

**COUNTY OF BLAND, VIRGINIA**

**FINANCIAL REPORT**

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

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COUNTY OF BLAND, VIRGINIA  
 FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2021

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## INTRODUCTORY SECTION

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# COUNTY OF BLAND, VIRGINIA

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## BOARD OF SUPERVISORS

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

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Duane Bailey, Vice-Chair	Gerry Schepers, Chair Philip Buttery	Sharon Puckett
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## SOCIAL SERVICES BOARD

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

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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 .....	Jason Ramsey
Superintendent of Schools .....	Scott Meade
Director of Social Services .....	Nikki Adkins
County Administrator .....	Eric Workman
County Attorney .....	Paul Cassell

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## FINANCIAL SECTION

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**Independent Auditors' Report**

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**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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 25 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. 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 88, and 89-107 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 December 1, 2021, 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.

*Robinson, Fawcett, Cox Associates*

Blacksburg, Virginia  
December 1, 2021

## **Basic Financial Statements**

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority (EDA)	Wireless Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,794,864	\$ 410,181	\$ 5,205,045	\$ 2,542,802	\$ -	\$ -
Cash in custody of others	-	-	-	473,435	443,673	-
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,553,933	-	5,553,933	-	-	-
Accounts receivable	154,478	95,061	249,539	-	-	-
Loan receivable	-	-	-	-	150,000	-
Due from other governmental units	400,239	-	400,239	228,095	-	-
Due from component unit	267,812	-	267,812	-	-	-
Inventories	17,387	-	17,387	-	-	-
Prepaid items	61,363	-	61,363	38,559	-	-
Net pension asset	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	181,264	181,264	-	-	-
Capital assets, net of accumulated depreciation:						
Land	306,038	255,156	561,194	614,083	420,159	-
Buildings and utility plant	3,007,790	17,762,815	20,770,605	1,724,219	703,243	-
Improvements other than buildings	-	-	-	-	846,600	-
Machinery and equipment	735,779	15,573	751,352	437,709	-	-
Infrastructure	-	-	-	-	-	283,269
Construction in progress	430,314	64,150	494,464	653,075	-	-
Total Assets	\$ 15,729,997	\$ 18,784,200	\$ 34,514,197	\$ 6,711,977	\$ 2,563,675	\$ 283,269
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ 769,434	\$ 28,560	\$ 797,994	\$ 1,577,300	\$ -	\$ -
OPEB related items	68,708	-	68,708	198,781	-	-
Total Deferred Outflows of Resources	\$ 838,142	\$ 28,560	\$ 866,702	\$ 1,776,081	\$ -	\$ -
<b>LIABILITIES</b>						
Accounts payable and other accrued liabilities	\$ 66,853	\$ 29,988	\$ 96,841	\$ 85,339	\$ -	\$ 403
Unearned revenue - ARPA	609,908	-	609,908	-	-	-
Unearned revenue - grants	50,000	-	50,000	695,538	-	-
Customers' deposits	-	9,400	9,400	-	-	-
Accrued interest payable	17,309	14,112	31,421	-	1,609	-
Due to primary government	-	-	-	267,812	-	-
Noncurrent liabilities:						
Due within one year	368,611	240,817	609,428	84,481	17,060	-
Due in more than one year	5,779,034	8,396,181	14,175,215	7,539,791	534,671	-
Total Liabilities	\$ 6,891,715	\$ 8,690,498	\$ 15,582,213	\$ 8,672,961	\$ 553,340	\$ 403
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	\$ 4,899,781	\$ -	\$ 4,899,781	\$ -	\$ -	\$ -
Pension related items	289,274	14,420	303,694	947,925	-	-
OPEB related items	12,618	-	12,618	148,726	-	-
Total Deferred Inflows of Resources	\$ 5,201,673	\$ 14,420	\$ 5,216,093	\$ 1,096,651	\$ -	\$ -
<b>NET POSITION</b>						
Net investment in capital assets	\$ 2,407,774	\$ 9,524,357	\$ 11,932,131	\$ 3,429,086	\$ 1,418,271	\$ 283,269
Restricted:						
Asset forfeiture funds	33,685	-	33,685	-	-	-
Debt service and bond covenants	-	181,264	181,264	-	-	-
School cafeteria	-	-	-	209,768	-	-
School activity funds	-	-	-	263,667	-	-
Unrestricted	2,033,292	402,221	2,435,513	(5,184,075)	592,064	(403)
Total Net Position	\$ 4,474,751	\$ 10,107,842	\$ 14,582,593	\$ (1,281,554)	\$ 2,010,335	\$ 282,866

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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Total	Component Units		
			Grants and Contributions	Grants and Contributions				School Board	EDA	Wireless Authority
<b>PRIMARY GOVERNMENT:</b>										
Governmental activities:										
General government administration	\$ 1,356,149	\$ -	\$ 193,022	\$ -	\$ (1,163,127)	\$ (1,163,127)				
Judicial administration	556,713	1,303	383,051	-	(172,359)	(172,359)				
Public safety	2,607,312	224,549	1,728,662	-	(654,101)	(654,101)				
Public works	995,004	314,001	5,608	-	(675,395)	(675,395)				
Health and welfare	1,534,988	-	1,152,369	-	(382,619)	(382,619)				
Education	3,123,786	-	-	-	(3,123,786)	(3,123,786)				
Parks, recreation, and cultural	439,107	7,674	-	8,166	(423,267)	(423,267)				
Community development	552,288	844	32,394	-	(519,050)	(519,050)				
Interest on long-term debt	53,151	-	-	-	(53,151)	(53,151)				
Total governmental activities	\$ 11,218,498	\$ 548,371	\$ 3,495,106	\$ 8,166	\$ (7,166,855)	\$ (7,166,855)				
Business-type activities:										
Service Authority	\$ 1,572,492	\$ 626,349	\$ -	\$ -	\$ (946,143)	\$ (946,143)				
Total primary government	\$ 12,790,990	\$ 1,174,720	\$ 3,495,106	\$ 8,166	\$ (7,166,855)	\$ (7,166,855)				
<b>COMPONENT UNITS:</b>										
School Board	\$ 8,756,775	\$ 209,156	\$ 5,952,183	\$ -	\$ -	\$ (2,595,436)	\$ -	\$ -	\$ -	\$ -
Economic Development Authority (EDA)	354,289	-	-	-	-	-	-	-	(354,289)	-
Wireless Authority	12,737	-	-	-	-	-	-	-	-	(12,737)
Total component units	\$ 9,123,801	\$ 209,156	\$ 5,952,183	\$ -	\$ -	\$ (2,595,436)	\$ (354,289)	\$ (354,289)	\$ (12,737)	\$ (12,737)
General revenues:										
General property taxes					\$ 4,988,721	\$ -	\$ 4,988,721	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes					452,214	-	452,214	-	-	-
Consumers' utility taxes					164,792	-	164,792	-	-	-
Restaurant food taxes					211,505	-	211,505	-	-	-
Motor vehicle licenses					117,698	-	117,698	-	-	-
Franchise license tax					28,161	-	28,161	-	-	-
Consumption taxes					21,169	-	21,169	-	-	-
Taxes on recordations and wills					35,667	-	35,667	-	-	-
Other local taxes					35,040	-	35,040	-	-	-
Unrestricted revenues from use of money and property					51,049	11,627	62,676	5,817	1,571	-
Miscellaneous					461,124	3,506	464,630	230,211	37,200	-
Contributions from Bland County					-	-	-	3,114,716	291,520	2,797
Grants and contributions not restricted to specific programs					680,536	-	680,536	-	-	-
Transfers					(704,732)	704,732	-	-	-	-
Total general revenues and transfers					\$ 6,542,944	\$ 719,865	\$ 7,262,809	\$ 3,350,744	\$ 330,291	\$ 2,797
Change in net position					\$ (623,911)	\$ (226,278)	\$ (850,189)	\$ 755,308	\$ (23,998)	\$ (9,940)
Net position - beginning, as restated					5,098,662	10,334,120	15,432,782	(2,036,862)	2,034,333	292,806
Net position - ending					\$ 4,474,751	\$ 10,107,842	\$ 14,582,593	\$ (1,281,554)	\$ 2,010,335	\$ 282,866

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

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

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,794,864
Taxes receivable	5,553,933
Accounts receivable	154,478
Due from component unit	267,812
Due from other governmental units	400,239
Inventories	17,387
Prepaid items	61,363
Total assets	\$ 11,250,076
<b>LIABILITIES</b>	
Accounts payable	\$ 66,853
Unearned revenue - ARPA	609,908
Unearned revenue - grants	50,000
Total liabilities	\$ 726,761
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	\$ 5,589,188
<b>FUND BALANCES</b>	
<b>Nonspendable:</b>	
Prepaid items	\$ 61,363
Inventories	17,387
<b>Restricted:</b>	
Asset forfeiture funds	33,685
<b>Committed:</b>	
Law library	84
Courthouse maintenance	7,031
Courtroom security	128,010
Library Building	230,900
<b>Assigned:</b>	
Dare program	722
Patrol fund	8,584
Broadband Project	3,726
Rocky Gap Greenway Project	238,073
Capital improvements	178,739
General reserves	2,143,059
<b>Unassigned</b>	1,882,764
Total fund balances	\$ 4,934,127
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,250,076

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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,934,127
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	306,038
Buildings and system		3,007,790
Machinery, equipment, and vehicles		735,779
Construction in progress		430,314
		4,479,921
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		689,407
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$	769,434
OPEB related items		68,708
		838,142
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	\$	(1,815,000)
Unamortized bond premium		(197,147)
Capital leases		(60,000)
Landfill accrued post-closure costs		(28,657)
Net OPEB liabilities		(1,512,765)
Net pension liability		(1,963,583)
Compensated absences		(254,782)
Accrued interest payable		(17,309)
Other long-term liabilities-Virginia Transportation Commission		(315,711)
		(6,164,954)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(289,274)
OPEB related items		(12,618)
		(301,892)
Net position of governmental activities	\$	4,474,751

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, 2021

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	<u>General</u>
<b>REVENUES</b>	
General property taxes	\$ 5,036,261
Other local taxes	1,066,246
Permits, privilege fees, and regulatory licenses	20,017
Fines and forfeitures	194,798
Revenue from the use of money and property	51,049
Charges for services	333,556
Miscellaneous	461,124
Recovered costs	224,347
Intergovernmental:	
Commonwealth	2,201,504
Federal	1,982,304
Total revenues	<u>\$ 11,571,206</u>
<b>EXPENDITURES</b>	
Current:	
General government administration	\$ 1,319,036
Judicial administration	541,340
Public safety	2,711,980
Public works	968,800
Health and welfare	1,537,210
Education	3,123,786
Parks, recreation, and cultural	349,580
Community development	680,033
Debt service:	
Principal retirement	150,000
Interest and other fiscal charges	72,113
Total expenditures	<u>\$ 11,453,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 117,328</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	\$ 3,613
Transfers out	(708,345)
Total other financing sources (uses)	<u>\$ (704,732)</u>
Net change in fund balances	\$ (587,404)
Fund balances - beginning	5,521,531
Fund balances - ending	<u>\$ 4,934,127</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, 2021

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

Net change in fund balances - total governmental funds \$ (587,404)

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	\$ 333,570	
Depreciation expense	<u>(409,347)</u>	(75,777)

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		(47,540)
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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.

Payments of principal:		
Lease revenue bonds	\$ 120,000	
Capital lease	30,000	
(Increase) decrease in landfill accrued closure and post-closure monitoring costs	<u>843</u>	150,843

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	\$ 10,911	
Change in pension related items	(38,456)	
Change in OPEB related items	(55,450)	
Change in accrued interest payable	1,438	
Amortization of bond premium	<u>17,524</u>	<u>(64,033)</u>

Change in net position of governmental activities		<u>\$ (623,911)</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, 2021

	Enterprise Fund	Component Units	
	<u>Service Authority</u>	<u>EDA</u>	<u>Wireless Authority</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 410,181	\$ -	\$ -
Cash in custody of others	-	443,673	-
Loan receivable	-	150,000	-
Accounts receivable, net of allowance for uncollectibles	95,061	-	-
Total current assets	<u>\$ 505,242</u>	<u>\$ 593,673</u>	<u>\$ -</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 181,264	\$ -	\$ -
Capital assets, net of accumulated depreciation:			
Land	\$ 255,156	\$ 420,159	\$ -
Buildings and utility plant in service	17,762,815	703,243	-
Improvements other than buildings	-	846,600	-
Machinery and equipment	15,573	-	-
Infrastructure	-	-	283,269
Construction in progress	64,150	-	-
Total capital assets	<u>\$ 18,097,694</u>	<u>\$ 1,970,002</u>	<u>\$ 283,269</u>
Total noncurrent assets	<u>\$ 18,278,958</u>	<u>\$ 1,970,002</u>	<u>\$ 283,269</u>
Total assets	<u>\$ 18,784,200</u>	<u>\$ 2,563,675</u>	<u>\$ 283,269</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 28,560	\$ -	\$ -
Total deferred outflows of resources	<u>\$ 28,560</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 29,988	\$ -	\$ 403
Customers' deposits	9,400	-	-
Accrued interest payable	14,112	1,609	-
Compensated absences - current portion	18,642	-	-
Bonds payable - current portion	222,175	17,060	-
Total current liabilities	<u>\$ 294,317</u>	<u>\$ 18,669</u>	<u>\$ 403</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 8,351,162	\$ 534,671	\$ -
Compensated absences - net of current portion	6,214	-	-
Net pension liability	38,805	-	-
Total noncurrent liabilities	<u>\$ 8,396,181</u>	<u>\$ 534,671</u>	<u>\$ -</u>
Total liabilities	<u>\$ 8,690,498</u>	<u>\$ 553,340</u>	<u>\$ 403</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 14,420	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 14,420</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 9,524,357	\$ 1,418,271	\$ 283,269
Restricted for debt service and bond covenants	181,264	-	-
Unrestricted	402,221	592,064	(403)
Total net position	<u>\$ 10,107,842</u>	<u>\$ 2,010,335</u>	<u>\$ 282,866</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, 2021

