169,917	557,649	9,523,564	
2011-12	876,079	2,113,461	1,148,852		4,125,826	665,523	19,267	95,830	541,478	9,586,316	
2010-11	894,969	2,379,513	88,338		4,163,002	652,227	35,828	213,488	518,508	8,945,873	
2009-10	1,025,159	2,113,469	-		3,871,685	770,784	17,115	91,386	409,725	8,299,323	

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service (3)	Total
2018-19	\$ 1,242,535	\$ 516,876	\$ 1,811,543	\$ 1,182,104	\$ 1,519,661	\$ 8,310,897	\$ 426,440	\$ 212,859	\$ 223,000	\$ 15,445,915
2017-18	1,314,781	526,040	1,923,019	894,002	1,558,255	8,169,988	454,799	192,573	192,809	15,226,266
2016-17	1,076,486	512,145	1,741,206	860,040	1,453,418	8,626,112	645,402	270,995	192,413	15,378,217
2015-16	1,118,225	462,244	1,586,354	822,314	1,380,946	8,695,528	478,735	194,163	191,284	14,929,793
2014-15	1,003,337	466,171	1,630,686	858,453	1,488,803	8,310,730	392,965	270,548	261,016	14,682,709
2013-14	1,037,305	457,972	1,557,278	839,446	1,545,538	9,082,285	319,309	549,524	262,157	15,650,814
2012-13	1,010,885	368,217	1,391,861	899,867	1,548,060	8,717,138	295,215	363,820	258,655	14,853,718
2011-12	1,002,258	367,021	1,589,152	798,604	1,414,624	8,572,309	336,448	1,339,106	459,652	15,879,174
2010-11	977,100	348,294	1,515,813	837,104	1,566,107	8,507,058	387,194	397,984	350,197	14,886,851
2009-10	941,426	334,519	1,561,234	790,800	1,414,492	8,939,212	335,437	381,951	446,279	15,145,350

(1) Includes General Fund of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit and capital projects.

(3) The County refunded \$2,925,391 in fiscal year 2012-13.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2018-19	\$ 5,035,232	\$ 932,301	\$ 17,862	\$ 371,220	\$ 98,225	\$ 493,631	\$ 530,829	\$ 83,787	\$ 9,059,341	\$ 16,622,428
2017-18	4,713,228	839,472	18,464	524,490	59,529	460,138	973,608	94,758	8,897,648	16,581,335
2016-17	4,682,542	693,232	20,705	292,407	47,733	457,024	651,779	140,580	8,659,568	15,645,570
2015-16	4,527,206	633,363	22,908	256,535	28,069	481,320	538,198	260,442	8,479,846	15,227,887
2014-15	4,267,174	602,682	26,878	191,061	14,926	500,409	492,486	407,445	8,609,339	15,112,400
2013-14	4,222,834	764,027	21,115	190,822	11,823	550,363	494,375	604,867	9,163,339	16,023,565
2012-13	4,105,564	627,514	20,412	203,469	13,326	525,289	275,748	513,742	8,764,107	15,049,171
2011-12	3,962,106	665,523	19,018	216,931	14,082	450,866	199,164	613,146	10,209,881	16,350,717
2010-11	4,083,994	652,227	20,868	232,830	18,871	459,679	282,896	601,186	8,756,229	15,108,780
2009-10	3,972,657	770,784	20,815	344,934	24,593	501,753	120,800	630,550	9,071,887	15,458,773

(1) Includes General and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

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

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2018-19	\$ 5,162,574	\$ 4,784,280	92.67%	\$ 343,142	\$ 5,127,422	99.32%	\$ 815,923	15.80%
2017-18	4,971,556	4,706,906	94.68%	266,254	4,976,160	100.09%	950,340	19.12%
2016-17	4,948,494	4,759,267	96.18%	203,170	4,962,437	100.28%	918,708	18.57%
2015-16	4,867,612	4,554,021	93.56%	239,686	4,793,707	98.48%	906,887	18.63%
2014-15	4,743,083	4,431,069	93.42%	133,978	4,565,047	96.25%	873,033	18.41%
2013-14	4,584,884	4,358,792	95.07%	161,247	4,520,039	98.59%	803,089	17.52%
2012-13	4,500,576	4,306,124	95.68%	104,023	4,410,147	97.99%	745,283	16.56%
2011-12	4,387,975	4,263,643	97.17%	89,554	4,353,197	99.21%	685,219	15.62%
2010-11	4,499,124	4,279,115	95.11%	103,780	4,382,895	97.42%	547,951	12.18%
2009-10	4,393,072	4,174,315	95.02%	101,925	4,276,240	97.34%	453,569	10.32%

