

# COUNTY OF CAMPBELL, VIRGINIA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

PREPARED BY:  
FINANCE & MANAGEMENT SERVICES DEPARTMENT



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

TABLE OF CONTENTS

---

|                                                                                                                                                                | <u>PAGE</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>INTRODUCTORY SECTION</b>                                                                                                                                    |             |
| Letter of Transmittal                                                                                                                                          | 1-5         |
| Certificate of Achievement for Excellence in Financial Reporting                                                                                               | 7           |
| Directory of Principal Officials                                                                                                                               | 9           |
| Organizational Chart                                                                                                                                           | 11          |
| <b>FINANCIAL SECTION</b>                                                                                                                                       |             |
| Independent Auditors' Report                                                                                                                                   | 13-15       |
| Management's Discussion and Analysis                                                                                                                           | 17-27       |
| <b><u>Basic Financial Statements:</u></b>                                                                                                                      |             |
| <b>Government-wide Financial Statements:</b>                                                                                                                   |             |
| Exhibit 1      Statement of Net Position                                                                                                                       | 33          |
| Exhibit 2      Statement of Activities                                                                                                                         | 34-35       |
| <b>Fund Financial Statements:</b>                                                                                                                              |             |
| Exhibit 3      Balance Sheet—Governmental Funds                                                                                                                | 38          |
| Exhibit 4      Statement of Revenues, Expenditures, and Changes in Fund Balances—<br>Governmental Funds                                                        | 39          |
| Exhibit 5      Reconciliation of the Statement of Revenues, Expenditures, and Changes<br>in Fund Balances of Governmental Funds to the Statement of Activities | 40          |
| Exhibit 6      Statement of Net Position—Health Insurance Fund                                                                                                 | 41          |
| Exhibit 7      Statement of Revenues, Expenses, and Changes in Net Position—<br>Health Insurance Fund                                                          | 42          |
| Exhibit 8      Statement of Cash Flows—Health Insurance Fund                                                                                                   | 43          |
| Exhibit 9      Statement of Fiduciary Net Position—Fiduciary Funds                                                                                             | 44          |
| <b>Notes to Financial Statements</b>                                                                                                                           | 45-118      |

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

TABLE OF CONTENTS (CONTINUED)

| FINANCIAL SECTION (CONTINUED)                                                                                                                                        | <u>PAGE</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b><u>Required Supplementary Information:</u></b>                                                                                                                    |             |
| Exhibit 10    Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>General Fund—Budget and Actual                                                    | 121-123     |
| Exhibit 11    Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Solid Waste Fund—Budget and Actual                                                | 124         |
| Exhibit 12    Schedule of Changes in Net Pension Liability and Related Ratios—<br>Primary Government - Pension Plans                                                 | 125         |
| Exhibit 13    Schedule of Changes in Net Pension Liability and Related Ratios—<br>Component Unit School Board (nonprofessional) - Pension Plans                      | 126         |
| Exhibit 14    Schedule of Employer's Share of Net Pension Liability VRS Teacher<br>Retirement Plan - Pension Plans                                                   | 127         |
| Exhibit 15    Schedule of Employer Contributions - Pension Plans                                                                                                     | 128         |
| Exhibit 16    Notes to Required Supplementary Information - Pension Plans                                                                                            | 129         |
| Exhibit 17    OPEB Health Insurance Plan - Schedule of OPEB Funding Progress                                                                                         | 130         |
| Exhibit 18    OPEB Health Insurance Plan - Notes to Required Supplementary Information                                                                               | 131         |
| Exhibit 19    Schedule of Share of Net OPEB Liability - Group Life Insurance Program                                                                                 | 132         |
| Exhibit 20    Schedule of Employer Contributions - Group Life Insurance Program                                                                                      | 133         |
| Exhibit 21    Notes to Required Supplementary Information - Group Life Insurance Program                                                                             | 134         |
| Exhibit 22    Schedule of Changes in the School Board's Net OPEB Liability and Related<br>Ratios Health Insurance Credit (HIC) Program -School Board-Nonprofessional | 135         |
| Exhibit 23    Schedule of School Board's Share of Net OPEB Liability-Teacher Employee Health<br>Insurance Credit (HIC) Program                                       | 136         |
| Exhibit 24    Schedule of Employer Contributions - Health Insurance Credit (HIC)<br>Program - School Board                                                           | 137         |
| Exhibit 25    Notes to Required Supplementary Information - Health Insurance Credit<br>(HIC) Program - School Board                                                  | 138         |

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

TABLE OF CONTENTS (CONTINUED)

PAGE

FINANCIAL SECTION (CONTINUED)

Other Supplementary Information:

Combining and Individual Fund Financial Statements and Schedules:

|            |                                                                                                                 |         |
|------------|-----------------------------------------------------------------------------------------------------------------|---------|
| Exhibit 26 | Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Capital Projects Fund—Budget and Actual    | 140-141 |
| Exhibit 27 | Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>County Debt Service Fund—Budget and Actual | 142     |
| Exhibit 28 | Combining Statement of Fiduciary Net Position—Agency Funds                                                      | 143     |
| Exhibit 29 | Combining Statement of Changes in Assets and Liabilities—Agency Funds                                           | 144     |

Discretely Presented Component Units:

|            |                                                                                                                                                                  |     |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Exhibit 30 | Combining Balance Sheet—Discretely Presented Component Unit-<br>School Board                                                                                     | 145 |
| Exhibit 31 | Combining Statement of Revenues, Expenditures, and Changes in Fund<br>Balances—Governmental Funds—Discretely Presented Component Unit<br>-School Board           | 146 |
| Exhibit 32 | Schedule of Revenues, Expenditures, and Changes in Fund Balances—<br>Discretely Presented Component Unit School Board—School Operating<br>Fund-Budget and Actual | 147 |
| Exhibit 33 | Statement of Net Position—Discretely Presented<br>Component Unit-Industrial Development Authority                                                                | 148 |
| Exhibit 34 | Schedule of Revenues, Expenses, and Changes in Net Position—<br>Discretely Presented Component Unit—Industrial Development Authority                             | 149 |
| Exhibit 35 | Statement of Cash Flows—Discretely Presented Component Unit—<br>Industrial Development Authority                                                                 | 150 |

**COUNTY OF CAMPBELL, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS (CONTINUED)**

---

|                                                                                                                                                                                                                          | <u>PAGE</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>STATISTICAL SECTION:</b>                                                                                                                                                                                              |             |
| Table 1      Net Position by Component                                                                                                                                                                                   | 152         |
| Table 2      Changes in Net Position                                                                                                                                                                                     | 153-154     |
| Table 3      Fund Balances of Governmental Funds                                                                                                                                                                         | 155         |
| Table 4      Changes in Fund Balances of Governmental Funds                                                                                                                                                              | 156         |
| Table 5      Assessed Value and Estimated Actual Value of Taxable Property                                                                                                                                               | 157         |
| Table 6      Principal Property Taxpayers                                                                                                                                                                                | 158         |
| Table 7      Property Tax Levies and Collections                                                                                                                                                                         | 159         |
| Table 8      Ratios of Total Outstanding Debt                                                                                                                                                                            | 160         |
| Table 9      Ratio of Net General Bonded Debt to Assessed Value and Net Bonded<br>Debt per Capita                                                                                                                        | 161         |
| Table 10     Principal Employers                                                                                                                                                                                         | 162         |
| Table 11     Demographic and Economic Statistics                                                                                                                                                                         | 163         |
| Table 12     Full-Time Equivalent County Government Employees by Function                                                                                                                                                | 164         |
| Table 13     Operating Indicators by Function                                                                                                                                                                            | 165         |
| Table 14     Capital Asset Statistics by Function                                                                                                                                                                        | 166         |
| <b>COMPLIANCE SECTION:</b>                                                                                                                                                                                               |             |
| Independent Auditors' Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with Government Auditing Standards | 167-168     |
| Independent Auditors' Report on Compliance For Each Major Program and on<br>Internal Control over Compliance Required by the Uniform Guidance                                                                            | 169-170     |
| Schedule of Expenditures of Federal Awards                                                                                                                                                                               | 171-172     |
| Notes to Schedule of Expenditures of Federal Awards                                                                                                                                                                      | 173         |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                | 174         |