	Enterprise Fund Service Authority	Component Units	
		EDA	Wireless Authority
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 340,455	\$ -	\$ -
Sewer revenues	263,109	-	-
Connection fees	4,215	-	-
Penalties	18,570	-	-
Other revenues	11,616	-	-
Miscellaneous	3,506	37,200	-
Total operating revenues	<u>\$ 641,471</u>	<u>\$ 37,200</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 254,611	\$ 550	\$ 768
Utilities	75,356	-	539
Purchase of chemicals	24,850	-	1,337
Purchase of water	196,724	-	-
Maintenance and repairs	82,053	-	-
Office expense	3,322	2,250	-
Insurance	11,321	-	167
Permits	2,889	-	-
Professional services	13,243	-	-
Miscellaneous	3,130	111,487	-
Small business grants	-	146,500	-
Depreciation	704,149	73,899	9,926
Total operating expenses	<u>\$ 1,371,648</u>	<u>\$ 334,686</u>	<u>\$ 12,737</u>
Operating income (loss)	<u>\$ (730,177)</u>	<u>\$ (297,486)</u>	<u>\$ (12,737)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 11	\$ 1,571	\$ -
Interest expense	(200,844)	(19,603)	-
Total nonoperating revenues (expenses)	<u>\$ (200,833)</u>	<u>\$ (18,032)</u>	<u>\$ -</u>
Income before contributions and transfers	<u>\$ (931,010)</u>	<u>\$ (315,518)</u>	<u>\$ (12,737)</u>
Transfers in (Contributions from primary government-CARES)	\$ -	\$ 146,500	\$ -
Transfers in (Contributions from primary government)	708,345	145,020	2,797
Transfers out (project repayments to primary government)	(3,613)	-	-
Change in net position	<u>\$ (226,278)</u>	<u>\$ (23,998)</u>	<u>\$ (9,940)</u>
Net position - beginning	10,334,120	2,034,333	292,806
Net position - ending	<u>\$ 10,107,842</u>	<u>\$ 2,010,335</u>	<u>\$ 282,866</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, 2021

	Enterprise Fund	Component Units	
	Service Authority	EDA	Wireless Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 640,189	\$ 37,200	\$ -
Payments to suppliers	(414,536)	(260,237)	(2,030)
Payments to and for employees	(285,098)	(550)	(768)
Net cash provided by (used for) operating activities	<u>\$ (59,445)</u>	<u>\$ (223,587)</u>	<u>\$ (2,798)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to primary government	\$ (3,613)	\$ -	\$ -
Contributions from primary government or component unit	708,345	145,020	2,797
Contributions from primary government-CARES	-	146,500	-
Note receivable issued	-	(150,000)	-
Net cash provided by (used for) noncapital financing activities	<u>\$ 704,732</u>	<u>\$ 141,520</u>	<u>\$ 2,797</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (20,400)	\$ -	\$ -
Principal payments on bonds	(368,874)	(16,467)	-
Interest expense	(201,730)	(19,628)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (591,004)</u>	<u>\$ (36,095)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 11	\$ 1,571	\$ -
Net cash provided by (used for) investing activities	<u>\$ 11</u>	<u>\$ 1,571</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 54,294	\$ (116,591)	\$ (1)
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$170,288)	537,151	560,264	1
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$181,264)	<u>\$ 591,445</u>	<u>\$ 443,673</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (730,177)	\$ (297,486)	\$ (12,737)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 704,149	\$ 73,899	\$ 9,926
(Increase) decrease in accounts receivable	(1,535)	-	-
(Increase) decrease in deferred outflows of resources	(9,159)	-	-
Increase (decrease) in customer deposits	253	-	-
Increase (decrease) in accounts payable	(1,648)	-	13
Increase (decrease) compensated absences	(4,853)	-	-
Increase (decrease) in net pension liability	(9,493)	-	-
Increase (decrease) in deferred inflows of resources	(6,982)	-	-
Total adjustments	<u>\$ 670,732</u>	<u>\$ 73,899</u>	<u>\$ 9,939</u>
Net cash provided by (used for) operating activities	<u>\$ (59,445)</u>	<u>\$ (223,587)</u>	<u>\$ (2,798)</u>

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

County of Bland, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2021

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	<u>Custodial Fund Special Welfare</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,199
<b>NET POSITION</b>	
Restricted for:	
Held for social services clients	<u>\$ 9,199</u>

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

County of Bland, Virginia  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 June 30, 2021

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	<u>Custodial Fund Special Welfare</u>
<b>ADDITIONS</b>	
Special welfare collections	\$ 4,709
Interest	1
Total additions	<u>\$ 4,710</u>
 <b>DEDUCTIONS</b>	
Special welfare expenditures	<u>\$ 6,950</u>
Net increase (decrease) in fiduciary net position	<u>\$ (2,240)</u>
Net position - beginning, as restated	\$ 11,439
Net position - ending	<u><u>\$ 9,199</u></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, 2021

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**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. A separate report is not issued for the Authority.

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

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

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

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

The School Board reports the following major funds:

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

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

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.

Additionally, the government reports the following fund types:

*Fiduciary funds* (trust and custodial 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 Custodial 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.

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

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments

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

3. Receivables and Payables

Activity between funds that 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 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$188,836 at June 30, 2021. The allowance consists of delinquent taxes in the amount of \$127,888, delinquent garbage bills of \$51,242, and delinquent water and sewer bills of \$9,706.

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

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

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.

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, 2021.

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

**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

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 prior to June 30<sup>th</sup>, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> 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.

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

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

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.

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.

**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

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

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

The 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.

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.

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

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

14. Net Position

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

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

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

**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, 2021, the School Board had expenditures in excess of appropriations.

C. Deficit Fund Equity

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

**Note 3-Deposits and Investments:**

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, 2021

**Note 3-Deposits and Investments: (Continued)**

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). The County had no investments as of June 30, 2021.

**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>
<b><u>Commonwealth of Virginia:</u></b>		
Big Walker SWCD	\$ 70,840	\$ -
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	81,440	-
State sales tax	-	116,444
Shared expenses	82,370	-
Categorical aid	11,778	-
Non-categorical aid	24,460	2,949
Virginia public assistance funds	26,231	-
Children’s Services Act (CSA)	43,292	-
VA tobacco settlement	-	9,090
<b><u>Federal Government:</u></b>		
Virginia public assistance funds	48,991	-
School grants	-	99,612
Victim witness grant	10,837	-
Totals	<u>\$ 400,239</u>	<u>\$ 228,095</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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**Note 5-Interfund Transfers and Balances:**

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Primary Government:</b>		
General Fund	\$ 3,613	\$ 708,345
Service Authority:		
Water Fund	316,808	3,613
Sewer Fund	391,537	-
Total	<u>\$ 711,958</u>	<u>\$ 711,958</u>

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

**Note 6-Interfund/Component-Unit Obligations:**

<u>Fund</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
<b>Primary Government:</b>		
General Fund	<u>\$ -</u>	<u>\$ 267,812</u>
<b>Component Unit:</b>		
School Board	<u>\$ 267,812</u>	<u>\$ -</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**Note 7-Long-Term Obligations:**

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

	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Direct Borrowings and Placements				
Lease revenue bond	\$ 1,935,000	\$ -	\$ (120,000)	\$ 1,815,000
Deferred Amounts:				
Bond premium	214,671	-	(17,524)	197,147
Total Direct Borrowings and Placements	<u>\$ 2,149,671</u>	<u>\$ -</u>	<u>\$ (137,524)</u>	<u>\$ 2,012,147</u>
Capital lease	90,000	-	(30,000)	60,000
Landfill post-closure monitoring liability	29,500	-	(843)	28,657
Net pension liability	1,985,992	957,429	(979,838)	1,963,583
Net OPEB liabilities	1,451,920	291,849	(231,004)	1,512,765
Compensated absences	265,693	188,359	(199,270)	254,782
VA Transportation Commission payable	315,711	-	-	315,711
Total Governmental Activities	<u>\$ 6,288,487</u>	<u>\$ 1,437,637</u>	<u>\$ (1,578,479)</u>	<u>\$ 6,147,645</u>
<b>Business-type Activities:</b>				
Direct Borrowings and Placements				
Revenue Bonds	\$ 8,942,211	\$ -	\$ (368,874)	\$ 8,573,337
Total Direct Borrowings and Placements	<u>\$ 8,942,211</u>	<u>\$ -</u>	<u>\$ (368,874)</u>	<u>\$ 8,573,337</u>
Compensated Absences	29,709	17,429	(22,282)	24,856
Net pension liability	48,298	18,746	(28,239)	38,805
Total Business-type Activities	<u>\$ 9,020,218</u>	<u>\$ 36,175</u>	<u>\$ (419,395)</u>	<u>\$ 8,636,998</u>
<b>Total Long-term Obligations</b>	<u>\$ 15,308,705</u>	<u>\$ 1,473,812</u>	<u>\$ (1,997,874)</u>	<u>\$ 14,784,643</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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
2022	\$ 130,000	\$ 66,106	\$ 222,175	\$ 193,541
2023	135,000	59,741	201,990	188,726
2024	140,000	53,619	206,935	183,781
2025	145,000	48,191	212,013	178,713
2026	150,000	44,028	217,230	173,486
2027-2031	835,000	131,959	1,169,519	784,061
2032-2036	280,000	8,419	1,323,206	630,374
2037-2041	-	-	1,382,730	457,236
2042-2046	-	-	1,234,257	310,677
2047-2051	-	-	1,342,066	177,794
2052-2056	-	-	943,013	43,490
2057-2059	-	-	118,203	2,554
Total	<u>\$ 1,815,000</u>	<u>\$ 412,063</u>	<u>\$ 8,573,337</u>	<u>\$ 3,324,433</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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
<b>Governmental Activities:</b>						
<b>Direct Borrowings and Placements:</b>						
Lease revenue bond - VRA 2012	2.163-4.821%	\$90,000-\$185,000 (a+)	4/1/2033	\$ 2,645,000	\$ 1,815,000	\$ 130,000
<b>Deferred Amounts:</b>						
Unamortized bond premium	n/a	n/a	n/a	n/a	197,147	17,524
Total Direct Borrowings and Placements					<u>\$ 2,012,147</u>	<u>\$ 147,524</u>
<b>Other Long-term Obligations:</b>						
Capital lease	n/a	\$30,000 (a+)	12/31/2022	\$ 150,000	\$ 60,000	\$ 30,000
Compensated absences	n/a	n/a	n/a	n/a	254,782	191,087
Landfill post-closure monitoring liability	n/a	n/a	n/a	n/a	28,657	-
Net pension liability	n/a	n/a	n/a	n/a	1,963,583	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,512,765	-
VA Transportation Commission payable (1)	n/a	n/a	3/16/2022	n/a	315,711	-
Total other long-term obligations					<u>\$ 4,135,498</u>	<u>\$ 221,087</u>
Total long-term obligations, governmental activities					<u>\$ 6,147,645</u>	<u>\$ 368,611</u>
<b>Business-type Activities:</b>						
<b>Revenue Bonds:</b>						
<b>Direct Borrowings and Placements:</b>						
Rural Development 2000	4.50%	\$3,822 (m)	12/28/2040	832,650	\$ 595,694	\$ 19,458
VRA Revolving Loan	n/a	\$12,500 (sa)	2/1/2022	500,000	25,000	25,000
VRA WSL-32-10	3.00%	\$16,682 (sa)	2/1/2038	579,359	446,039	20,133
Rural Development 2013	2.125%	\$21,088 (m)	3/11/2054	6,590,000	5,985,156	127,105
VRA WSL-18-11	3.00%	\$3,728 (sa)	8/1/2045	146,448	125,496	3,779
Rural Development 2018	1.75%	\$4,316 (m)	11/27/2058	1,463,000	1,395,952	26,700
Total Direct Borrowings and Placements					<u>\$ 8,573,337</u>	<u>\$ 222,175</u>
<b>Other Long-term Obligations:</b>						
Compensated absences	n/a	n/a	n/a	n/a	\$ 24,856	\$ 18,642
Net pension liability	n/a	n/a	n/a	n/a	38,805	-
Total other long-term obligations					<u>\$ 63,661</u>	<u>\$ 18,642</u>
Total long-term obligations, business-type activities					<u>\$ 8,636,998</u>	<u>\$ 240,817</u>
Total long-term obligations, primary government					<u>\$ 14,784,643</u>	<u>\$ 609,428</u>

(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

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, 2021

**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, 2021:

	<u>Balance July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2021</u>
<b>EDA:</b>				
Direct Borrowings and Placements				
Note Payable	\$ 568,198	\$ -	\$ (16,467)	\$ 551,731
<b>School Board:</b>				
Compensated absences	\$ 95,844	\$ 88,680	\$ (71,883)	\$ 112,641
Net OPEB liabilities	1,297,288	389,794	(302,779)	1,384,303
Net pension liability	5,501,118	2,796,438	(2,170,228)	6,127,328
Total School Board	<u>\$ 6,894,250</u>	<u>\$ 3,274,912</u>	<u>\$ (2,544,890)</u>	<u>\$ 7,624,272</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Placements</u>	
	<u>Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 17,060	\$ 19,035
2023	17,667	18,428
2024	18,295	17,800
2025	18,946	17,149
2026	19,620	16,475
2027-2031	109,077	71,401
2032-2036	129,904	50,573
2037-2041	154,707	25,769
2042-2043	66,455	2,331
Total	<u>\$ 551,731</u>	<u>\$ 238,961</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, 2021