(1) Exclusive of penalties and interest. Includes payments from the State under the PPTRA Program.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)	Total
2018-19	\$ 450,969,800	\$ 66,175,285	\$ 28,144,295	\$ 23,492,950	\$ 102,918,933	\$ 671,701,263
2017-18	445,458,400	64,891,400	26,428,235	32,410,760	74,565,512	643,754,307
2016-17	440,938,400	65,406,832	22,601,860	40,886,880	68,192,057	638,026,029
2015-16	438,559,100	63,434,327	21,173,188	17,999,660	68,887,711	610,053,986
2014-15	438,354,300	62,032,071	21,751,011	16,386,062	69,157,475	607,680,919
2013-14	474,248,200	61,457,778	22,065,463	18,517,645	68,896,268	645,185,354
2012-13	470,653,400	60,989,159	18,487,011	14,460,538	66,422,045	631,012,153
2011-12	468,060,900	58,142,279	18,755,542	11,520,518	64,969,827	621,449,066
2010-11	464,944,700	59,715,654	19,441,218	19,501,019	67,478,296	631,080,887
2009-10	462,097,800	56,044,649	19,321,771	17,708,818	66,929,253	622,102,291

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Merchant's Capital	Machinery and Tools
2018-19	\$ 0.60	2.29	0.60	0.73	0.89
2017-18	0.60	2.29	0.60	0.73	0.89
2016-17	0.60	2.29	0.60	0.73	0.89
2015-16	0.60	2.29	0.60	0.73	0.89
2014-15	0.60	2.29	0.60	0.73	0.89
2013-14	0.55	2.29	0.55	0.73	0.89
2012-13	0.55	2.29	0.55	0.73	0.89
2011-12	0.55	2.29	0.55	0.73	0.89
2010-11	0.55	2.29	0.55	0.73	0.89
2009-10	0.55	2.29	0.55	0.73	0.89

(1) Per \$100 of assessed value.

Table 8

County of Bland, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross and Net Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2018-19	6,824	\$ 671,701	\$ -	-	0.00%	-
2017-18	6,824	643,754	-	-	0.00%	-
2016-17	6,824	638,026	-	-	0.00%	-
2015-16	6,824	610,054	-	-	0.00%	-
2014-15	6,824	607,681	-	-	0.00%	-
2013-14	6,824	645,185	65,000	65,000	0.01%	10
2012-13	6,824	631,012	130,000	130,000	0.02%	19
2011-12	6,824	621,449	190,000	190,000	0.03%	28
2010-11	6,824	631,081	425,501	425,501	0.07%	62
2009-10	6,871	622,102	549,101	549,101	0.09%	80

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

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

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

Table 9

County of Bland, Virginia
 Ratio of Annual Debt Service Expenditures for General Bonded
 Debt to Total General Governmental Expenditures (1)
 Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2018-19	\$ 140,000	\$ 83,000	\$ 223,000	\$ 15,445,915	1.44%
2017-18	105,000	87,809	192,809	15,226,266	1.27%
2016-17	100,000	92,413	192,413	15,378,217	1.25%
2015-16	95,000	96,284	191,284	14,929,793	1.28%
2014-15	160,000	101,016	261,016	14,682,709	1.78%
2013-14	155,000	107,157	262,157	15,650,814	1.68%
2012-13	78,173	180,482	258,655	14,853,718	1.74%
2011-12	188,664	161,533	350,197	15,879,174	2.21%
2010-11	188,664	161,533	350,197	14,886,851	2.35%
2009-10	263,449	182,830	446,279	15,145,350	2.95%

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

(2) The County refunded \$2,925,391 in fiscal year 2012-13.