**Board of Supervisors**

**Kenny Brown**

**Matt Cline**

**Susan Hogg**

**Jon Hardie**

**Dale Moore**

**Steve Shockley**

**Charlie Watts, II**

P.O. Box 100, Rustburg, VA 24588

[administration@campbellcountyva.gov](mailto:administration@campbellcountyva.gov)

Phone: 434-332-9525; 283-9525

Fax: 434-332-9617

December 7, 2020

To the Honorable Members of the Board of Supervisors  
To the Citizens of Campbell County  
County of Campbell, Virginia

We are pleased to present the Comprehensive Annual Financial Report of the County of Campbell, Virginia, (the "County"), for the fiscal year ended June 30, 2020. This report was prepared by the County's Department of Management Services. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

**Budgetary Controls:** In addition to the internal accounting controls noted above, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Activities of the general fund and capital projects funds are included in the annual appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations.

The County adopts an annual budget by July 1 of each year as required by §15.2-2503, Code of Virginia of 1950, as amended. A budget is not required for fiduciary funds.

When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507, Code of Virginia of 1950, as amended. Budgetary compliance is monitored and



reported at the department level. The budget is implemented through appropriations that the Board makes annually, with supplemental appropriations made as required.

#### THE REPORTING ENTITY AND ITS SERVICES

The County of Campbell report includes all funds of the “primary government.” In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include public safety, public works, libraries, economic development, law enforcement, social services, recreation and cultural activities, and community development. Additionally, the County is responsible for funding primary and secondary education and appoints a separate board to handle utilities. For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, “The Financial Reporting Entity,” the County has identified two discrete component units. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. There, the County School Board and the Industrial Development Authority (IDA) are reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government. The IDA is a legally separate organization providing economic development services to the County whose board is appointed by the County Board of Supervisors.

#### CAMPBELL COUNTY DEMOGRAPHIC & ECONOMIC DEVELOPMENT INFORMATION

During FY 2020 The Campbell County Department of Economic Development was able to secure and maintain a tenant for the 10,000 sq. ft. newly constructed IDA building located in Seneca Commerce Park.

Campbell County’s existing industrial sectors include, but are not limited to, advanced manufacturing, agriculture, automotive, banking/finance, call/customer service centers, forest/wood products, furniture, metal fabrication, nuclear engineering/fabrication, pharmaceutical, plastics, printing, textile and trucking.

In FY 2020 Campbell County’s unemployment rate ranged from 2.7% to 9.8% with an average of 4.5%. Virginia averaged 4.4% during FY 2020 in unemployment rates and the national average was 6.0%. This jump in unemployment rates was due to the COVID-19 Pandemic and its effects on communities; many businesses were forced to slow or cease operations due to the virus, which in turn, lead to higher job loss. Campbell County’s unemployment rate carries on the trend of ranging higher than the state but slightly lower than the national average. The Weldon Cooper Center reports that Campbell County’s population estimate continues to rise from the 2010 Census count of 54,842 to the 2019 estimate of 55,480.



## FY 2020 MAJOR ECONOMIC DEVELOPMENT DEPARTMENT ACCOMPLISHMENTS/INITIATIVES

- **Business Visitation Program** - During FY 2020 the Economic Development Department was able to participate in business visits and forums for the 52 in 52 Business Visitation Program that was launched in late FY 2019, and continued into FY 2020 until March when it was no longer advisable. The purpose of these visits was to reach out to current and new businesses, as well as offer several forums around the County to elicit feedback and open discussion from businesses regarding their practices and County policies.
- **Tobacco Agriculture Grants** - The County administered Phase II of the Pasture Grant giving out \$270,443.45 to producers who applied through the Virginia Tobacco Indemnification and Community Revitalization Commission.
- **Other Grants** - Virginia Tobacco Indemnification and Community Revitalization Commission's grant that was awarded for broadband expansion in the County remains in effect for improvements to broadband accessibility throughout the County.
- **Marketing** - Campbell County continued to partner with area localities to market the region, as well as taking part in Regional Economic Development Team Meetings. Economic Development took part in a regional COVID Response Team, which was comprised of Lynchburg Regional Business Alliance representatives and other local officials to address business concerns due to the pandemic.
- **Industrial Park Development** - County staff partnered with the Lynchburg Regional Business Alliance and Draper Aden to help raise the certification level of Seneca Commerce Park to a Tier 4. This ranking is based on the Virginia Economic Development Partnerships Site Classification System. Portions of the park were classified as a Tier 2, which was explained as site controlled and marketed for development.
- **Website** - Economic Development's website continues to be the main method of advertising and marketing for the County. Sustained efforts are given not only to the industrial properties, but events throughout the area that benefit the business community.
- **Continuing Education** - Staff members continued their educational and developmental opportunities over the year. Attendance was given to the Virginia Economic Developers Association conferences, as well as Chmura JobsEQ's Conference for training and additional certification credentials.

## FY 2020 OTHER ACCOMPLISHMENTS/INITIATIVES

- The Campbell County Public Library rolled out curbside service at all four branch locations in response to COVID-19. In addition, a streamlined process was developed to issue library cards to patrons by mail.
- The main Library in Rustburg held their first annual Rustburg Street Fair in July 2019. The 2<sup>nd</sup> annual event was scheduled for July 2020 but was canceled due to the Pandemic. Staff are currently making plans for July 2021.
- The main Library in Rustburg completed a renovation on their Children's programming area.
- The Recreation Department, with the help of Public Works, completed the build of a full-service public restroom facility at Timbrook Park, and installed new playground equipment.

- The Recreation Department completed some regrading, installation of turf on the football field and had new fencing installed at Timbrook Park. New fencing was also installed around the Long Mountain Park parking lot.
- The Department of Finance & Strategic Initiatives was a newly created department in FY 2020. The County was able to secure an “AA” bond rating from all three major bond rating agencies. With this rating, the County was able to secure funding for a new Middle School in Rustburg and purchase a new radio system for Public Safety and the Sheriff’s Office in the amount of \$45M, obtained at a fixed rate of 2.68% interest for 27 years.
- The Department of Finance & Strategic Initiatives created new Financial Policies for the County that the Board of Supervisors approved in October 2019.
- Public Works replaced HVAC system at the Patrick Henry Memorial Library in Brookneal.
- The Concord Transfer Site is now manned by County Staff 64 hours per week.
- Public Works Revenue Sharing program completed the Liberty University Ramp and Roundabout highway construction project.
- Reached 75% completion of Simons Run Revenue Sharing highway construction project.
- Public Works coordinated the installation and completion of a new elevator in the Courthouse.
- Public Works began a Public-Private Education and Infrastructure Act (PPEA) project for the design and construction of a new middle school in Rustburg.

#### PROPERTY TAX RATES

The Personal Property Tax rate decreased by \$.02 to \$4.38 per \$100 of assessed value. Machinery & Tools Tax rate decreased by \$.05 to \$3.20 per \$100 of assessed value. Likewise the Business, Professional and Occupational License (BPOL) rates decreased by 5%, taking the new rates to:

- \$0.1520 per \$100 of gross receipts for contractors;
- \$0.1900 per \$100 of gross receipts for retail sales;
- \$0.3325 per \$100 of gross receipts for personal service & repair;
- \$0.4750 per \$100 of gross receipts for professional service;
- \$0.4750 per \$100 of gross receipts for public service; and
- \$0.0475 per \$100 of gross receipts for wholesalers

The Real Estate Tax rate of \$0.52 cents per \$100 of assessed value remains unchanged.