**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
<b>EDA:</b>						
Direct Borrowings and Placements						
Note Payable	3.500%	\$3,007 (m)	4/1/2043	\$ 600,000	\$ 551,731	\$ 17,060
<b>School Board:</b>						
<b>Other Long-term Obligations:</b>						
Compensated absences	n/a	n/a	n/a	n/a	\$ 112,641	\$ 84,481
Net OPEB liabilities	n/a	n/a	n/a	n/a	1,384,303	-
Net pension liability	n/a	n/a	n/a	n/a	6,127,328	-
Total School Board other long-term obligations					\$ 7,624,272	\$ 84,481

(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 with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2019 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	41	22
Inactive members:		
Vested inactive members	15	7
Non-vested inactive members	7	13
Inactive members active elsewhere in VRS	21	8
Total inactive members	43	28
Active members	57	20
Total covered employees	<u>141</u>	<u>70</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, 2021 was 10.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$268,315 and \$300,773 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 5.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$11,885 and \$17,448 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liabilities used to calculate the net pension liabilities (assets) were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

**Mortality rates:**

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

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

***Actuarial Assumptions - General Employees (Continued)***

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

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

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

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

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**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, 2019	\$ 10,681,996	\$ 8,647,706	\$ 2,034,290
Changes for the year:			
Service cost	\$ 256,315	\$ -	\$ 256,315
Interest	705,261	-	705,261
Differences between expected and actual experience	(404,572)	-	(404,572)
Contributions - employer	-	300,800	(300,800)
Contributions - employee	-	126,124	(126,124)
Net investment income	-	167,707	(167,707)
Benefit payments, including refunds of employee contributions	(467,355)	(467,355)	-
Administrator charges	-	(5,527)	5,527
Other changes	-	(198)	198
Net changes	\$ 89,649	\$ 121,551	\$ (31,902)
Balances at June 30, 2020	\$ 10,771,645	\$ 8,769,257	\$ 2,002,388

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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, 2019	\$ 1,905,346	\$ 1,908,823	\$ (3,477)
Changes for the year:			
Service cost	\$ 37,206	\$ -	\$ 37,206
Interest	125,162	-	125,162
Differences between expected and actual experience	643	-	643
Contributions - employer	-	16,705	(16,705)
Contributions - employee	-	17,072	(17,072)
Net investment income	-	36,163	(36,163)
Benefit payments, including refunds of employee contributions	(102,195)	(102,195)	-
Administrator charges	-	(1,263)	1,263
Other changes	-	(42)	42
Net changes	\$ 60,816	\$ (33,560)	\$ 94,376
Balances at June 30, 2020	\$ 1,966,162	\$ 1,875,263	\$ 90,899

**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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County Net Pension Liability	\$ 3,446,095	\$ 2,002,388	\$ 813,414
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 290,985	\$ 90,899	\$ (79,193)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$281,164 and \$52,884, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,533	\$ 294,979	\$ 284	\$ -
Change in assumptions	146,853	-	-	-
Change in proportionate share	8,715	8,715	-	-
Net difference between projected and actual earnings on pension plan investments	262,578	-	56,150	-
Employer contributions subsequent to the measurement date	268,315	-	11,885	-
Total	\$ 797,994	\$ 303,694	\$ 68,319	\$ -

\$268,315 and \$11,885 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 40,856	\$ 1,249
2023	72,299	17,824
2024	29,939	19,295
2025	82,891	18,066
2026	-	-

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

***Pension Plan Data***

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

**Component Unit School Board (Professional)**

***Plan Description***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$605,008 and \$551,169 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$6,036,429 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .04150% as compared to .04180% at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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, 2021, the school division recognized pension expense of \$363,281. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 353,828
Change in assumptions	412,062	-
Net difference between projected and actual earnings on pension plan investments	459,137	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,774	594,097
Employer contributions subsequent to the measurement date	<u>605,008</u>	<u>-</u>
Total	<u>\$ 1,508,981</u>	<u>\$ 947,925</u>

\$605,008 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (206,474)
2023	(19,479)
2024	68,762
2025	122,070
Thereafter	(8,831)

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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

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

***Actuarial Assumptions (Continued)***

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

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

***Net Pension Liability***

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 8,856,798	\$ 6,036,429	\$ 3,703,628

***Pension Plan Fiduciary Net Position***

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

**Note 10—Healthcare OPEB Plans:**

**Primary Government**

***Plan Description***

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, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	65
Total retirees with coverage	<u>6</u>
Total	<u>71</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, 2021 was \$0.

**Total OPEB Liability**

The County’s total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the alternative measurement method.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.00%
Discount Rate	2.16%

Mortality rates are based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

The date of the most recent actuarial experience study for which significant assumptions were based is June 30, 2021.

**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, 2020	\$ 1,193,831
Changes for the year:	
Service Cost	125,282
Interest	29,152
Effect of economic/demographic gains or losses	(101,133)
Effect of assumption changes or inputs	7,574
Net changes	<u>60,875</u>
Balances at June 30, 2021	<u>\$ 1,254,706</u>

**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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 1,421,779	\$ 1,254,706	\$ 1,115,227

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

The following presents the total OPEB liability of the County, 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
\$ 1,069,554	\$ 1,254,706	\$ 1,481,968

The healthcare trend rates for medical, pharmacy, dental, and vision are 4.90% in 2021 decreasing to 4.30% after 2028, 5.90% in 2021 decreasing to 4.30% after 2028, 3.50% in 2021 decreasing to 3.00% after 2023, 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, 2021, the County recognized OPEB expense in the amount of \$60,875. At June 30, 2021, 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 and related ratios can be found in the required supplementary information following the notes to the financial statements.

**Component Unit - School Board**

***Plan Description***

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, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	97
Total retirees with coverage	<u>5</u>
Total	<u><u>102</u></u>

***Contributions***

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$43,430.

**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, 2021. The total OPEB liability was determined by an actuarial valuation as July 1, 2020.

***Actuarial Assumptions***

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

Inflation	2.50%
Salary Increases	3.50% - 5.35% based on years of service
Discount Rate	2.16%
Health Care Cost Trend	4.90% in 2021 then grading to an ultimate rate of 4.00% over 55 years.

**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 GO bond 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 Total OPEB Liability
Balances at June 30, 2020	\$ 425,820
Changes for the year:	
Service Cost	34,319
Interest	9,692
Effect of economic/demographic gains or losses	(5,020)
Change in assumptions	47,826
Benefit payments	(43,430)
Net changes	43,387
Balances at June 30, 2021	\$ 469,207

**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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rates		
1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
\$ 502,620	\$ 469,207	\$ 437,272

**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 (3.90%) or one percentage point higher (5.90%) than the current healthcare cost trend rates:

Rates		
1% Decrease	Healthcare Cost Trend	1% Increase
\$ 416,219	\$ 469,207	\$ 531,734

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**Note 10—Healthcare OPEB Plans: (Continued)**

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of \$51,798. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,261
Changes in assumptions	63,416	3,965
Total	<u>\$ 63,416</u>	<u>\$ 21,226</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>	
2022	\$ 7,787
2023	7,787
2024	6,950
2025	5,785
2026	5,785
Thereafter	8,096

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

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

***Plan Description***

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

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

***Plan Description (Continued)***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***Contributions***

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

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

***Contributions (Continued)***

Contributions to the GLI Plan from the County were \$15,274 and \$14,073 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (non-professional) were \$1,217 and \$1,833 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit-School Board (professional) were \$20,376 and \$18,884 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$219,452 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (nonprofessional) reported a liability of \$28,537 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2021, the Component Unit-School Board (professional) reported a liability of \$294,549 for its proportionate share of the Net GLI OPEB Liability.

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

At June 30, 2020, the County's proportion was 0.01310% as compared to 0.01318% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (nonprofessional) proportion was 0.00170% as compared to 0.00177% at June 30, 2019.

At June 30, 2020, the Component Unit-School Board (professional) proportion was 0.01760% as compared to 0.01798% at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$12,589. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2021, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(819). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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

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

For the year ended June 30, 2021, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$4,062. GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (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	\$ 14,076	\$ 1,971	\$ 1,830	\$ 256	\$ 18,893	\$ 2,647
Net difference between projected and actual earnings on GLI OPEB program investments	6,592	-	857	-	8,848	-
Change in assumptions	10,975	4,582	1,427	596	14,731	6,150
Changes in proportionate share	12,348	383	-	7,462	2,752	33,204
Employer contributions subsequent to the measurement date	15,274	-	1,217	-	20,376	-
Total	\$ 59,265	\$ 6,936	\$ 5,331	\$ 8,314	\$ 65,600	\$ 42,001

\$15,274, \$1,217, and \$20,376 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (nonprofessional), and Component-Unit School Board (professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit-School Board (Nonprofessional)	Component Unit-School Board (Professional)
2022	\$ 7,526	\$ (1,477)	\$ (2,734)
2023	9,387	(1,235)	(235)
2024	10,221	(1,014)	1,425
2025	8,093	(315)	4,137
2026	1,721	(139)	649
Thereafter	107	(20)	(19)

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

**Actuarial Assumptions**

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

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

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

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

**Actuarial Assumptions (Continued)**

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

**Actuarial Assumptions: (Continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

**NET GLI OPEB Liability**

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

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

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

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

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

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

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

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

***Discount Rate***

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 288,486	\$ 219,452	\$ 163,389
Component Unit-School Board (Non-professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 37,517	\$ 28,537	\$ 21,247
Component Unit-School Board (Professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 387,208	\$ 294,549	\$ 219,302

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

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

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

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

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

***Employees Covered by Benefit Terms***

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

	Primary Government	Component Unit - School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	9	-
Active members	21	20
Total covered employees	<u>30</u>	<u>20</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, 2021 was 0.54% of covered employee compensation. The Component Unit - School Board’s (Nonprofessional contractually required employer contribution rate for the year ended June 30, 2021 was 1.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$5,534 and \$5,344 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the Component Unit - School Board (nonprofessional) to the HIC Plan were \$2,480 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net HIC OPEB Liability***

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

***Actuarial Assumptions***

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

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

**Actuarial Assumptions: (Continued)**

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

**Actuarial Assumptions: (Continued)**

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

RP-2014 Disability 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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

***Discount Rate***

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

**Note 12-Health Insurance Credit (HIC) Plan (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, 2019	\$ 49,549	\$ 5,933	\$ 43,616
Changes for the year:			
Service cost	\$ 781	\$ -	\$ 781
Interest	3,217	-	3,217
Differences between expected and actual experience	(3,523)	-	(3,523)
Contributions - employer	-	5,344	(5,344)
Net investment income	-	154	(154)
Benefit payments	(3,786)	(3,786)	-
Administrative expenses	-	(14)	14
Net changes	\$ (3,311)	\$ 1,698	\$ (5,009)
Balances at June 30, 2020	\$ 46,238	\$ 7,631	\$ 38,607

***Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 51,679	\$ -	\$ 51,679
Net changes	\$ 51,679	\$ -	\$ 51,679
Balances at June 30, 2020	\$ 51,679	\$ -	\$ 51,679

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

***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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's Net HIC OPEB Liability	\$ 43,219	\$ 38,607	\$ 34,678

***Sensitivity of the Component Unit-School Board’s (Nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit - School Board (Nonprofessional) Net HIC OPEB Liability	\$ 56,841	\$ 51,679	\$ 47,219

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

For the year ended June 30, 2021, the County and Component Unit - School Board (Nonprofessional) recognized HIC Plan OPEB expense of \$2,824 and \$51,679, respectively. At June 30, 2021, the County and Component Unit - School Board (Nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County and Component Unit - School Board (Nonprofessional) HIC Plan 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
Difference between expected and actual experience	\$ 2,938	\$ 5,015	-	-
Net difference between projected and actual earnings on HIC OPEB plan investments	240	-	-	-
Change in assumptions	731	667	-	-
Employer contributions subsequent to the measurement date	5,534	-	2,480	-
Total	\$ 9,443	\$ 5,682	\$ 2,480	-

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

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

\$5,344 and \$2,480 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and Component Unit - School Board’s (Nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2022	\$ (738)
2023	(484)
2024	(18)
2025	120
2026	(574)
Thereafter	(79)

***HIC Plan Data***

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

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

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$45,657 and \$43,579 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$540,331 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.04140% as compared to 0.04202% at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee Health Insurance Credit Plan OPEB expense of \$32,219. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,217
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	2,395	-
Change in assumptions	10,682	2,952
Change in proportionate share	3,220	67,016
Employer contributions subsequent to the measurement date	<u>45,657</u>	<u>-</u>
Total	<u>\$ 61,954</u>	<u>\$ 77,185</u>

\$45,657 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (12,030)
2023	(11,793)
2024	(11,872)
2025	(11,970)
2026	(9,188)
Thereafter	(4,035)

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

**Actuarial Assumptions**

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

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

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

**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) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

**Mortality Rates - Teachers: (Continued)**

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

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

**Net Teacher Employee HIC OPEB Liability**

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

		<b>Teacher Employee HIC OPEB Plan</b>
		<u>                    </u>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%
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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) Plan (OPEB Plan): (Continued)**