COMPLIANCE SECTION



Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bland, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Bland, Virginia's basic financial statements and have issued our report thereon dated November 24, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs item 2019-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Bland, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Bland, Virginia's Response to Findings

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

Purpose of this Report

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

Polina, Jane, Cox Associates

Blacksburg, Virginia
November 24, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Bland, 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 Bland, Virginia's major federal programs for the year ended June 30, 2019. County of Bland, 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 Bland, 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 Bland, 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 Bland, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Bland, 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, 2019.

Report on Internal Control over Compliance

Management of the County of Bland, 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 Bland, 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 Bland, Virginia's internal control over compliance.

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

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

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

Polina, Faver, Cox Associates

Blacksburg, Virginia
November 24, 2019

County of Bland, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950117, 0950118	\$ 8,238
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	0400118, 0400119	78,368
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118, 0500119	42
Low-Income Home Energy Assistance	93.568	0600418, 0600419	12,965
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760118, 0760119	14,227
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	92
Foster Care - Title IV-E	93.658	1100118, 1110119	108,816
Adoption Assistance	93.659	1120118, 1120119	48,382
Social Services Block Grant	93.667	1000118, 1000119	126,119
Chafee Foster Care Independence Program	93.674	9150118	625
Children's Health Insurance Program	93.767	0540118, 0540119	2,621
Medicaid Cluster:			
Medical Assistance Program	93.778	1200118, 1200119	<u>132,828</u>
Total Department of Health and Human Services			<u>\$ 533,323</u>
Department of Agriculture:			
Direct Payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	Not applicable	<u>\$ 335,020</u>
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
National School Lunch Program - Food Distribution (3)	10.555	Not available	\$ 24,059
Department of Education:			
National School Lunch Program	10.555	40254	116,393
School Breakfast Program	10.553	40253	57,005
Forest Service Scools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	77,449
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010118, 0010119, 0040118, 0040119	<u>119,999</u>
Total Department of Agriculture			<u>\$ 729,925</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	52748	<u>\$ 11,750</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	Not available	<u>\$ 25,001</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	16VAGX0039, 17VAGX0018	<u>\$ 48,919</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: - Grants to Local Educational Agencies	84.010	42901	\$ 137,170
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	\$ 184,734
Special Education - Preschool Grants	84.173	62521	8,634
Career and Technical Education - Basic Grants to States	84.048	61095	16,535
Supporting Effective Instruction State Grants	84.367	61480	16,658
Student Support	84.424	60019	<u>20,000</u>
Total Department of Education			<u>\$ 383,731</u>
Total Expenditures of Federal Awards			<u>\$ 1,732,649</u>

County of Bland, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2019

Notes to Schedule of Expenditures of Federal Awards:

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Bland County, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Bland, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bland, Virginia.

Note 2 -- Summary of Significant Accounting Policies

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

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

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

Note 3 -- Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the Bland County School Board had food commodities totaling \$0 in inventory.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2019.

Note 5 -- Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 950,719
Less: Payment in Lieu of Taxes	(211,727)
Total General Fund	<u>\$ 738,992</u>
Service Authority	
Federal loans	<u>\$ 335,020</u>
Total primary government	<u>\$ 1,074,012</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 658,637</u>
Total federal expenditures per the basic financial statements	<u>\$ 1,732,649</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 1,732,649</u>

County of Bland, Virginia

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities
10.553/10.555	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Bland, Virginia

Schedule of Findings and Questioned Costs (Continued)
For The Year Ended June 30, 2019

Section II - Financial Statement Findings

2019-001

Criteria:	A key concept of internal control is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The County and the School Board lack proper segregation of duties over the following functions: Collections in the Treasurer's office, Accounts Payable and Payroll at the County; and Accounts Payable and Payroll at the School Board.
Cause of Condition:	The County and School Board lack the funding to fully support a completely segregated finance department.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal control over the functions listed above lack proper segregation of duties; however, to appropriately mitigate the same would require additional staff. Due to cost constraints, the County and School Board have decided not to address the aforementioned internal control deficiency.

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

Finding 2018-001 was recurring in fiscal year 2019 as 2019-001.