#### GOVERNMENT’S FINANCIAL POLICIES AND LONG TERM FINANCIAL PLANNING

The recently adopted Campbell County Financial Policy has established a target Unassigned General Fund Balance of 15% of the combined budgets of the General Fund and School Operating Fund, less the local funding share to the Schools. For the FY 2020 budget year this totals 15% of \$134.5 million or \$20.1 million. The target of \$19.1 million represents approximately 60 days of operating reserve, and additionally serves to meet required financial assurance measures for solid waste activities, and demonstrates the County’s fiscal soundness for borrowing capacity. As of June 30, 2020 there is a total of \$5.6 million assigned by the Board for future needs of school maintenance, economic development, debt service and emergency medical services.



The County utilizes an annual comprehensive planning process to look at long-term capital and operational needs. This process leads to the development of a formal Strategic Plan and Timeline that identifies future funding requirements of up to five years for Strategic Planning. This plan is adopted by the Board of Supervisors in February of each year and used to develop the annual operating budget. Additionally, this same process yields a five-year Capital Improvement Plan (CIP) for the primary government and schools that is formally adopted by the Board in the spring of each year in conjunction with the annual operating budget.

#### OTHER INFORMATION

**Management's Discussion and Analysis:** Generally accepted accounting principles (GAAP) require management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The County of Campbell's MD&A can be found immediately following the report of the independent auditors.

**Independent Audit:** The Commonwealth of Virginia requires an annual audit of the financial records and transactions of all departments of the County by independent certified public accountants selected by the Board of Supervisors. The County is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the findings and recommendations, and auditors' reports on the internal control structure and compliance with laws and regulations, is contained in this report. These requirements have been complied with and the auditor's opinion is included in this report.

**Certificate of Achievement:** In order to be awarded a Certificate of Achievement from the Government Finance Officers Association (GFOA), a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. The County has been the recipient of this prestigious award for the last sixteen successive years.

**Acknowledgments:** The preparation of this report on a timely basis could not have been accomplished without the dedicated services of the entire Management Services Department in conjunction with the Department of Finance & Strategic Initiatives. We would also like to thank the Board of Supervisors for their interest and support in planning and conducting the financial operation of the County in a responsible and progressive manner. In addition we would like to thank the Commissioner of the Revenue, Real Estate Office, Community Development, Economic Development and other employees for their assistance in the preparation of this report.

Respectfully Submitted,



Frank Rogers  
County Administrator



Ronna Johnson-Davis  
Director of Management Services

This page intentionally left blank



Government Finance Officers Association

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

Presented to

**County of Campbell  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

This page intentionally left blank



**COUNTY OF CAMPBELL, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**JUNE 30, 2020**

**BOARD OF SUPERVISORS**

Charlie A. Watts, II, Chairman  
Jon R. Hardie, Vice-Chairman

Kenny Brown  
Matt Cline  
Susan R. Hogg

A. Dale Moore  
Steve Shockley

**COUNTY SCHOOL BOARD**

Mark A. Epperson, Chairman  
David Phillips, Vice-Chairman

R. Leon Brandt, Jr.  
Barry A. Jones  
Gary R. Mattox

Dr. Scott A. Miller  
Barabara Rypkema

**COUNTY LIBRARY BOARD**

Cindy Shockley, Chairman  
Bill van Opstal, Vice-Chairman

Cathy Brewer  
Kenny Brown  
Rachel Cartwright

Kim Martin  
Tamara Nuckols  
Donna Roberts

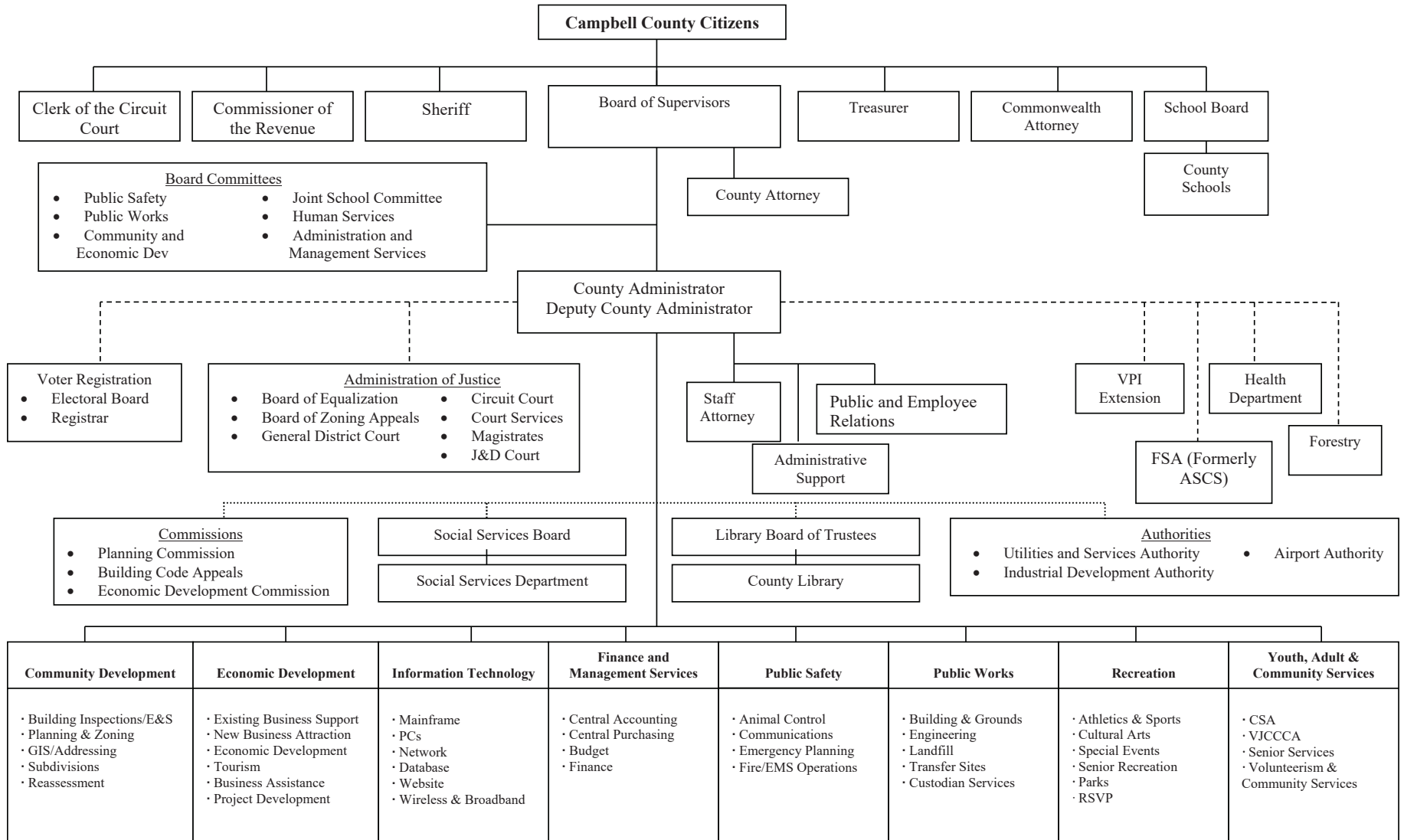
**OTHER OFFICIALS**

Judge of the Circuit Court  
Clerk of the Circuit Court  
Chief Judge of the General District Court  
Presiding Judge of the General District Court  
Judge of the Juvenile & Domestic Relations Circuit Court  
Commonwealth's Attorney  
County Attorney  
Commissioner of the Revenue  
Treasurer  
Sheriff  
Superintendent of Schools  
Social Services Director  
County Administrator

John T. Cook  
Valerie P. Younger  
Sam D. Eggleston, III  
Stephanie S. Maddox  
Hon. Brooke Taylor Willse Gaddy  
Paul McAndrews  
F.E. "Tripp" Eisenhower  
Calvin C. Massie, Jr.  
Sheila M. Smith  
Winston Whitfield Clark, III  
Dr. Robert Johnson  
Lisa Linthicum  
Frank J. Rogers

This page intentionally left blank

## CAMPBELL COUNTY, VIRGINIA – ORGANIZATIONAL CHART



This page intentionally left blank



---

**Independent Auditors' Report**

---

**To the Honorable Members of  
The Board of Supervisors  
County of Campbell, Virginia**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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



## ***Opinions***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 17-27, 121-124, and 125-138 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

## ***Other Matters (Continued)***

### ***Supplementary and Other Information (Continued)***

The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the County of Campbell, 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 Campbell, 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 Campbell, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 23, 2020

This page intentionally left blank

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Campbell, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. In some areas, references to where the information is found in the CAFR is bracketed [ ] to provide location of data.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources at the close of fiscal year 2020 by \$51,526,317 (net position) [Exhibit 1]. During the current fiscal year, the County's net position increased by \$8,690,399 [Exhibit 2].