**Long-Term Expected Rate of Return**

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

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

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

**Discount Rate**

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 604,844	\$ 540,331	\$ 485,499

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

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

**Note 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	\$ 797,994	\$ 303,694	\$ 2,002,388	\$ 281,164	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	68,319	-	90,899	52,884
School Board Professional	-	-	-	-	1,508,981	947,925	6,036,429	363,281
Totals	<u>\$ 797,994</u>	<u>\$ 303,694</u>	<u>\$ 2,002,388</u>	<u>\$ 281,164</u>	<u>\$ 1,577,300</u>	<u>\$ 947,925</u>	<u>\$ 6,127,328</u>	<u>\$ 416,165</u>

**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)	\$ -	\$ -	\$ 1,254,706	\$ 60,875	\$ -	\$ -	\$ -	\$ -
School Stand-Alone Plan (Note 10)	-	-	-	-	63,416	21,226	469,207	51,798
VRS OPEB Plans:								
Group Life Insurance Plan (Note 11)								
County	59,265	6,936	219,452	12,589	-	-	-	-
School Board Nonprofessional	-	-	-	-	5,331	8,314	28,537	(819)
School Board Professional	-	-	-	-	65,600	42,001	294,549	4,062
County Health Insurance Credit Plan (Note 12)	9,443	5,682	38,607	2,824	-	-	-	-
School Board Nonprofessional Health Insurance Credit Plan (Note 12)	-	-	-	-	2,480	-	51,679	51,679
Teacher Health Insurance Credit Plan (Note 13)	-	-	-	-	61,954	77,185	540,331	32,219
Totals	<u>\$ 68,708</u>	<u>\$ 12,618</u>	<u>\$ 1,512,765</u>	<u>\$ 76,288</u>	<u>\$ 198,781</u>	<u>\$ 148,726</u>	<u>\$ 1,384,303</u>	<u>\$ 138,939</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 689,407
Tax assessments due after June 30	4,825,606	4,825,606
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>74,175</u>	<u>74,175</u>
Total unavailable/deferred revenue	<u>\$ 4,899,781</u>	<u>\$ 5,589,188</u>

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COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**Note 17-Capital Assets:**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 306,038	\$ -	\$ -	\$ 306,038
Construction in progress	430,314	-	-	430,314
Total capital assets not being depreciated	<u>\$ 736,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,352</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 6,276,238	\$ 13,250	\$ -	\$ 6,289,488
Machinery and equipment	3,543,275	320,320	(55,362)	3,808,233
Total capital assets being depreciated	<u>\$ 9,819,513</u>	<u>\$ 333,570</u>	<u>\$ (55,362)</u>	<u>\$ 10,097,721</u>
Accumulated depreciation:				
Buildings and improvements	\$ (3,054,727)	\$ (226,971)	\$ -	\$ (3,281,698)
Machinery and equipment	(2,945,440)	(182,376)	55,362	(3,072,454)
Total accumulated depreciation	<u>\$ (6,000,167)</u>	<u>\$ (409,347)</u>	<u>\$ 55,362</u>	<u>\$ (6,354,152)</u>
Total capital assets being depreciated, net	<u>\$ 3,819,346</u>	<u>\$ (75,777)</u>	<u>\$ -</u>	<u>\$ 3,743,569</u>
Governmental activities capital assets, net	<u>\$ 4,555,698</u>	<u>\$ (75,777)</u>	<u>\$ -</u>	<u>\$ 4,479,921</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 255,156	\$ -	\$ -	\$ 255,156
Construction in progress	97,311	20,400	(53,561)	64,150
Total capital assets not being depreciated	<u>\$ 352,467</u>	<u>\$ 20,400</u>	<u>\$ (53,561)</u>	<u>\$ 319,306</u>
Capital assets, being depreciated:				
Utility plant	\$ 27,687,411	\$ 53,561	\$ -	\$ 27,740,972
Machinery and equipment	287,192	-	-	287,192
Total capital assets being depreciated	<u>\$ 27,974,603</u>	<u>\$ 53,561</u>	<u>\$ -</u>	<u>\$ 28,028,164</u>
Accumulated depreciation:				
Utility plant	\$ (9,282,433)	\$ (695,724)	\$ -	\$ (9,978,157)
Machinery and equipment	(263,194)	(8,425)	-	(271,619)
Total accumulated depreciation	<u>\$ (9,545,627)</u>	<u>\$ (704,149)</u>	<u>\$ -</u>	<u>\$ (10,249,776)</u>
Total capital assets being depreciated, net	<u>\$ 18,428,976</u>	<u>\$ (650,588)</u>	<u>\$ -</u>	<u>\$ 17,778,388</u>
Business-type activities capital assets, net	<u>\$ 18,781,443</u>	<u>\$ (630,188)</u>	<u>\$ (53,561)</u>	<u>\$ 18,097,694</u>

COUNTY OF BLAND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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	\$ 143,056
Judicial administration	3,100
Public safety	125,517
Public works	20,877
Health and welfare	6,854
Parks, recreation, and cultural	78,609
Community development	<u>31,334</u>

Total depreciation expense-governmental activities	<u>\$ 409,347</u>
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**Business-type activities:**

Service authority	<u>\$ 704,149</u>
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Discretely Presented Component Unit-School Board:

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 614,083	\$ -	\$ -	\$ 614,083
Construction in progress	-	653,075	-	653,075
Total capital assets not being depreciated	<u>\$ 614,083</u>	<u>\$ 653,075</u>	<u>\$ -</u>	<u>\$ 1,267,158</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,552,009	\$ 14,680	\$ -	\$ 4,566,689
Machinery and equipment	2,270,102	129,828	-	2,399,930
Total capital assets being depreciated	<u>\$ 6,822,111</u>	<u>\$ 144,508</u>	<u>\$ -</u>	<u>\$ 6,966,619</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,705,532)	\$ (136,938)	\$ -	\$ (2,842,470)
Machinery and equipment	(1,851,288)	(110,933)	-	(1,962,221)
Total accumulated depreciation	<u>\$ (4,556,820)</u>	<u>\$ (247,871)</u>	<u>\$ -</u>	<u>\$ (4,804,691)</u>
Total capital assets being depreciated, net	<u>\$ 2,265,291</u>	<u>\$ (103,363)</u>	<u>\$ -</u>	<u>\$ 2,161,928</u>
Governmental activities capital assets, net	<u>\$ 2,879,374</u>	<u>\$ 549,712</u>	<u>\$ -</u>	<u>\$ 3,429,086</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**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, 2021 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	\$ (184,038)	\$ (34,028)	\$ -	\$ (218,066)
Land improvements	(309,683)	(39,871)	-	(349,554)
Machinery and equipment	(4,546)	-	-	(4,546)
Total accumulated depreciation	<u>\$ (498,267)</u>	<u>\$ (73,899)</u>	<u>\$ -</u>	<u>\$ (572,166)</u>
Total capital assets being depreciated, net	<u>\$ 1,623,742</u>	<u>\$ (73,899)</u>	<u>\$ -</u>	<u>\$ 1,549,843</u>
Business-type activities capital assets, net	<u>\$ 2,043,901</u>	<u>\$ (73,899)</u>	<u>\$ -</u>	<u>\$ 1,970,002</u>

Discretely Presented Component Unit-Wireless Authority:

Capital asset activity for the Wireless Authority for the year ended June 30, 2021 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	\$ (103,823)	\$ (9,926)	\$ -	\$ (113,749)
Business-type activities capital assets, net	<u>\$ 293,195</u>	<u>\$ (9,926)</u>	<u>\$ -</u>	<u>\$ 283,269</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

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**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, 2021, the County had the following capital lease:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Lease</u>	<u>Balance Governmental Activities</u>
Governmental					
Land and Building (144 Seddon St)	0.00%	12-18	12-22	\$ 150,000	<u>\$ 60,000</u>

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

	<u>Governmental Activities</u>
Building	\$ 103,065
Accumulated Depreciation	<u>(6,466)</u>
Total	<u>\$ 96,599</u>

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

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>
2022	\$ 30,000
2023	<u>30,000</u>
Total minimum lease payments	\$ 60,000
Less: amount representing interest	-
Present value of minimum lease payments	<u>\$ 60,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2021

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**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:

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

*The remainder of this page is left blank intentionally.*

**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 \$28,657. These amounts are based on what it would cost to perform all post-closure care in 2021. 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, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

**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. For fiscal year ending June 30, 2021, the County returned taxes in the amount of \$94,069 to Love's Travel Stop.

**Note 25-Subsequent Events:**

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

**CARES Act Funding**

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,095,812, with \$60,183 being recognized in FY2020. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$114,485. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

**ARPA Funding**

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

On June 7, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$609,908 from the initial allocation are reported as unearned revenue as of June 30.

**ESF Funding**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2021

**Note 25-Adoption of Accounting Principles:**

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how these activities should be reported. The Special Welfare account is reported solely as fiduciary in the current year. The Discretely Presented Component Unit - School Board added the School Activity Funds as a Special Revenue Fund. The implementation of this standard resulted in the following restatement of net position and fund balance:

	Net Position		Fund Balance
	Special Welfare	Discretely Presented Component Unit School Board	School Activity Funds
Beginning balance, July 1, 2020, as previously stated	\$ -	\$ (2,305,082)	\$ -
Implementation of GASB84	11,439	268,220	268,220
Beginning balance, July 1, 2020, as restated	<u>\$ 11,439</u>	<u>\$ (2,036,862)</u>	<u>\$ 268,220</u>

**Note 26-Upcoming Pronouncements:**

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

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

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

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

**Note 26-Upcoming Pronouncements: (Continued)**

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

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

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

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

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

## **Required Supplementary Information**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 5,310,592	\$ 5,310,592	\$ 5,036,261	\$ (274,331)
Other local taxes	1,106,272	1,106,272	1,066,246	(40,026)
Permits, privilege fees, and regulatory licenses	25,600	25,600	20,017	(5,583)
Fines and forfeitures	576,025	576,025	194,798	(381,227)
Revenue from the use of money and property	40,400	40,400	51,049	10,649
Charges for services	397,056	397,056	333,556	(63,500)
Miscellaneous	546,330	556,330	461,124	(95,206)
Recovered costs	67,179	69,179	224,347	155,168
Intergovernmental:				
Commonwealth	3,115,393	3,215,161	2,201,504	(1,013,657)
Federal	1,389,897	2,589,514	1,982,304	(607,210)
Total revenues	<u>\$ 12,574,744</u>	<u>\$ 13,886,129</u>	<u>\$ 11,571,206</u>	<u>\$ (2,314,923)</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,745,762	\$ 1,800,838	\$ 1,319,036	\$ 481,802
Judicial administration	563,746	584,227	541,340	42,887
Public safety	2,155,557	3,194,988	2,711,980	483,008
Public works	1,045,614	1,040,414	968,800	71,614
Health and welfare	1,739,662	1,818,709	1,537,210	281,499
Education	2,647,586	3,147,586	3,123,786	23,800
Parks, recreation, and cultural	1,324,691	1,328,487	349,580	978,907
Community development	957,225	1,004,484	680,033	324,451
Capital projects	110,000	110,000	-	110,000
Debt service:				
Principal retirement	150,000	150,000	150,000	-
Interest and other fiscal charges	72,113	72,113	72,113	-
Total expenditures	<u>\$ 12,511,956</u>	<u>\$ 14,251,846</u>	<u>\$ 11,453,878</u>	<u>\$ 2,797,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 62,788</u>	<u>\$ (365,717)</u>	<u>\$ 117,328</u>	<u>\$ 483,045</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 3,613	\$ 3,613
Transfers out	(744,384)	(822,626)	(708,345)	114,281
Total other financing sources (uses)	<u>\$ (744,384)</u>	<u>\$ (822,626)</u>	<u>\$ (704,732)</u>	<u>\$ 117,894</u>
Net change in fund balances	<u>\$ (681,596)</u>	<u>\$ (1,188,343)</u>	<u>\$ (587,404)</u>	<u>\$ 600,939</u>
Fund balances - beginning	681,596	1,188,343	5,521,531	4,333,188
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,934,127</u>	<u>\$ 4,934,127</u>

County of Bland, Virginia  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
 Primary Government  
 Pension Plans