The increase in net position is largely due to the receipt of CARES Act funding, the unbudgeted and newly enacted Meals Tax Revenue and the sale of the Dearing Ford Business and Manufacturing Center to the Town of Altavista. Of note, investments decreased as cash and cash equivalents increased due to Raymond James maturing CD's transferring to the Local Government Investment Pool (LGIP) which offers greater liquidity than CD's. Therefore, investments went down while cash and cash equivalents went up.

- \$4,788,505 was received in FY 2020 from The Coronavirus Aid, Relief, and Economic Security Act (CARES) approved by the Federal Government and passed along by the State to Campbell County and \$93,918 from the Federal Emergency Management Agency (FEMA). These funds were received to help fight the spread of the Coronavirus. For fiscal year 2020 the County recognized \$2,096,791 in revenue from these grants and the remaining balance is reported as unearned revenue.
- The County's combined funds reported year-ending fund balances totaling \$44,160,927 [Exhibit 3] and reflected an increase of \$6,453,560 from the previous year.
- At the end of the current fiscal year 2020, the unassigned fund balance for the General Fund of \$22,244,265 [Exhibit 3] represented 28.2% of the total General Fund expenditures and transfers for the year. The unassigned fund balance for the General Fund increased by \$4,564,564. In addition, \$5,479,967 of the total fund balance was assigned for future needs of school maintenance, economic development, debt service, reassessment services and emergency management services [Exhibit 3].
- The Campbell County Financial Policy established a target unassigned General Fund balance of 15% of the General Fund budget [Exhibit 10] and School Operating Fund budget [Exhibit 31], less the County's local share contribution to the School Operating Fund. For the FY 2020 budget year this totals 15% of \$134.5 million or \$20.1 million; the County has exceeded that target with an Unassigned Fund Balance at year-end of \$22,244,265. The 15% target represents approximately 60 days of operating reserve, required financial assurance measures for solid waste activities and demonstrates the County's fiscal soundness for borrowing capacity.

### Overview of the Financial Statements

The discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

## Overview of the Financial Statements: (Continued)

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration, public safety, administration of justice, education, health and welfare, planning and community development and parks, recreation, and cultural activities.

The government-wide financial statements include not only the County of Campbell, Virginia itself (known as the primary government), but also a legally separate school district and an Industrial Development Authority (IDA) for which the County of Campbell, Virginia has incurred a moral obligation to provide funding for the payment of debt. Financial information for these component units is reported separately from the financial information present for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Campbell, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - *Governmental funds* are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **Overview of the Financial Statements: (Continued)**

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Solid Waste Management Fund, the General Capital Projects Fund, the School Construction Capital Projects Fund, Debt Service Fund and Road Construction Fund all of which are considered to be major funds [Exhibit 3 & 4].

The County established a separate fund in FY 2015 for road sharing construction projects involving Liberty University and the Virginia Department of Transportation. The County does not provide funding for these road projects and will serve as a pass-through. There resides \$2.8 million in restricted cash [Exhibit 3] in this fund as of June 30, 2020, which was contributed by Liberty University and the Virginia Department of Transportation.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund [Exhibit 10], the Solid Waste Fund [Exhibit 11], the Capital Projects Fund, the School Construction Projects Fund and Road Construction Fund [Exhibit 26], and the Debt Service Fund [Exhibit 27].

Proprietary funds - The County maintains one proprietary fund - the Health Insurance Fund [Exhibit 6]. The Health Insurance Fund is an internal service fund and is used to account for costs of providing health and dental insurance to county and school employees as well as employees of Campbell County Utilities and Service Authority (CCUSA) along with a Health Savings Account (HSA). Proprietary funds use the accrual basis of accounting, similar to a private sector business. These funds are restricted in their use for current and future health related costs only, including a reserve to meet future retiree obligations.

Fiduciary funds - The County is the trustee, or fiduciary agent, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for two discretely presented component units consisting of the School Board and the IDA. Neither the School Board, or IDA, issue separate financial statements.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$51,526,317 at the close of fiscal year 2020. The summary of Net Position below is based on accrual accounting method with data collected from [Exhibit 1].

| Summary of Net Position               |                         |                      |
|---------------------------------------|-------------------------|----------------------|
|                                       | Governmental Activities |                      |
|                                       | 2020                    | 2019                 |
| <b>Assets</b>                         |                         |                      |
| Current and Other assets              | \$ 105,945,289          | \$ 89,890,953        |
| Capital assets                        | 45,822,343              | 46,701,941           |
| <b>Total assets</b>                   | <b>151,767,632</b>      | <b>136,592,894</b>   |
| <b>Deferred outflows of resources</b> | <b>\$ 4,031,646</b>     | <b>\$ 1,932,107</b>  |
| <b>Liabilities</b>                    |                         |                      |
| Long-term liabilities                 | \$ 48,419,150           | \$ 48,222,825        |
| Current liabilities                   | 8,474,874               | 5,562,338            |
| <b>Total liabilities</b>              | <b>\$ 56,894,024</b>    | <b>\$ 53,785,163</b> |
| <b>Deferred inflows of resources</b>  | <b>\$ 47,378,937</b>    | <b>\$ 41,903,920</b> |
| <b>Net position:</b>                  |                         |                      |
| Net investment in capital assets      | \$ 18,762,186           | \$ 17,846,292        |
| Restricted                            | 2,443,911               | 4,048,160            |
| Unrestricted                          | 30,320,220              | 20,941,466           |
| <b>Total net position</b>             | <b>\$ 51,526,317</b>    | <b>\$ 42,835,918</b> |

The largest portion of the County's net position of \$30,320,220 (58.8% of total net position) [Exhibit 1], primarily consists of cash, cash equivalents and investments and other current assets and is reported as unrestricted net position. \$2.4 million of the net position reported for the County is restricted to Road Sharing Construction Projects representing monies contributed by Liberty University and VDOT. At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

The remaining portion of the County's net position is \$18,762,186 (36.4% of total net position) and reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The county's net position increased in the amount of \$8,690,399.

**Health Insurance Fund:** Health Insurance Fund net position of \$7,509,447 [Exhibit 6] increased by \$754,704 primarily as a result of lower insurance claims and an increased transfer of funds from the General Fund.

The County's policy is to maintain a targeted fund balance in the Health Insurance Fund of 15% for the upcoming year. The targeted net position for the Health Insurance Fund in FY 2020 was \$2.1 million based on projected self-insured medical insurance claims and administration costs anticipated for next year. Additionally, the Health Insurance Fund balance as reported in the Statement of Net Position of \$7.5 million also reflects an increase in net position of \$1,139,601 representing estimated costs for claims incurred but not reported (IBNR) for year-end FY 2020. The purpose of the targeted net position is to provide funding for the short-term self-insured liability of the Fund. Funds above this amount are used to stabilize premium contribution rates over a longer period of time and pay for the continuation of the contributions to the Health Savings Accounts.