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

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 256,315	\$ 283,366	\$ 263,646	\$ 251,429	\$ 215,957	\$ 223,426	\$ 208,295
Interest	705,261	659,526	633,997	642,385	613,129	578,125	554,140
Changes in assumptions	-	319,621	-	10,538	-	-	-
Differences between expected and actual experience	(404,572)	242,748	(32,861)	(517,956)	64,383	137,056	-
Benefit payments	(467,355)	(490,131)	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
<b>Net change in total pension liability</b>	<b>\$ 89,649</b>	<b>\$ 1,015,130</b>	<b>\$ 354,736</b>	<b>\$ (115,996)</b>	<b>\$ 444,819</b>	<b>\$ 510,160</b>	<b>\$ 351,274</b>
Total pension liability - beginning	10,681,996	9,666,866	9,312,130	9,428,126	8,983,307	8,473,147	8,121,873
<b>Total pension liability - ending (a)</b>	<b>\$ 10,771,645</b>	<b>\$ 10,681,996</b>	<b>\$ 9,666,866</b>	<b>\$ 9,312,130</b>	<b>\$ 9,428,126</b>	<b>\$ 8,983,307</b>	<b>\$ 8,473,147</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 300,800	\$ 293,044	\$ 385,727	\$ 349,001	\$ 306,879	\$ 294,936	\$ 338,669
Contributions - employee	126,124	122,677	121,173	109,417	107,661	99,321	98,577
Net investment income	167,707	545,722	564,703	832,465	118,357	296,855	884,620
Benefit payments	(467,355)	(490,131)	(510,046)	(502,392)	(448,650)	(428,447)	(411,161)
Administrator charges	(5,527)	(5,327)	(4,775)	(4,746)	(4,159)	(4,036)	(4,716)
Other	(198)	(345)	(508)	(745)	(50)	(63)	46
<b>Net change in plan fiduciary net position</b>	<b>\$ 121,551</b>	<b>\$ 465,640</b>	<b>\$ 556,274</b>	<b>\$ 783,000</b>	<b>\$ 80,038</b>	<b>\$ 258,566</b>	<b>\$ 906,035</b>
Plan fiduciary net position - beginning	8,647,706	8,182,066	7,625,792	6,842,792	6,762,754	6,504,188	5,598,153
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 8,769,257</b>	<b>\$ 8,647,706</b>	<b>\$ 8,182,066</b>	<b>\$ 7,625,792</b>	<b>\$ 6,842,792</b>	<b>\$ 6,762,754</b>	<b>\$ 6,504,188</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 2,002,388</b>	<b>\$ 2,034,290</b>	<b>\$ 1,484,800</b>	<b>\$ 1,686,338</b>	<b>\$ 2,585,334</b>	<b>\$ 2,220,553</b>	<b>\$ 1,968,959</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>81.41%</b>	<b>80.96%</b>	<b>84.64%</b>	<b>81.89%</b>	<b>72.58%</b>	<b>75.28%</b>	<b>76.76%</b>
<b>Covered payroll</b>							
	\$ 2,632,685	\$ 2,552,486	\$ 2,500,000	\$ 2,250,542	\$ 2,089,541	\$ 1,999,717	\$ 1,972,767
<b>County's net pension liability as a percentage of covered payroll</b>	<b>76.06%</b>	<b>79.70%</b>	<b>59.39%</b>	<b>74.93%</b>	<b>123.73%</b>	<b>111.04%</b>	<b>99.81%</b>

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

County of Bland, Virginia  
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 Pension Plans  
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 37,206	\$ 38,396	\$ 40,665	\$ 42,560	\$ 43,116	\$ 42,034	\$ 48,144
Interest	125,162	124,074	116,846	116,925	105,646	106,276	100,513
Changes in assumptions	-	45,776	-	(9,584)	-	-	-
Differences between expected and actual experience	643	(26,014)	43,375	(53,234)	96,371	(88,366)	-
Benefit payments	(102,195)	(98,745)	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
<b>Net change in total pension liability</b>	\$ 60,816	\$ 83,487	\$ 104,386	\$ (2,448)	\$ 176,263	\$ (9,084)	\$ 85,019
<b>Total pension liability - beginning</b>	\$ 1,905,346	\$ 1,821,859	\$ 1,717,473	\$ 1,719,921	\$ 1,543,658	\$ 1,552,742	\$ 1,467,723
<b>Total pension liability - ending (a)</b>	\$ <u>1,966,162</u>	\$ <u>1,905,346</u>	\$ <u>1,821,859</u>	\$ <u>1,717,473</u>	\$ <u>1,719,921</u>	\$ <u>1,543,658</u>	\$ <u>1,552,742</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 16,705	\$ 16,622	\$ 19,184	\$ 27,729	\$ 29,601	\$ 32,871	\$ 49,500
Contributions - employee	17,072	16,852	18,543	25,174	19,892	22,001	23,522
Net investment income	36,163	121,303	130,148	197,037	28,385	71,729	212,964
Benefit payments	(102,195)	(98,745)	(96,500)	(99,115)	(68,870)	(69,028)	(63,638)
Administrator charges	(1,263)	(1,240)	(1,148)	(1,162)	(1,006)	(983)	(1,131)
Other	(42)	(76)	(115)	(174)	(12)	(17)	11
<b>Net change in plan fiduciary net position</b>	\$ (33,560)	\$ 54,716	\$ 70,112	\$ 149,489	\$ 7,990	\$ 56,573	\$ 221,228
<b>Plan fiduciary net position - beginning</b>	\$ 1,908,823	\$ 1,854,107	\$ 1,783,995	\$ 1,634,506	\$ 1,626,516	\$ 1,569,943	\$ 1,348,715
<b>Plan fiduciary net position - ending (b)</b>	\$ <u>1,875,263</u>	\$ <u>1,908,823</u>	\$ <u>1,854,107</u>	\$ <u>1,783,995</u>	\$ <u>1,634,506</u>	\$ <u>1,626,516</u>	\$ <u>1,569,943</u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	\$ 90,899	\$ (3,477)	\$ (32,248)	\$ (66,522)	\$ 85,415	\$ (82,858)	\$ (17,201)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	95.38%	100.18%	101.77%	103.87%	95.03%	105.37%	101.11%
<b>Covered payroll</b>	\$ 352,491	\$ 347,325	\$ 388,950	\$ 449,747	\$ 411,381	\$ 446,288	\$ 465,565
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	25.79%	-1.00%	-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  
 Pension Plans

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

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.04150%	0.04180%	0.04435%	0.04940%	0.04855%	0.05253%	0.05666%
Employer's Proportionate Share of the Net Pension Liability	\$ 6,036,429	\$ 5,501,118	\$ 5,215,000	\$ 6,075,000	\$ 6,804,000	\$ 6,611,000	\$ 6,848,000
Employer's Covered Payroll	3,631,615	3,509,236	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	166.22%	156.76%	144.16%	177.61%	183.85%	169.44%	165.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Bland, Virginia  
 Schedule of Employer Contributions  
 Pension Plans  
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 268,315	\$ 268,315	\$ -	\$ 2,806,032	9.56%
2020	300,773	300,773	-	2,632,685	11.42%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 11,885	\$ 11,885	\$ -	\$ 225,415	5.27%
2020	17,448	17,448	-	352,491	4.95%
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%
<b>Component Unit School Board (professional)</b>					
2021	\$ 605,008	\$ 605,008	\$ -	\$ 3,773,300	16.03%
2020	551,169	551,169	-	3,631,615	15.18%
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%

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**  
**Pension Plans**  
**For the Year Ended June 30, 2021**

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Bland, Virginia  
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Healthcare Plan  
 Primary Government  
 For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 125,282	\$ 73,308	\$ 75,738	\$ 54,401
Interest	29,152	31,240	30,961	13,685
Effect of Economic/Demographic Gains or Losses	(101,133)	98,373	(47,602)	
Changes in assumptions	7,574	171,644	35,875	(158,748)
Other adjustments	-	-	-	36,812
<b>Net change in total OPEB liability</b>	<u>\$ 60,875</u>	<u>\$ 374,565</u>	<u>\$ 94,972</u>	<u>\$ (53,850)</u>
<b>Total OPEB liability - beginning</b>	<u>1,193,831</u>	<u>819,266</u>	<u>724,294</u>	<u>778,144</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,254,706</u></u>	<u><u>\$ 1,193,831</u></u>	<u><u>\$ 819,266</u></u>	<u><u>\$ 724,294</u></u>
<b>Covered-employee payroll</b>	N/A	N/A	N/A	N/A
<b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b>	N/A	N/A	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  
 Healthcare Plan  
 Primary Government  
 For the Year Ended June 30, 2021

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Valuation Date: 6/30/2021  
 Measurement Date: 6/30/2021

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	2.00%
Discount Rate	2.16%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvements projected for 10 year.
Health Care Cost Trend	4.90% in 2021 then grading to an ultimate rate of 4.00% over 55 years.

County of Bland, Virginia  
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Healthcare Plan  
 Component Unit School Board  
 For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
<b>Total OPEB liability</b>				
Service cost	\$ 34,319	\$ 21,639	\$ 18,531	\$ 27,582
Interest	9,692	14,279	15,103	15,244
Changes in assumptions	47,826	21,288	22,048	(9,837)
Economic/demographic gains or losses	(5,020)	-	-	-
Differences between expected and actual experience	-	-	(28,420)	-
Benefit payments	(43,430)	(35,120)	(46,906)	(34,855)
<b>Net change in total OPEB liability</b>	<u>\$ 43,387</u>	<u>\$ 22,086</u>	<u>\$ (19,644)</u>	<u>\$ (1,866)</u>
<b>Total OPEB liability - beginning</b>	<u>425,820</u>	<u>403,734</u>	<u>423,378</u>	<u>425,244</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 469,207</u></u>	<u><u>\$ 425,820</u></u>	<u><u>\$ 403,734</u></u>	<u><u>\$ 423,378</u></u>
<b>Covered payroll</b>	<u>\$ 3,874,906</u>	<u>\$ 3,486,791</u>	<u>\$ 3,486,791</u>	<u>\$ 4,019,100</u>
<b>Component Unit School Board's total OPEB liability (asset) as a percentage of payroll</b>	<u>12.11%</u>	<u>12.21%</u>	<u>11.58%</u>	<u>10.53%</u>

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  
 Healthcare Plan  
 Component Unit School Board  
 For the Year Ended June 30, 2021

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Valuation Date: 7/1/2020  
 Measurement Date: 6/30/2021

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	3.50% - 5.35% based on years of service
Inflation	2.50%
Discount Rate	2.16%
Health Care Cost Trend	4.90% in 2021 then grading to an ultimate rate of 4.00% over 55 years.
Mortality Rates	<p>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.</p> <p>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.</p> <p>Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.</p>

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.01310%	\$ 219,452	\$ 2,706,407	8.11%	52.64%
2019	0.01318%	214,473	2,583,204	8.30%	52.00%
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)					
2020	0.00170%	\$ 28,537	\$ 352,491	8.10%	52.64%
2019	0.00177%	28,802	347,325	8.29%	52.00%
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)					
2020	0.01760%	\$ 294,549	\$ 3,631,615	8.11%	52.64%
2019	0.01798%	292,583	3,524,850	8.30%	52.00%
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 (GLI) Plan  
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 15,274	\$ 15,274	-	\$ 2,828,580	0.54%
2020	14,073	14,073	-	2,706,407	0.52%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2021	\$ 1,217	\$ 1,217	-	\$ 225,415	0.54%
2020	1,833	1,833	-	352,491	0.52%
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%
<b>Component Unit School Board (professional)</b>					
2021	\$ 20,376	\$ 20,376	-	\$ 3,773,300	0.54%
2020	18,884	18,884	-	3,631,615	0.52%
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%

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

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

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

**Teachers**

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

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

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

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

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

County of Bland, Virginia  
 Schedule of Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
<b>Total HIC OPEB Liability</b>				
Service cost	\$ 781	\$ 1,591	\$ 2,000	\$ 2,000
Interest	3,217	2,907	3,000	3,000
Differences between expected and actual experience	(3,523)	4,558	(4,000)	-
Changes of assumptions	-	1,133	-	(2,000)
Benefit payments	(3,786)	(4,339)	(4,000)	(3,000)
Other changes	-	(301)	-	(1,000)
<b>Net change in total HIC OPEB liability</b>	<u>\$ (3,311)</u>	<u>\$ 5,549</u>	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>
<b>Total HIC OPEB Liability - beginning</b>	<u>49,549</u>	<u>44,000</u>	<u>47,000</u>	<u>48,000</u>
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 46,238</u></u>	<u><u>\$ 49,549</u></u>	<u><u>\$ 44,000</u></u>	<u><u>\$ 47,000</u></u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 5,344	\$ 4,954	\$ 5,000	\$ 4,000
Net investment income	154	324	-	-
Benefit payments	(3,786)	(4,339)	(4,000)	(3,000)
Administrator charges	(14)	(6)	-	-
<b>Net change in plan fiduciary net position</b>	<u>\$ 1,698</u>	<u>\$ 933</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
<b>Plan fiduciary net position - beginning</b>	<u>5,933</u>	<u>5,000</u>	<u>4,000</u>	<u>3,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 7,631</u></u>	<u><u>\$ 5,933</u></u>	<u><u>\$ 5,000</u></u>	<u><u>\$ 4,000</u></u>
<b>Employer's net HIC OPEB liability- ending (a) - (b)</b>	<u>\$ 38,607</u>	<u>\$ 43,616</u>	<u>\$ 39,000</u>	<u>\$ 43,000</u>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	19.77%	13.60%	12.82%	9.30%
<b>Covered payroll</b>	<u>\$ 989,630</u>	<u>\$ 917,303</u>	<u>\$ 856,974</u>	<u>\$ 724,044</u>
<b>Employer's net HIC OPEB liability as a percentage of covered payroll</b>	3.90%	4.75%	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 Changes in the Employer's Net OPEB Liability (Asset) and Related Ratios  
 Component Unit School Board (nonprofessional)  
 Health Insurance Credit (HIC) Plan  
 For the Measurement Date of June 30, 2020

	<u>2020</u>
<b>Total HIC OPEB Liability</b>	
Benefit changes	\$ 51,679
<b>Net change in total HIC OPEB liability</b>	<u>\$ 51,679</u>
<b>Total HIC OPEB Liability - beginning</b>	-
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 51,679</u></u>
<b>Plan fiduciary net position</b>	
Net change in plan fiduciary net position	\$ -
<b>Plan fiduciary net position - beginning</b>	-
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ -</u></u>
<b>Employer's net HIC OPEB liability- ending (a) - (b)</b>	\$ 51,679
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	0.00%
<b>Covered payroll</b>	\$ 352,491
<b>Employer's net HIC OPEB liability as a percentage of covered payroll</b>	14.66%

Schedule is intended to show information for 10 years. Information prior to the 2020 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) Plan  
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2021	\$ 5,534	\$ 5,534	\$ -	\$ 1,024,740	0.54%
2020	5,344	5,344	-	989,630	0.54%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2021*	\$ 2,480	\$ 2,480	\$ -	\$ 225,415	1.10%

Schedule is intended to show information for 10 years. Component Unit School Board (nonprofessional) Information prior to the 2021 valuation is not available. However, additional years will be included as they become available.