**Government-wide Financial Analysis: (Continued)**

HSA contributions for the year totaled \$2,407,938 on a combined basis for employer and employee contributions for County, Schools and CCUSA employees. The employees contributed \$767,621 of this amount. The County and Schools system implemented a high deductible plan coupled with an IRS HSA on January 1, 2012 and this has resulted in significantly lower claims and administrative costs than would be expected with a traditional guaranteed-cost health insurance program.

**Governmental Activities:** As stated earlier Governmental Activities resulted in an increase in the County's net position of \$8,690,399 or 16.8%. Elements of the changes in net position of the Primary Government are summarized as follows from [Exhibit 2]:

| <b>Changes in Net Position - Statement of Activities</b> |    |                                |                      |
|----------------------------------------------------------|----|--------------------------------|----------------------|
|                                                          |    | <b>Governmental Activities</b> |                      |
|                                                          |    | <b>2020</b>                    | <b>2019</b>          |
| Program Revenues:                                        |    |                                |                      |
| Charges for services                                     | \$ | 3,468,470                      | \$ 3,215,376         |
| Operating grants and contributions                       |    | 16,958,658                     | 13,107,422           |
| Capital grants and contributions                         |    | 1,361,198                      | 1,161,564            |
| General Revenues:                                        |    |                                |                      |
| General property taxes                                   |    | 43,539,699                     | 41,124,934           |
| Other local taxes                                        |    | 13,049,588                     | 11,589,019           |
| Use of money and property                                |    | 603,734                        | 822,780              |
| Grants and contributions not restricted                  |    | 5,100,490                      | 5,152,503            |
| Miscellaneous revenue                                    |    | 279,897                        | 3,289,779            |
| Gain on sale of capital assets                           |    | 334,175                        | -                    |
| Total revenues                                           | \$ | <u>84,695,909</u>              | \$ <u>79,463,377</u> |
| Expenses                                                 |    |                                |                      |
| General government administration                        | \$ | 5,321,990                      | \$ 5,027,183         |
| Judicial administration                                  |    | 1,871,624                      | 1,682,837            |
| Public safety                                            |    | 16,633,428                     | 15,021,086           |
| Public works                                             |    | 3,905,578                      | 3,780,812            |
| Health and welfare                                       |    | 13,273,896                     | 11,555,463           |
| Education                                                |    | 27,218,833                     | 37,240,159           |
| Parks, recreation and cultural                           |    | 1,612,361                      | 1,830,140            |
| Community development                                    |    | 5,198,467                      | 4,030,088            |
| Interest and other fiscal charges                        |    | 969,333                        | 829,479              |
| Total expenses                                           | \$ | <u>76,005,510</u>              | \$ <u>80,997,247</u> |
| Change in net position                                   | \$ | 8,690,399                      | \$ (1,533,870)       |
| Net position, beginning                                  |    | 42,835,918                     | 44,369,788           |
| Net position, ending                                     | \$ | <u>51,526,317</u>              | \$ <u>42,835,918</u> |

## **Government-wide Financial Analysis: (Continued)**

Actual revenues for governmental activities for all primary government funds for the year on a combined basis exceeded actual expenses in the amount of \$8,690,399 including current year depreciation on capital assets. Current year depreciation expense for capital assets for the primary government totaled \$2,865,144 [Exhibit 5]. General Revenues for governmental activities increased by \$5,232,532 or 6.6% primarily because of new revenues received for meals tax, Altavista land sale and CARES Act funding.

Governmental-Wide expenses, including current year depreciation on capital assets, decreased by \$4,991,737 or 6.2% with significant variations below.

### **EXPENSES - PRIMARY GOVERNMENT - SIGNIFICANT CHANGES**

- Children's Services Act (CSA) continues to experience significant increases. In FY 2020 expenditures were up \$824,167 or 21.7% over FY 2019. The increase is due to the rising number of children and youth needing community services.
- Economic Development saw a noteworthy increase in FY 2020, up \$841,854 or 126.5% over FY 2019. This significant increase was the result of incentives being paid to County businesses (up \$515,368 or 321.5% over FY 2019) and an increase in Tobacco Grant Funds (revenue in the off-setting amount was also received), up \$235,202 or 767.4%.
- Parks and Recreation was down \$120,856 or 26.3% as compared to FY 2019 due to the COVID-19 Pandemic which completely shut down youth and adult sports and activities, and reduced the need for part-time staff.

### **PROGRAM/GENERAL REVENUES - PRIMARY GOVERNMENT**

Revenues for governmental activities increased by \$8,332,246 or 11.0%, as compared to the previous year. Overall, Campbell County has continued growth in the local economy and the following are some substantial increases in actual local revenue as compared to the previous fiscal year:

- New unbudgeted Meals Tax Revenue of \$1,479,268
- Real Estate Tax up \$1,155,539 or 5.7%
- Machinery & Tools Tax up \$259,080 or 4.5%
- Personal Property Tax up \$214,260 or 1.9%
- BPOL Tax down \$93,136 or 4.1%

Other significant changes in local revenue:

- EMS Billing Revenue Proceeds up \$346,878 or 17.7%
- Local Sales Tax up \$117,192 or 2.2%
- Building Permits up \$50,311 or 30.6%
- Transient Occupancy Tax down \$30,524 or 17.0%

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

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

**Governmental Funds** - The focus of the County's governmental funds is to provide information on current revenues, inflows, outflows, and expenditures. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

Approximately 63.4% percent of the combined governmental fund balance or \$22,244,265 [Exhibit 3] comprises the unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is Committed, Assigned or Non-spendable to indicate that it is not available for new spending because it has already been committed for:

- Capital improvement projects
- Education encumbrances and carryovers for expenditures
- Other encumbrances and carryovers for expenditures
- Prepaid Items

**GENERAL FUND:** The total General Fund balance experienced an increase in the amount of \$6,140,334 or 21.2% from FY 2019. The General Unassigned Fund balance increased in the amount of \$4,564,564 or 25.8%. In addition, \$5,479,967 [Exhibit 3] of the year end unassigned fund balance was assigned by the Board for use in FY 2021 for future needs of school maintenance, economic development, debt service, county encumbrances and a software CIP project.

Actual General Fund revenues and transfers in from other funds combined increased by \$8,364,733 or 11.0% from the previous year.

Tax rate changes that occurred during FY 2020 are as follows:

- Personal Property Tax - rate decreased by \$.02 to \$4.38 per \$100 of assessed value (with the exception that motor homes and all non-motorized pull behind recreational trailers will have an effective rate of \$3.85 per \$100 of assessed value by adjusting the assessment ratio)
- Machinery & Tools - rate decreased by \$.05 to \$3.20
- BPOL Tax (Business, Professional and Occupational License) - rates decreased by 5% to the following:
  - \$.01520 per \$100 of gross receipts for contractors
  - \$.01900 per \$100 of gross receipts for retail sales
  - \$.03325 per \$100 of gross receipts for personal service & repair
  - \$.04750 per \$100 of gross receipts for professional service
  - \$.04750 per \$100 of gross receipts for public service
  - \$.0475 per \$100 of gross purchases for wholesalers

**SOLID WASTE MANAGEMENT FUND:** Expenditures for the Solid Waste Management Fund (SWMF) for FY 2020 totaled \$1,705,469 [Exhibit 4]. The transfer in from the General Fund increased \$693,742 from the previous fiscal year. For the second year in a row, members of the Region 2000 Service Authority were not able to reach a majority vote to release the annual payment for the County's portion of the excess of actual revenues verses actual expenses for airspace provided. From fiscal years FY 2014 to FY 2018, the average yearly revenue received from The Region 2000 Service Authority was \$802,235.