\*The Component Unit School Board (nonprofessional) entered into the HIC plan in fiscal year 2021.

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

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

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

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

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

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

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

County of Bland, Virginia  
 Schedule of School Board's Share of Net OPEB Liability  
 Teacher Employee Health Insurance Credit (HIC) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (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)
2020	0.04140% \$	540,331 \$	3,631,615	14.88%	9.95%
2019	0.04202%	550,083	3,524,850	15.61%	8.97%
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) Plan  
 For the Years Ended June 30, 2012 through June 30, 2021

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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)
2021	\$ 45,657	\$ 45,657	\$ -	\$ 3,773,300	1.21%
2020	43,579	43,579	-	3,631,615	1.20%
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%

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

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

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

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

## **Other Supplementary Information**

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

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 402,094	\$ 8,087	\$ 410,181
Accounts receivable, net of allowance for uncollectibles	53,234	41,827	95,061
Total current assets	<u>\$ 455,328</u>	<u>\$ 49,914</u>	<u>\$ 505,242</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 2,546	\$ 178,718	\$ 181,264
Capital assets, net of accumulated depreciation:			
Land	\$ 6,028	\$ 249,128	\$ 255,156
Buildings and utility plant in service	6,417,460	11,345,355	17,762,815
Machinery and equipment	7,400	8,173	15,573
Construction in progress	64,150	-	64,150
Total capital assets	<u>\$ 6,495,038</u>	<u>\$ 11,602,656</u>	<u>\$ 18,097,694</u>
Total noncurrent assets	<u>\$ 6,497,584</u>	<u>\$ 11,781,374</u>	<u>\$ 18,278,958</u>
Total assets	<u>\$ 6,952,912</u>	<u>\$ 11,831,288</u>	<u>\$ 18,784,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 9,068	\$ 19,492	\$ 28,560
Total deferred outflows of resources	<u>\$ 9,068</u>	<u>\$ 19,492</u>	<u>\$ 28,560</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 24,533	\$ 5,455	\$ 29,988
Customers' deposits	9,400	-	9,400
Accrued interest payable	7,345	6,767	14,112
Compensated absences - current portion	8,423	10,219	18,642
Bonds payable - current portion	50,612	171,563	222,175
Total current liabilities	<u>\$ 100,313</u>	<u>\$ 194,004</u>	<u>\$ 294,317</u>
Noncurrent liabilities:			
Bonds payable - net of current portion	\$ 1,916,875	\$ 6,434,287	\$ 8,351,162
Compensated absences - net of current portion	2,807	3,407	6,214
Net pension liability	-	38,805	38,805
Total noncurrent liabilities	<u>\$ 1,919,682</u>	<u>\$ 6,476,499</u>	<u>\$ 8,396,181</u>
Total liabilities	<u>\$ 2,019,995</u>	<u>\$ 6,670,503</u>	<u>\$ 8,690,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ -	\$ 14,420	\$ 14,420
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 14,420</u>	<u>\$ 14,420</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,527,551	\$ 4,996,806	\$ 9,524,357
Restricted for debt service and bond covenants	2,546	178,718	181,264
Unrestricted	411,888	(9,667)	402,221
Total net position	<u>\$ 4,941,985</u>	<u>\$ 5,165,857</u>	<u>\$ 10,107,842</u>

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

	Enterprise Fund		
	Service Authority		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Water revenues	\$ 340,455	\$ -	\$ 340,455
Sewer revenues	-	263,109	263,109
Connection fees	3,415	800	4,215
Penalties	18,570	-	18,570
Other revenues	11,616	-	11,616
Miscellaneous	3,506	-	3,506
Total operating revenues	<u>\$ 377,562</u>	<u>\$ 263,909</u>	<u>\$ 641,471</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringes	\$ 131,304	\$ 123,307	\$ 254,611
Utilities	16,003	59,353	75,356
Purchase of chemicals	-	24,850	24,850
Purchase of water	196,724	-	196,724
Maintenance and repairs	33,591	48,462	82,053
Office expense	1,714	1,608	3,322
Insurance	3,066	8,255	11,321
Permits	-	2,889	2,889
Professional services	4,087	9,156	13,243
Miscellaneous	445	2,685	3,130
Depreciation	293,857	410,292	704,149
Total operating expenses	<u>\$ 680,791</u>	<u>\$ 690,857</u>	<u>\$ 1,371,648</u>
Operating income (loss)	<u>\$ (303,229)</u>	<u>\$ (426,948)</u>	<u>\$ (730,177)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	\$ 11	\$ -	\$ 11
Interest expense	(45,096)	(155,748)	(200,844)
Total nonoperating revenues (expenses)	<u>\$ (45,085)</u>	<u>\$ (155,748)</u>	<u>\$ (200,833)</u>
Income before contributions and transfers	<u>\$ (348,314)</u>	<u>\$ (582,696)</u>	<u>\$ (931,010)</u>
Transfers in (Contributions from primary government)	\$ 316,808	\$ 391,537	\$ 708,345
Transfers out (project repayments to primary government)	(3,613)	-	(3,613)
Change in net position	<u>\$ (35,119)</u>	<u>\$ (191,159)</u>	<u>\$ (226,278)</u>
Net position - beginning	4,977,104	5,357,016	10,334,120
Net position - ending	<u>\$ 4,941,985</u>	<u>\$ 5,165,857</u>	<u>\$ 10,107,842</u>

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

	Enterprise Fund		
	Service Authority		
	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 377,524	\$ 262,665	\$ 640,189
Payments to suppliers	(254,191)	(160,345)	(414,536)
Payments to and for employees	(150,664)	(134,434)	(285,098)
Net cash provided by (used for) operating activities	<u>\$ (27,331)</u>	<u>\$ (32,114)</u>	<u>\$ (59,445)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to primary government	\$ (3,613)	\$ -	\$ (3,613)
Contributions from primary government or component unit	316,808	391,537	708,345
Net cash provided by (used for) noncapital financing activities	<u>\$ 313,195</u>	<u>\$ 391,537</u>	<u>\$ 704,732</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (20,400)	\$ -	\$ (20,400)
Principal payments on bonds	(200,844)	(168,030)	(368,874)
Interest expense	(45,838)	(155,892)	(201,730)
Net cash provided by (used for) capital and related financing activities	<u>\$ (267,082)</u>	<u>\$ (323,922)</u>	<u>\$ (591,004)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	\$ 11	\$ -	\$ 11
Net cash provided by (used for) investing activities	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>
Net increase (decrease) in cash and cash equivalents	\$ 18,793	\$ 35,501	\$ 54,294
Cash and cash equivalents - beginning (including restricted cash and cash equivalents of \$18,984 and \$151,304, respectively)	385,847	151,304	537,151
Cash and cash equivalents - ending (including restricted cash and cash equivalents of \$2,546 and \$178,718, respectively)	<u>\$ 404,640</u>	<u>\$ 186,805</u>	<u>\$ 591,445</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (303,229)	\$ (426,948)	\$ (730,177)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 293,857	\$ 410,292	\$ 704,149
(Increase) decrease in accounts receivable	(291)	(1,244)	(1,535)
(Increase) decrease in deferred outflows of resources	(7,394)	(1,765)	(9,159)
Increase (decrease) in customer deposits	253	-	253
Increase (decrease) in accounts payable	1,439	(3,087)	(1,648)
Increase (decrease) compensated absences	2,996	(7,849)	(4,853)
Increase (decrease) in net pension liability	-	(9,493)	(9,493)
Increase (decrease) in deferred inflows of resources	(14,962)	7,980	(6,982)
Total adjustments	<u>\$ 275,898</u>	<u>\$ 394,834</u>	<u>\$ 670,732</u>
Net cash provided by (used for) operating activities	<u>\$ (27,331)</u>	<u>\$ (32,114)</u>	<u>\$ (59,445)</u>

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

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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.

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

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

	<u>School Operating Fund</u>	<u>School Activity Fund</u>	<u>Total School Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	2,542,802	\$ -	\$ 2,542,802
Cash in custody of others	209,768	263,667	473,435
Due from other governmental units	228,095	-	228,095
Prepaid items	38,559	-	38,559
Total assets	<u>\$ 3,019,224</u>	<u>\$ 263,667</u>	<u>\$ 3,282,891</u>
<b>LIABILITIES</b>			
Accounts payable	85,339	\$ -	\$ 85,339
Accrued payroll	695,538	-	695,538
Due to primary government	267,812	-	267,812
Total liabilities	<u>\$ 1,048,689</u>	<u>\$ -</u>	<u>\$ 1,048,689</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Prepaid items	\$ 38,559	\$ -	\$ 38,559
<b>Restricted:</b>			
School cafeteria	209,768	-	209,768
School activity fund	-	263,667	263,667
<b>Assigned:</b>			
Textbook payments	73,430	-	73,430
Future school construction	1,650,341	-	1,650,341
Other school funds	36,996	-	36,996
<b>Unassigned</b>	(38,559)	-	(38,559)
Total fund balances	<u>\$ 1,970,535</u>	<u>\$ 263,667</u>	<u>\$ 2,234,202</u>
Total liabilities and fund balances	<u>\$ 3,019,224</u>	<u>\$ 263,667</u>	<u>\$ 3,019,224</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 2,234,202
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 614,083	
Buildings and improvements		1,724,219	
Machinery and equipment		437,709	
Construction in progress		<u>653,075</u>	3,429,086
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds			
Pension related items		\$ 1,577,300	
OPEB related items		<u>198,781</u>	1,776,081
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		\$ (1,384,303)	
Compensated absences		(112,641)	
Net pension liability		<u>(6,127,328)</u>	(7,624,272)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (947,925)	
OPEB related items		<u>(148,726)</u>	(1,096,651)
Net position of governmental activities			<u>\$ (1,281,554)</u>

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, 2021

	School Operating Fund	School Activity Fund*	Total School Fund
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 5,817	\$ -	\$ 5,817
Charges for services	40,057	169,099	209,156
Miscellaneous	230,211	-	230,211
Recovered costs	15,714	-	15,714
Intergovernmental:			
Local government	3,114,716	-	3,114,716
Commonwealth	4,908,714	-	4,908,714
Federal	1,043,469	-	1,043,469
Total revenues	<u>\$ 9,358,698</u>	<u>\$ 169,099</u>	<u>\$ 9,527,797</u>
<b>EXPENDITURES</b>			
Current:			
Education	<u>\$ 9,218,285</u>	<u>\$ 260,960</u>	<u>\$ 9,479,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 140,413</u>	<u>\$ (91,861)</u>	<u>\$ 48,552</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 3,500	\$ 90,808	\$ 94,308
Transfers out	(90,808)	(3,500)	(94,308)
Total other financing sources and uses	<u>\$ (87,308)</u>	<u>\$ 87,308</u>	<u>\$ -</u>
Net change in fund balances	\$ 53,105	\$ (4,553)	\$ 48,552
Fund balances - beginning, as restated	1,917,430	268,220	2,185,650
Fund balances - ending	<u>\$ 1,970,535</u>	<u>\$ 263,667</u>	<u>\$ 2,234,202</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			\$ 48,552
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		\$ 797,583	
Depreciation expense		<u>(247,871)</u>	549,712
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		\$ (16,797)	
Change in pension related items		199,575	
Change in OPEB related items		<u>(25,734)</u>	157,044
Change in net position of governmental activities			<u>\$ 755,308</u>

\*The School Activity Fund does not require a legally adopted budget.

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, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 5,817	\$ 5,817
Charges for services	160,000	160,000	40,057	(119,943)
Miscellaneous	291,680	291,680	230,211	(61,469)
Recovered costs	203,977	203,977	15,714	(188,263)
Intergovernmental:				
Local government	2,638,516	3,138,516	3,114,716	(23,800)
Commonwealth	4,866,587	4,866,587	4,908,714	42,127
Federal	595,193	595,193	1,043,469	448,276
Total revenues	<u>\$ 8,755,953</u>	<u>\$ 9,255,953</u>	<u>\$ 9,358,698</u>	<u>\$ 102,745</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 8,755,953</u>	<u>\$ 9,255,953</u>	<u>\$ 9,218,285</u>	<u>\$ 37,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,413</u>	<u>\$ 140,413</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 3,500	\$ 3,500
Transfers out	-	-	(90,808)	(90,808)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (87,308)</u>	<u>\$ (87,308)</u>
Net change in fund balances	\$ -	\$ -	\$ 53,105	\$ 53,105
Fund balances - beginning	-	-	1,917,430	1,917,430
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,970,535</u>	<u>\$ 1,970,535</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,773,406	\$ 2,773,406	\$ 2,781,473	\$ 8,067
Real and personal public service corporation taxes	595,287	595,287	603,388	8,101
Personal property taxes	1,268,779	1,268,779	1,161,623	(107,156)
Mobile home taxes	23,482	23,482	19,925	(3,557)
Machinery and tools taxes	446,538	446,538	243,756	(202,782)
Merchant's capital taxes	166,100	166,100	153,820	(12,280)
Penalties	25,000	25,000	32,142	7,142
Interest	12,000	12,000	40,134	28,134
Total general property taxes	<u>\$ 5,310,592</u>	<u>\$ 5,310,592</u>	<u>\$ 5,036,261</u>	<u>\$ (274,331)</u>
Other local taxes:				
Local sales and use taxes	\$ 405,788	\$ 405,788	\$ 452,214	\$ 46,426
Consumers' utility taxes	160,000	160,000	164,792	4,792
Consumption taxes	20,000	20,000	21,169	1,169
Gross receipts taxes	-	-	3,223	3,223
Franchise license tax	-	-	28,161	28,161
Motor vehicle licenses	120,000	120,000	117,698	(2,302)
Taxes on recordation and wills	29,984	29,984	35,667	5,683
Hotel and motel room taxes	10,500	10,500	31,817	21,317
Restaurant food taxes	360,000	360,000	211,505	(148,495)
Total other local taxes	<u>\$ 1,106,272</u>	<u>\$ 1,106,272</u>	<u>\$ 1,066,246</u>	<u>\$ (40,026)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,200	\$ 4,200	\$ 2,005	\$ (2,195)
Land use application fees	1,000	1,000	544	(456)
Transfer fees	-	-	312	312
Building permits	20,000	20,000	16,856	(3,144)
Permits and other licenses	400	400	300	(100)
Total permits, privilege fees, and regulatory licenses	<u>\$ 25,600</u>	<u>\$ 25,600</u>	<u>\$ 20,017</u>	<u>\$ (5,583)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 576,000	\$ 576,000	\$ 194,798	\$ (381,202)
Dog violation fines	25	25	-	(25)
Total fines and forfeitures	<u>\$ 576,025</u>	<u>\$ 576,025</u>	<u>\$ 194,798</u>	<u>\$ (381,227)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 33,800	\$ 33,800	\$ 47,269	\$ 13,469
Revenue from use of property	6,600	6,600	3,780	(2,820)
Total revenue from use of money and property	<u>\$ 40,400</u>	<u>\$ 40,400</u>	<u>\$ 51,049</u>	<u>\$ 10,649</u>
Charges for services:				
Charges for sheriff's fees	\$ 325	\$ 325	\$ (46)	\$ (371)
Charges for courthouse maintenance	14,000	14,000	5,927	(8,073)
Charges for law library	700	700	762	62
Charges for Commonwealth's Attorney	250	250	229	(21)
Charges for sanitation and waste removal	362,500	362,500	308,074	(54,426)
Charges for cannery	6,000	6,000	5,166	(834)
Charges for library	3,894	3,894	2,508	(1,386)
Charges for forest service coop law enforcement	2,640	2,640	2,176	(464)
Other charges for services	6,747	6,747	8,760	2,013
Total charges for services	<u>\$ 397,056</u>	<u>\$ 397,056</u>	<u>\$ 333,556</u>	<u>\$ (63,500)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 190,675	\$ 200,675	\$ 50,212	\$ (150,463)
Library donations	-	-	4,018	4,018
Crossroads Industrial Facilities Authority	150,000	150,000	391,226	241,226
Wythe Bland Community Foundation contribution	205,655	205,655	15,668	(189,987)
Total miscellaneous	<u>\$ 546,330</u>	<u>\$ 556,330</u>	<u>\$ 461,124</u>	<u>\$ (95,206)</u>
Recovered costs:				
Social services	\$ 57,919	\$ 57,919	\$ 26,152	\$ (31,767)
Utilities	1,500	1,500	1,004	(496)
Soil and Water Conservation District payroll	-	-	141,679	141,679
Other recovered costs	7,760	9,760	55,512	45,752
Total recovered costs	<u>\$ 67,179</u>	<u>\$ 69,179</u>	<u>\$ 224,347</u>	<u>\$ 155,168</u>
Total revenue from local sources	<u>\$ 8,069,454</u>	<u>\$ 8,081,454</u>	<u>\$ 7,387,398</u>	<u>\$ (694,056)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 500	\$ 500	\$ 627	\$ 127
Mobile home titling tax	20,000	20,000	9,840	(10,160)
Motor vehicle rental tax	-	-	292	292
State recordation tax	6,000	6,000	11,107	5,107
Communications taxes	100,000	100,000	76,938	(23,062)
Games of skill tax	-	-	8,352	8,352
Personal property tax relief funds	354,561	354,561	354,561	-
Total noncategorical aid	<u>\$ 481,061</u>	<u>\$ 481,061</u>	<u>\$ 461,717</u>	<u>\$ (19,344)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 170,200	\$ 170,200	\$ 166,940	\$ (3,260)
Sheriff	537,197	537,197	521,003	(16,194)
Commissioner of revenue	88,832	88,832	86,911	(1,921)
Treasurer	74,632	74,632	67,550	(7,082)
Registrar/electoral board	34,500	34,500	37,593	3,093
Clerk of the Circuit Court	154,377	154,377	158,018	3,641
Total shared expenses	<u>\$ 1,059,738</u>	<u>\$ 1,059,738</u>	<u>\$ 1,038,015</u>	<u>\$ (21,723)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 277,273	\$ 301,063	\$ 265,370	\$ (35,693)
Comprehensive Services Act program	372,670	372,670	255,026	(117,644)
Litter control grant	6,500	6,500	5,608	(892)
Two-for-life	6,300	6,300	6,584	284
E-911 state revenue	45,844	45,844	44,463	(1,381)
Victim-witness grant	17,045	17,045	14,523	(2,522)
Fire program	20,000	20,000	30,000	10,000
Highway planning grant	700,000	700,000	8,166	(691,834)
State library grant	37,600	37,600	32,394	(5,206)
Mining royalties	1,000	1,000	968	(32)
Department of justice grants	90,362	166,340	38,670	(127,670)
Total other categorical aid	<u>\$ 1,574,594</u>	<u>\$ 1,674,362</u>	<u>\$ 701,772</u>	<u>\$ (972,590)</u>
Total categorical aid	<u>\$ 2,634,332</u>	<u>\$ 2,734,100</u>	<u>\$ 1,739,787</u>	<u>\$ (994,313)</u>
Total revenue from the Commonwealth	<u>\$ 3,115,393</u>	<u>\$ 3,215,161</u>	<u>\$ 2,201,504</u>	<u>\$ (1,013,657)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 200,000	\$ 200,000	\$ 218,819	\$ 18,819
Categorical aid:				
Victim-witness grant	\$ 51,136	\$ 51,136	\$ 43,570	\$ (7,566)
Department of emergency management grant	-	9,300	16,879	7,579
Public assistance and welfare administration	643,997	699,254	616,352	(82,902)
Comprehensive Services Act program	-	-	15,621	15,621
Coronavirus relief funds	-	1,135,060	1,071,063	(63,997)
Appalachian regional commission broadband grant	459,764	459,764	-	(459,764)
Department of environmental quality grant	-	-	-	-
Community Development Block Grant	35,000	35,000	-	(35,000)
Total categorical aid	<u>\$ 1,189,897</u>	<u>\$ 2,389,514</u>	<u>\$ 1,763,485</u>	<u>\$ (626,029)</u>
Total revenue from the federal government	<u>\$ 1,389,897</u>	<u>\$ 2,589,514</u>	<u>\$ 1,982,304</u>	<u>\$ (607,210)</u>
Total General Fund	<u>\$ 12,574,744</u>	<u>\$ 13,886,129</u>	<u>\$ 11,571,206</u>	<u>\$ (2,314,923)</u>
Total Primary Government	<u>\$ 12,574,744</u>	<u>\$ 13,886,129</u>	<u>\$ 11,571,206</u>	<u>\$ (2,314,923)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,817	\$ 5,817
Charges for services:				
Cafeteria sales	\$ 160,000	\$ 160,000	\$ 40,057	\$ (119,943)
Miscellaneous:				
Other miscellaneous	\$ 291,680	\$ 291,680	\$ 230,211	\$ (61,469)
Recovered costs:				
Miscellaneous recovered costs	\$ 203,977	\$ 203,977	\$ 15,714	\$ (188,263)
Total revenue from local sources	<u>\$ 655,657</u>	<u>\$ 655,657</u>	<u>\$ 291,799</u>	<u>\$ (363,858)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bland, Virginia	\$ 2,638,516	\$ 3,138,516	\$ 3,114,716	\$ (23,800)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 834,205	\$ 834,205	\$ 895,307	\$ 61,102
Basic school aid	2,300,934	2,300,934	2,335,610	34,676
Regular foster care	13,519	13,519	19,252	5,733
Gifted and talented	22,210	22,210	22,690	480
Remedial education	64,495	64,495	65,889	1,394
Enrollment loss	63,547	63,547	53,136	(10,411)
Special education	341,271	341,271	348,644	7,373
Textbook payment	45,903	45,903	46,895	992
Vocational SOQ payments	47,778	47,778	45,817	(1,961)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (continued)				
School food	\$ -	\$ -	\$ 7,135	\$ 7,135
Social security fringe benefits	139,669	139,669	142,250	2,581
Retirement fringe benefits	325,894	325,894	331,627	5,733
Group life insurance benefits	9,824	9,824	10,036	212
Early reading intervention	23,534	23,534	25,888	2,354
Dropout prevention	3,312	3,312	3,312	-
Vocation education - equipment	-	-	5,273	5,273
Homebound education	2,635	2,635	3,681	1,046
At risk payments	109,046	109,046	96,864	(12,182)
Primary class size	84,076	84,076	86,486	2,410
Standards of Learning algebra readiness	9,509	9,509	9,509	-
Mentor teacher program	421	421	900	479
Virginia tobacco settlement	61,430	61,430	49,963	(11,467)
Technology initiative	102,000	102,000	102,000	-
Other state funds	200,000	200,000	200,550	550
	<u>\$ 4,866,587</u>	<u>\$ 4,866,587</u>	<u>\$ 4,908,714</u>	<u>\$ 42,127</u>
Total categorical aid				
	<u>\$ 4,866,587</u>	<u>\$ 4,866,587</u>	<u>\$ 4,908,714</u>	<u>\$ 42,127</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 139,864	\$ 139,864	\$ 141,655	\$ 1,791
Title VI-B, flow-through/preschool	210,611	210,611	191,895	(18,716)
Title VI-B, preschool	9,214	9,214	8,499	(715)
Title II Part A	32,813	32,813	12,750	(20,063)
School food program	190,000	190,000	404,832	214,832
Schools and roads	-	-	66,153	66,153
Career and technical education	12,691	12,691	9,805	(2,886)
Coronavirus relief funds	-	-	114,485	114,485
Other federal categorical	-	-	93,395	93,395
Total categorical aid	<u>\$ 595,193</u>	<u>\$ 595,193</u>	<u>\$ 1,043,469</u>	<u>\$ 448,276</u>
Total revenue from the federal government	<u>\$ 595,193</u>	<u>\$ 595,193</u>	<u>\$ 1,043,469</u>	<u>\$ 448,276</u>
Total School Operating Fund	<u>\$ 8,755,953</u>	<u>\$ 9,255,953</u>	<u>\$ 9,358,698</u>	<u>\$ 102,745</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 8,755,953</u>	<u>\$ 9,255,953</u>	<u>\$ 9,358,698</u>	<u>\$ 102,745</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 89,302	\$ 57,084	\$ 56,163	\$ 921
General and financial administration:				
County administrator	\$ 442,620	\$ 442,620	\$ 439,956	\$ 2,664
Commissioner of revenue	214,825	218,400	217,699	701
Treasurer	195,568	204,168	204,080	88
Legal services	36,525	36,025	35,960	65
Information technology	542,814	583,174	123,251	459,923
Auditors	91,550	87,543	80,000	7,543
Employee added benefit pool	3,000	1,435	200	1,235
Local government dues	10,275	10,275	9,076	1,199
Total general and financial administration	<u>\$ 1,537,177</u>	<u>\$ 1,583,640</u>	<u>\$ 1,110,222</u>	<u>\$ 473,418</u>
Board of elections:				
Electoral board and officials	\$ 40,333	\$ 40,333	\$ 33,775	\$ 6,558
Registrar	78,950	119,781	118,876	905
Total board of elections	<u>\$ 119,283</u>	<u>\$ 160,114</u>	<u>\$ 152,651</u>	<u>\$ 7,463</u>
Total general government administration	<u>\$ 1,745,762</u>	<u>\$ 1,800,838</u>	<u>\$ 1,319,036</u>	<u>\$ 481,802</u>
Judicial administration:				
Courts:				
Circuit court	\$ 6,441	\$ 6,441	\$ 3,434	\$ 3,007
General district court	2,630	2,895	3,191	(296)
Magistrates	375	375	-	375
Juvenile and domestic relations court	9,370	9,370	1,767	7,603
Victim and witness assistance	70,694	70,694	58,064	12,630
Clerk of the circuit court	241,747	254,863	244,938	9,925
Law Library	1,800	1,800	2,128	(328)
Total courts	<u>\$ 333,057</u>	<u>\$ 346,438</u>	<u>\$ 313,522</u>	<u>\$ 32,916</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 230,689	\$ 237,789	\$ 227,818	\$ 9,971
Total judicial administration	<u>\$ 563,746</u>	<u>\$ 584,227</u>	<u>\$ 541,340</u>	<u>\$ 42,887</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,126,624	\$ 1,176,624	\$ 998,782	\$ 177,842
Ticket enforcement	60,337	60,337	20,777	39,560
School resource officer	74,824	74,824	41,377	33,447
Total law enforcement and traffic control	<u>\$ 1,261,785</u>	<u>\$ 1,311,785</u>	<u>\$ 1,060,936</u>	<u>\$ 250,849</u>
Fire and rescue services:				
Fire department	\$ 137,200	\$ 149,332	\$ 154,231	\$ (4,899)
Ambulance and rescue services	26,525	50,525	50,155	370
Other fire and rescue services	95,743	60,501	36,529	23,972
Total fire and rescue services	<u>\$ 259,468</u>	<u>\$ 260,358</u>	<u>\$ 240,915</u>	<u>\$ 19,443</u>
Correction and detention:				
Regional jail	\$ 150,000	\$ 178,750	\$ 170,840	\$ 7,910
Courthouse security	118,837	118,837	38,060	80,777
Total correction and detention	<u>\$ 268,837</u>	<u>\$ 297,587</u>	<u>\$ 208,900</u>	<u>\$ 88,687</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (continued)				
Inspections:				
Building	\$ 92,182	\$ 104,182	\$ 103,474	\$ 708
Total inspections	<u>\$ 92,182</u>	<u>\$ 104,182</u>	<u>\$ 103,474</u>	<u>\$ 708</u>
Other protection:				
Animal control	\$ 67,422	\$ 57,422	\$ 55,276	\$ 2,146
Medical examiner	-	1,300	1,297	3
Emergency services	-	119,180	142,948	(23,768)
E-911	205,863	248,725	154,836	93,889
Coronavirus relief	-	647,949	596,898	51,051
Coronavirus relief - Contribution to EDA	-	146,500	146,500	-
Total other protection	<u>\$ 273,285</u>	<u>\$ 1,221,076</u>	<u>\$ 1,097,755</u>	<u>\$ 123,321</u>
Total public safety	<u>\$ 2,155,557</u>	<u>\$ 3,194,988</u>	<u>\$ 2,711,980</u>	<u>\$ 483,008</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 7,000	\$ 9,900	\$ 8,521	\$ 1,379
Sanitation and waste removal:				
Refuse collection and disposal	\$ 376,693	\$ 376,693	\$ 353,999	\$ 22,694
Landfill closure	25,000	25,000	32,095	(7,095)
Total sanitation and waste removal	<u>\$ 401,693</u>	<u>\$ 401,693</u>	<u>\$ 386,094</u>	<u>\$ 15,599</u>
Maintenance of general buildings and grounds:				
General properties	\$ 422,313	\$ 429,313	\$ 384,999	\$ 44,314
Canneries	51,664	46,564	43,146	3,418
Public works administration	162,944	152,944	146,040	6,904
Total maintenance of general buildings and grounds	<u>\$ 636,921</u>	<u>\$ 628,821</u>	<u>\$ 574,185</u>	<u>\$ 54,636</u>
Total public works	<u>\$ 1,045,614</u>	<u>\$ 1,040,414</u>	<u>\$ 968,800</u>	<u>\$ 71,614</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 96,087	\$ 96,087	\$ 96,087	-
Mental health and mental retardation:				
Community services board	\$ 38,000	\$ 38,000	\$ 38,000	-
Welfare:				
Welfare and public assistance	\$ 1,170,720	\$ 1,249,767	\$ 1,040,143	\$ 209,624
Elderly and handicapped services	9,700	9,700	9,700	-
Comprehensive services	423,102	423,102	351,780	71,322
Other welfare	2,053	2,053	1,500	553
Total welfare	<u>\$ 1,605,575</u>	<u>\$ 1,684,622</u>	<u>\$ 1,403,123</u>	<u>\$ 281,499</u>
Total health and welfare	<u>\$ 1,739,662</u>	<u>\$ 1,818,709</u>	<u>\$ 1,537,210</u>	<u>\$ 281,499</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 9,070	\$ 9,070	\$ 9,070	-
Contribution to County School Board	2,638,516	3,138,516	3,114,716	23,800
Total education	<u>\$ 2,647,586</u>	<u>\$ 3,147,586</u>	<u>\$ 3,123,786</u>	<u>\$ 23,800</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Parks and recreation: (Continued)				
Recreation facilities	\$ 11,264	\$ 5,904	\$ 4,603	\$ 1,301
Rocky Gap Greenway project	750,000	750,000	7,818	742,182
Total parks and recreation	<u>\$ 761,264</u>	<u>\$ 755,904</u>	<u>\$ 12,421</u>	<u>\$ 743,483</u>
Cultural enrichment:				
Indian Village	\$ 138,590	\$ 138,590	\$ 127,024	\$ 11,566
Youth enrichment program	1,000	2,392	1,392	1,000
Total cultural enrichment	<u>\$ 139,590</u>	<u>\$ 140,982</u>	<u>\$ 128,416</u>	<u>\$ 12,566</u>
Library:				
Library	\$ 423,837	\$ 431,601	\$ 208,743	\$ 222,858
Total parks, recreation, and cultural	<u>\$ 1,324,691</u>	<u>\$ 1,328,487</u>	<u>\$ 349,580</u>	<u>\$ 978,907</u>
Community development:				
Planning and community development:				
Community development	\$ 80,600	\$ 77,025	\$ 75,479	\$ 1,546
Planning	340,838	336,572	66,319	270,253
Contribution to EDA	340,000	345,100	145,020	200,080
Contribution to Wireless Authority	5,898	5,898	2,797	3,101
Economic development	37,480	77,480	77,833	(353)
Tourism	60,454	70,454	64,336	6,118
Total planning and community development	<u>\$ 865,270</u>	<u>\$ 912,529</u>	<u>\$ 431,784</u>	<u>\$ 480,745</u>
Environmental management:				
Regional contributions	\$ 13,500	\$ 13,500	\$ 13,000	\$ 500
Soil and Water Conservation District payroll	-	-	159,169	(159,169)
Total environmental management	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 172,169</u>	<u>\$ (158,669)</u>
Cooperative extension program:				
Extension office	\$ 78,455	\$ 78,455	\$ 76,080	\$ 2,375
Total community development	<u>\$ 957,225</u>	<u>\$ 1,004,484</u>	<u>\$ 680,033</u>	<u>\$ 324,451</u>
Capital projects:				
Other capital projects	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Total capital projects	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>
Debt service:				
Principal retirement	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Interest and other fiscal charges	72,113	72,113	72,113	-
Total debt service	<u>\$ 222,113</u>	<u>\$ 222,113</u>	<u>\$ 222,113</u>	<u>\$ -</u>
Total General Fund	<u>\$ 12,511,956</u>	<u>\$ 14,251,846</u>	<u>\$ 11,453,878</u>	<u>\$ 2,797,968</u>
Total Primary Government	<u>\$ 12,511,956</u>	<u>\$ 14,251,846</u>	<u>\$ 11,453,878</u>	<u>\$ 2,797,968</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund: (1)</b>				
Education:				
Instruction costs:				
Instruction costs	\$ 6,105,581	\$ 6,102,791	\$ 5,835,949	\$ 266,842
Operating costs:				
Administration and health services	\$ 742,208	\$ 1,042,208	\$ 1,026,165	\$ 16,043
Pupil transportation	620,246	623,036	550,939	72,097
Operation and maintenance of school plant	937,918	1,137,918	1,393,433	(255,515)
Total operating costs	<u>\$ 2,300,372</u>	<u>\$ 2,803,162</u>	<u>\$ 2,970,537</u>	<u>\$ (167,375)</u>
School food services:				
Administration of school food program	\$ 350,000	\$ 350,000	\$ 411,799	\$ (61,799)
Total Discretely Presented Component Unit - School Board	<u>\$ 8,755,953</u>	<u>\$ 9,255,953</u>	<u>\$ 9,218,285</u>	<u>\$ 37,668</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 \$190,620, 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
2020-21	\$ 1,356,149	\$ 556,713	\$ 2,607,312	\$ 995,004	\$ 1,534,988	\$ 3,123,786	\$ 439,107	\$ 552,288	\$ 53,151	\$ 1,572,492	\$ 12,790,990
2019-20	1,336,162	566,060	1,941,421	1,080,176	1,593,791	2,362,119	494,376	472,711	58,645	1,498,775	11,404,236
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