## **Financial Analysis of the County's Funds: (Continued)**

During FY 2020 there were no transfers out from the SWMF. Tipping fees of \$671,418 are up by 4.3% from FY 2019, were paid to the Region 2000 Services Authority for solid waste received at the regional landfill generated from County citizens and businesses. Transfer site operations throughout the County cost \$627,199 for the year which included delivery costs of trash from transfer sites to the regional landfill. In-House Construction for small projects cost \$151,657.

There exists a year-end fund balance of \$1,242,808 residing in the SWMF. The year-end fund balance is up \$113,169 from the previous year. The remaining fund balance will be needed to pay for anticipated future environmental requirements.

**COUNTY CAPITAL PROJECTS FUND:** The Capital Projects Fund (CIP) Fund balance reported a decrease of \$379,445 from the previous year to \$3,198,841 [Exhibit 3]. The fund balance in the CIP is either assigned in its entirety for capital projects already under construction or for future capital projects included in the adopted five-year Capital Improvement Plan.

**ROAD CONSTRUCTION FUND:** The Road Construction Fund reported a decrease in fund balance in the amount of \$1,604,249. The County continues to administer and serve as fiscal agent for ongoing road projects on behalf of Liberty University. The decrease in fund balance is a result of spending previously accumulated resources to fund designated road construction projects.

### **General Fund Budgetary Highlights**

Differences between the General Fund opening expenditure and transfer budget of \$74,990,265 [Exhibit 10] and the final amended budget of \$88,488,254 amounted to an increase of \$13,497,989 in budgeted expenditure appropriations with highlights as follows:

- \$5,759,401 increase in budget for the transfer to the Schools for additional funding consisting of budget encumbrances and carryovers approved from FY2019 to FY2020.
- \$3,420,158 increase in the budget for transfers for other expenditures approved from FY 2019 to FY 2020.
- \$1,803,648 increase in budget for Children's Services Act (CSA), due to the rising trend and number of children and youth need community services.
- \$1,680,099 increase in budget for the Economic Development Department for business incentive payments and Tobacco Grants and Incentive Payments to County businesses.
- \$3,465,948 increase in the budget for encumbrances, carryovers and new assigned funds for other General Fund department expenditures approved from FY2019 to FY2020.

Differences between the General Fund original revenue budget of \$77,261,692 and the final revenue budget of \$79,699,530 amounted to an increase of \$2,437,838 [Exhibit 10] in budgeted revenues with highlights as follows:

- \$1,219,015 increase in revenue budget for Social Services State and Federal Programs to pay for increases in expenditures due to the demand in community services continuing to increase.
- \$792,272 increase in revenue budget for Tobacco Commission Grants.
- The majority of the remaining increases in budgeted revenues resulted from Public Safety, Law Enforcement and Judicial Administration related grants approved throughout the year.

### General Fund Budgetary Highlights: (Continued)

During the year, General Fund actual revenues of \$84,171,248 exceeded original budget of \$77,261,692 by \$6,909,556 [Exhibit 10] and exceeded final budget of \$79,699,530 in the amount of \$4,471,718. Actual expenditures of \$72,696,449 were greater than opening budget of \$72,095,265 by \$601,184 and actual expenditures were less than final budget of \$82,173,096 by \$9,476,647 primarily because of contributions to School Board being significantly less than final budgeted amount.

Actual Transfers Out from the General Fund to funds other than to the School Operating Fund totaled \$6,315,158 versus \$4,033,834 for FY 2019. \$79,442 increase in transfer to the Health Insurance Fund, \$99,442 in FY 2020 compared to \$20,000 in FY 2019, to assist in the continuing funding of contributions to employee-owned HSA accounts. \$408,723 decrease in transfers to the CIP Fund, \$2,495,311 in FY 2020 versus \$2,904,034 in FY 2019. An increase of \$693,742 in Solid Waste Fund; \$1,803,542 in FY 2020 versus \$1,109,800 in FY 2019. The net increase in transfers out from the General Fund to other funds equaled \$2,281,324, this is primarily due to Assigned Funds in the amount of \$1,889,027 that were transferred to the Debt Service Fund. Funds for School CIP have been continually assigned; during FY 2020, \$750,000 was assigned for Future School Maintenance.

| Revenues & Expenditures General Fund - Budget to Actual |                               |                      |                     |
|---------------------------------------------------------|-------------------------------|----------------------|---------------------|
|                                                         | General Fund Budget to Actual |                      |                     |
|                                                         | Final Budget                  | Actual               | Variance            |
| Revenues:                                               |                               |                      |                     |
| Local revenue sources                                   | \$ 58,810,949                 | \$ 62,155,354        | \$ 3,344,405        |
| Intergovernmental                                       | 20,888,581                    | 22,015,894           | 1,127,313           |
| Total Revenue                                           | <u>\$ 79,699,530</u>          | <u>\$ 84,171,248</u> | <u>\$ 4,471,718</u> |
| Expenditures:                                           |                               |                      |                     |
| General government administration                       | \$ 5,143,421                  | \$ 4,558,321         | \$ 585,100          |
| Judicial administration                                 | 1,883,690                     | 1,787,938            | 95,752              |
| Public safety                                           | 16,206,869                    | 15,504,318           | 702,551             |
| Public works                                            | 1,907,047                     | 1,817,789            | 89,258              |
| Health and welfare                                      | 14,052,495                    | 13,247,951           | 804,544             |
| Education                                               | 34,145,861                    | 26,919,132           | 7,226,729           |
| Parks, recreation and cultural                          | 1,897,392                     | 1,587,758            | 309,634             |
| Community development                                   | 3,231,408                     | 2,398,166            | 833,242             |
| Capital projects                                        | -                             | 809,617              | (809,617)           |
| Debt service                                            | 4,064,913                     | 4,065,032            | (119)               |
| Nondepartmental                                         | (360,000)                     | 427                  | (360,427)           |
| Total expenditures                                      | <u>\$ 82,173,096</u>          | <u>\$ 72,696,449</u> | <u>\$ 9,476,647</u> |

**Revenues:** As reported above, from [Exhibit 10], total actual revenues exceeded final budget by \$4,471,718 or 5.3%. Total actual local revenue comprised 73.8% of total actual General Fund revenue while Intergovernmental Revenue (State/Federal) comprised the remaining 26.2% of total actual General Fund revenue. Intergovernmental actual revenue was \$1,127,313 more than final budget (5.4% more). Actual local revenue exceeded final budget by \$3,344,405 or 5.7%.

Final budgeted intergovernmental revenue totaling \$43,361 not actually received during the year will be carried over into next fiscal year as these earned revenues are expected to be received in FY 2021. These approved carryover revenues were for grant funded programs and purchases. \$1,127,313 in Intergovernmental revenue, is up over FY 2019 due to a greater need for community services.

### General Fund Budgetary Highlights: (Continued)

**Expenditures:** Total General Fund actual expenditures and transfers out of \$79,011,607 [Exhibit 10] on a combined basis were \$9,476,647 less than the final budget of \$88,488,254. The largest component of this difference in the level of actual expenditures versus amended budget is for Education. Actual education expenditures transferred from the General Fund were \$7,226,729 less than the final budget. The Board of Supervisors subsequently re-appropriated \$6,166,502 of this amount to the schools as encumbrances for FY2020 covering school contracts and obligations not completed as of June 30, 2020.

Strong expense control throughout the government organization contributed substantially to overall expenditure savings for the fund. This was particularly true for vacancy position hiring savings in compensation and fringe benefits until vacant positions could be filled with qualified personnel. Year-end expenditure reversion savings are becoming increasingly difficult to achieve on top of very frugal budgeting processes when the budget is submitted each year to the Board.