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		
2020-21	\$ 1,174,720	\$ 3,495,106	\$ 8,166	\$ 4,988,721	\$ 1,066,246	\$ 62,676	\$ 464,630	\$ 680,536	\$ 11,940,801	
2019-20	1,115,100	2,551,990	116,971	4,973,367	1,000,285	101,835	86,246	680,006	10,625,800	
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	

Table 3

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
2020-21	\$ 1,319,036	\$ 541,340	\$ 2,711,980	\$ 968,800	\$ 1,537,210	\$ 9,227,355	\$ 349,580	\$ 680,033	\$ 222,113	\$ 17,557,447
2019-20	1,292,293	533,690	1,834,452	1,051,291	1,481,875	8,147,426	384,828	601,401	222,759	15,550,015
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

(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
2020-21	\$ 5,036,261	\$ 1,066,246	\$ 20,017	\$ 194,798	\$ 56,866	\$ 542,712	\$ 691,335	\$ 240,061	\$ 10,135,991	\$ 17,984,287
2019-20	4,955,516	1,000,285	32,048	214,685	104,369	404,876	366,317	289,480	8,593,693	15,961,269
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

(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
2020-21	\$ 5,316,014	\$ 5,086,052	95.67%	\$ 232,494	\$ 5,318,546	100.05%	\$ 778,377	14.64%
2019-20	5,238,394	5,005,980	95.56%	219,122	5,225,102	99.75%	841,194	16.06%
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%

(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
2020-21	\$ 470,148,200	\$ 69,069,704	\$ 26,999,772	\$ 21,122,131	\$ 100,564,605	\$ 687,904,412
2019-20	457,625,087	69,605,562	27,177,808	22,348,909	99,214,574	675,971,940
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

(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
2020-21	\$ 0.60	2.29	0.60	0.73	0.89
2019-20	0.60	2.29	0.60	0.73	0.89
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

(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
2020-21	6,824	\$ 687,904	\$ -	-	0.00%	-
2019-20	6,824	675,972	-	-	0.00%	-
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

(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
2020-21	\$ 150,000	\$ 72,113	\$ 222,113	\$ 17,557,447	1.27%
2019-20	145,000	77,759	222,759	15,550,015	1.43%
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%

(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.

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## COMPLIANCE SECTION

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

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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, 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, 2021, 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 December 1, 2021.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001, that we consider to be a material weakness.

## 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## County of 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, Faver, Cox Associates*

Blacksburg, Virginia  
December 1, 2021



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

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**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, 2021. 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, 2021.

## 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, Fane, Cox Associates*

Blacksburg, Virginia  
December 1, 2021

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/Cluster/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119, 0950120	\$ 4,902
Temporary Assistance for Needy Families	93.558	0400120, 0400121	73,238
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121	160
Low-Income Home Energy Assistance	93.568	0600420, 0600421	11,875
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121	15,681
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121	44
Foster Care - Title IV-E	93.658	1100120, 1100121	68,615
Adoption Assistance	93.659	1120120, 1120121	60,851
Social Services Block Grant	93.667	1000120, 1000121	117,302
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120	751
Children's Health Insurance Program	93.767	0540120, 0540121	1,309
Medicaid Cluster:			
Medical Assistance Program	93.778	1200120, 1200121	119,205
Total Department of Health and Human Services			<u>\$ 473,933</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
National School Lunch Program - Food Distribution (3)	10.555	Not available	\$ 23,294
Department of Education:			
COVID-19 National School Lunch Program	10.555	40264	672 \$ 23,966
COVID-19 School Breakfast Program	10.553	40263	199
Department of Agriculture:			
COVID-19 Summer Food Service Program for Children	10.559	60175, 60176	\$ 26,710
Summer Food Service Program for Children	10.559	60302, 60303	353,957 380,667 \$ 404,832
Forest Service Scools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	66,153
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120, 0010121, 0040120, 0040121	158,040
Total Department of Agriculture			<u>\$ 629,025</u>
Department of Treasury:			
Pass Through Payments:			
Department of Accounts:			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 1,035,629
Department of Education:			
COVID-19 - Coronavirus Relief Fund	21.019	APE70056	114,485 \$ 1,150,114
Election Assistance Commission:			
Pass Through Payments:			
Department of Elections:			
COVID-19 - HAVA Election Security Grants	90.404	Unknown	\$ 35,434
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	EMP-2020-EP-00005	\$ 7,500
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4512 DRVAP000000001	9,379
Total Department of Agriculture			<u>\$ 16,879</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	CJS5601701, CJS86018	\$ 43,570
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 141,655
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	\$ 191,895
Special Education - Preschool Grants	84.173	62521	8,499 200,394
Career and Technical Education - Basic Grants to States	84.048	60031	9,805
Elementary and Secondary School Emergency Relief Fund	84.425D	60177	93,395
Supporting Effective Instruction State Grants	84.367	61480	12,750
Total Department of Education			<u>\$ 457,999</u>
Total Expenditures of Federal Awards			<u>\$ 2,806,954</u>

County of Bland, Virginia  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2021

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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, 2021. 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, 2021, the Bland County School Board had food commodities totaling \$23,294 in inventory.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2021.

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	\$ 1,982,304
Less: Payment in Lieu of Taxes	(218,819)
Total General Fund	<u>\$ 1,763,485</u>
Total primary government	<u>\$ 1,763,485</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 1,043,469</u>
Total federal expenditures per the basic financial statements	<u>\$ 2,806,954</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 2,806,954</u>

County of Bland, Virginia

Schedule of Findings and Questioned Costs  
For The Year Ended June 30, 2021

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Section I - Summary of Auditors' Results

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	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>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Funds

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, 2021

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Section II - Financial Statement Findings

2021-001

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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

County of Bland, Virginia

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021

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Section I - Summary of Auditors' Results

2020-001	Significant Deficiency
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.
Recommendation:	Management should further try to segregate duties amongst current staff to help mitigate risk created by improper segregation of duties.
Current Status:	Finding 2020-001 was repeated in the current year as 2021-001.