### Capital Asset and Debt Administration

Capital assets - The County's capital assets for of governmental funds as of June 30, 2020 totals \$45,822,343 (net of accumulated depreciation) [Exhibit 1] for a decrease of \$879,598 from FY 2019. Depreciation expense for the year for all capital assets for all primary government funds totaled \$2,865,144. The investment in County capital assets includes land and land improvements, buildings and improvements, vehicles and machinery and equipment. Readers interested in additional information relating to capital assets should refer to Note 6 to the financial statements.

#### **Capital Assets - Condensed At June 30, 2020**

| <b>Governmental Activities</b>              | <b>Ending Balance<br/>Original Cost</b> | <b>Accumulated<br/>Depreciation</b> | <b>Net Capital<br/>Assets</b> |
|---------------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------|
| Capital assets, not being depreciated:      |                                         |                                     |                               |
| Land                                        | \$ 3,676,150                            | \$ -                                | \$ 3,676,150                  |
| Construction in progress                    | 11,950                                  | -                                   | 11,950                        |
| Total capital assets, not being depreciated | \$ 3,688,100                            | \$ -                                | \$ 3,688,100                  |
| Other capital assets:                       |                                         |                                     |                               |
| Buildings and improvements                  | \$ 22,782,602                           | \$ 8,632,340                        | \$ 14,150,262                 |
| Other improvements                          | 11,066,540                              | 7,564,296                           | 3,502,244                     |
| School buildings                            | 31,090,338                              | 9,875,658                           | 21,214,680                    |
| Equipment                                   | 16,093,342                              | 12,826,285                          | 3,267,057                     |
| Total other capital assets                  | \$ 81,032,822                           | \$ 38,898,579                       | \$ 42,134,243                 |
| Total capital assets                        | \$ 84,720,922                           | \$ 38,898,579                       | \$ 45,822,343                 |

School Board capital assets are jointly owned by the County (primary government) and the component unit School Board. The County reports depreciation on these assets as an element of its share of the costs of the public school system.



## DEBT SCHEDULES

Of the \$29,971,184 total principal balance of outstanding debt at the end of the year; \$26,415,000 was for General Obligation Bonds, \$2,213,936 for State Literary Loans, \$400,000 for Lease Revenue Bonds, and \$942,248 for Bond Anticipation Note. General Obligation Bonds amounted to less than 0.5% [Table 9] of the County's actual value of taxable property, well below the maximum limit set by the County's Fiscal Policy Guidelines of 1.75%.

Debt service paid during the year amounted to \$947,798 for interest and bank service charges for the reporting period. There are no obligations for capitalized lease payments. Readers interested in additional information should refer to Note 7 to the financial statements. The County's total outstanding debt principle was paid down by \$3,117,234 [Note 7, Long Term Liabilities].

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

| Future Debt Service Obligations<br>At June 30, 2020 |                      |                     |                      |
|-----------------------------------------------------|----------------------|---------------------|----------------------|
| Year Ending<br>June 30,                             | Principal            | Interest            | Total                |
| 2020                                                | \$ 3,117,233         | \$ 811,761          | \$ 3,928,994         |
| 2021                                                | 3,187,233            | 705,302             | 3,892,535            |
| 2022                                                | 3,262,234            | 624,438             | 3,886,672            |
| 2023                                                | 3,072,236            | 525,202             | 3,597,438            |
| 2024-2028                                           | 13,445,000           | 1,316,261           | 14,761,261           |
| 2029                                                | 2,545,000            | 33,340              | 2,578,340            |
|                                                     | <u>\$ 28,628,936</u> | <u>\$ 4,016,304</u> | <u>\$ 32,645,240</u> |

In FY 2020, a new Fund was created for Debt Service. Revenue collected from the Meals Tax as well as annual debt service payments will be managed in this fund to offset debt costs incurred. The collected funds will accumulate in this fund to be used for current and future debt service as needed.

The County provides Other Postemployment Benefits (OPEB) as described in Note 13 and reported in Note 7. The reader should also refer to note 20 for OPEB calculations since the adoption of GASB 75 versus GASB 45 was used in FY 2020. The County has elected not to fund the outstanding OPEB liability and has instead reduced the benefits provided to employees hired after 2010. The County's OPEB recognized expense was \$1,844,029 [Note 13] for the year, including School Board.

## CONTACT THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions concerning any information provided in this report or need additional financial information, contact:

Tyler Carraway  
Director of Finance & Strategic Initiatives  
47 Courthouse Lane  
Rustburg, VA 24588  
Phone: 434-332-9667  
Email: [tscarraway@co.campbell.va.us](mailto:tscarraway@co.campbell.va.us)  
Website: [www.co.campbell.va.us](http://www.co.campbell.va.us)

Ronna Johnson-Davis  
Director of Management Services  
47 Courthouse Lane  
Rustburg, VA 24588  
Phone: 434-332-9669  
Email: [rjdavis@co.campbell.va.us](mailto:rjdavis@co.campbell.va.us)  
Website: [www.co.campbell.v.us](http://www.co.campbell.v.us)



This page intentionally left blank

## **BASIC FINANCIAL STATEMENTS**

This page intentionally left blank

## **Government-wide Financial Statements**

This page intentionally left blank

Statement of Net Position  
June 30, 2020

|                                                        | Primary<br>Government      | Component Units |                                        |
|--------------------------------------------------------|----------------------------|-----------------|----------------------------------------|
|                                                        | Governmental<br>Activities | School<br>Board | Industrial<br>Development<br>Authority |
| <b>ASSETS</b>                                          |                            |                 |                                        |
| Cash and cash equivalents                              | \$ 49,058,926              | \$ 7,667,485    | \$ 524,828                             |
| Investments                                            | 672,143                    | -               | -                                      |
| Receivables (net of allowance for uncollectibles):     |                            |                 |                                        |
| Taxes receivable                                       | 46,392,056                 | -               | -                                      |
| Accounts receivable                                    | 669,448                    | 2,941           | -                                      |
| Interest receivable                                    | 40,562                     | -               | -                                      |
| Advance to primary government                          | -                          | -               | 151,591                                |
| Due from component unit                                | 2,380,436                  | -               | -                                      |
| Due from other governmental units                      | 3,297,980                  | 2,426,457       | -                                      |
| Prepaid items                                          | 218,972                    | 1,408,828       | 1,913                                  |
| Restricted assets:                                     |                            |                 |                                        |
| Cash and cash equivalents                              | 3,214,766                  | -               | -                                      |
| Industrial assets held for industry                    | -                          | -               | 1,241,690                              |
| Capital assets (net of accumulated depreciation):      |                            |                 |                                        |
| Land                                                   | 3,676,150                  | 309,661         | -                                      |
| Buildings and improvements                             | 14,150,262                 | 22,578,375      | -                                      |
| Other improvements                                     | 3,502,244                  | 3,734,420       | -                                      |
| Equipment                                              | 3,267,057                  | 7,358,468       | -                                      |
| School buildings                                       | 21,214,680                 | -               | -                                      |
| Construction in progress                               | 11,950                     | -               | -                                      |
| Total assets                                           | \$ 151,767,632             | \$ 45,486,635   | \$ 1,920,022                           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                            |                 |                                        |
| Pension related items                                  | \$ 2,981,448               | \$ 13,076,089   | \$ -                                   |
| OPEB related items                                     | 1,050,198                  | 1,940,681       | -                                      |
| Total deferred outflows of resources                   | \$ 4,031,646               | \$ 15,016,770   | \$ -                                   |
| <b>LIABILITIES</b>                                     |                            |                 |                                        |
| Accounts payable                                       | \$ 2,579,392               | \$ 805,418      | \$ -                                   |
| Accrued liabilities                                    | 1,339,269                  | 4,741,250       | -                                      |
| Accrued interest payable                               | 362,018                    | -               | -                                      |
| Due to primary government                              | -                          | 2,380,436       | 212                                    |
| Advance from component unit                            | 151,591                    | -               | -                                      |
| Unearned revenue                                       | 4,042,604                  | -               | -                                      |
| Long-term liabilities:                                 |                            |                 |                                        |
| Due within one year                                    | 4,703,598                  | -               | 387,496                                |
| Due in more than one year                              | 43,715,552                 | 94,042,712      | 314,658                                |
| Total liabilities                                      | \$ 56,894,024              | \$ 101,969,816  | \$ 702,366                             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                            |                 |                                        |
| Pension related items                                  | \$ 1,014,863               | \$ 7,322,553    | \$ -                                   |
| OPEB related items                                     | 1,433,931                  | 7,863,321       | -                                      |
| Deferred property taxes                                | 44,930,143                 | -               | -                                      |
| Total deferred inflows of resources                    | \$ 47,378,937              | \$ 15,185,874   | \$ -                                   |
| <b>NET POSITION</b>                                    |                            |                 |                                        |
| Net investment in capital assets                       | \$ 18,762,186              | \$ 33,980,924   | \$ -                                   |
| Restricted:                                            |                            |                 |                                        |
| Capital improvements - road construction, pass-through | 2,443,911                  | -               | -                                      |
| Unrestricted (deficit)                                 | 30,320,220                 | (90,633,209)    | 1,217,656                              |
| Total net position                                     | \$ 51,526,317              | \$ (56,652,285) | \$ 1,217,656                           |

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

COUNTY OF CAMPBELL, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2020

| Functions/Programs                                           | Expenses      | Program Revenues     |                                    |
|--------------------------------------------------------------|---------------|----------------------|------------------------------------|
|                                                              |               | Charges for Services | Operating Grants and Contributions |
|                                                              |               |                      | Capital Grants and Contributions   |
| <b>PRIMARY GOVERNMENT:</b>                                   |               |                      |                                    |
| Governmental activities:                                     |               |                      |                                    |
| General government administration                            | \$ 5,321,990  | \$ 316,075           | \$ 403,318                         |
| Judicial administration                                      | 1,871,624     | 20,726               | 1,043,205                          |
| Public safety                                                | 16,633,428    | 2,921,231            | 5,211,139                          |
| Public works                                                 | 3,905,578     | -                    | 4,809                              |
| Health and welfare                                           | 13,273,896    | -                    | 9,336,387                          |
| Education                                                    | 27,218,833    | -                    | -                                  |
| Parks, recreation, and cultural                              | 1,612,361     | 89,483               | 166,578                            |
| Community development                                        | 5,198,467     | 120,955              | 793,222                            |
| Interest on long-term debt                                   | 969,333       | -                    | -                                  |
| Total governmental activities                                | \$ 76,005,510 | \$ 3,468,470         | \$ 16,958,658                      |
| Total primary government                                     | \$ 76,005,510 | \$ 3,468,470         | \$ 16,958,658                      |
| <b>COMPONENT UNITS:</b>                                      |               |                      |                                    |
| School Board                                                 | \$ 85,313,413 | \$ 1,726,694         | \$ 58,315,796                      |
| Industrial Development Authority                             | 590,720       | -                    | -                                  |
| Total component units                                        | \$ 85,904,133 | \$ 1,726,694         | \$ 58,315,796                      |
| General revenues:                                            |               |                      |                                    |
| General property taxes                                       |               |                      |                                    |
| Other local taxes:                                           |               |                      |                                    |
| Local sales and use tax                                      |               |                      |                                    |
| Consumer utility taxes                                       |               |                      |                                    |
| Business license tax                                         |               |                      |                                    |
| Motor vehicle licenses                                       |               |                      |                                    |
| Other local taxes                                            |               |                      |                                    |
| Unrestricted revenues from use of money and property         |               |                      |                                    |
| Contributions from Campbell County                           |               |                      |                                    |
| Miscellaneous                                                |               |                      |                                    |
| Grants and contributions not restricted to specific programs |               |                      |                                    |
| Gain on sale of capital assets                               |               |                      |                                    |
| Total general revenues                                       |               |                      |                                    |
| Change in net position                                       |               |                      |                                    |
| Net position - beginning                                     |               |                      |                                    |
| Net position - ending                                        |               |                      |                                    |

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



Exhibit 2

| Net (Expense) Revenue and<br>Changes in Net Position |                        |                                        |
|------------------------------------------------------|------------------------|----------------------------------------|
| Primary<br>Government                                | Component Units        |                                        |
| Governmental<br>Activities                           | School Board           | Industrial<br>Development<br>Authority |
| \$ (4,602,597)                                       | \$ -                   | \$ -                                   |
| (807,693)                                            | -                      | -                                      |
| (8,317,930)                                          | -                      | -                                      |
| (3,900,769)                                          | -                      | -                                      |
| (3,937,509)                                          | -                      | -                                      |
| (27,218,833)                                         | -                      | -                                      |
| (1,356,300)                                          | -                      | -                                      |
| (3,106,220)                                          | -                      | -                                      |
| (969,333)                                            | -                      | -                                      |
| <u>\$ (54,217,184)</u>                               | <u>\$ -</u>            | <u>\$ -</u>                            |
| <u>\$ (54,217,184)</u>                               | <u>\$ -</u>            | <u>\$ -</u>                            |
| \$ -                                                 | \$ (25,270,923)        | \$ -                                   |
| -                                                    | -                      | (590,720)                              |
| <u>\$ -</u>                                          | <u>\$ (25,270,923)</u> | <u>\$ (590,720)</u>                    |
| \$ 43,539,699                                        | \$ -                   | \$ -                                   |
| 5,468,391                                            | -                      | -                                      |
| 895,258                                              | -                      | -                                      |
| 2,309,531                                            | -                      | -                                      |
| 1,646,416                                            | -                      | -                                      |
| 2,729,992                                            | -                      | -                                      |
| 603,734                                              | 51,440                 | 89,585                                 |
| -                                                    | 26,919,132             | 417,877                                |
| 279,897                                              | 108,892                | -                                      |
| 5,100,490                                            | -                      | -                                      |
| 334,175                                              | -                      | -                                      |
| <u>\$ 62,907,583</u>                                 | <u>\$ 27,079,464</u>   | <u>\$ 507,462</u>                      |
| <u>\$ 8,690,399</u>                                  | <u>\$ 1,808,541</u>    | <u>\$ (83,258)</u>                     |
| 42,835,918                                           | (58,460,826)           | 1,300,914                              |
| <u>\$ 51,526,317</u>                                 | <u>\$ (56,652,285)</u> | <u>\$ 1,217,656</u>                    |

This page intentionally left blank

## **Fund Financial Statements**

Balance Sheet  
Governmental Funds  
June 30, 2020

|                                                        | General       | Special<br>Revenue<br>(Solid Waste) | Capital<br>Projects | Road<br>Construction | School<br>Construction | County<br>Debt<br>Service | Total         |
|--------------------------------------------------------|---------------|-------------------------------------|---------------------|----------------------|------------------------|---------------------------|---------------|
| <b>ASSETS</b>                                          |               |                                     |                     |                      |                        |                           |               |
| Cash and cash equivalents                              | \$ 32,803,179 | \$ 1,391,772                        | \$ 3,191,679        | \$ -                 | \$ -                   | \$ 1,826,000              | \$ 39,212,630 |
| Investments                                            | 477,222       | -                                   | 114,264             | -                    | -                      | -                         | 591,486       |
| Receivables (net of allowance for uncollectibles):     |               |                                     |                     |                      |                        |                           |               |
| Taxes receivable                                       | 46,392,056    | -                                   | -                   | -                    | -                      | -                         | 46,392,056    |
| Accounts receivable                                    | 663,549       | -                                   | -                   | -                    | -                      | -                         | 663,549       |
| Interest receivable                                    | 28,007        | -                                   | 7,822               | -                    | -                      | -                         | 35,829        |
| Due from component units                               | 2,380,436     | -                                   | -                   | -                    | -                      | -                         | 2,380,436     |
| Due from other governmental units                      | 3,216,253     | -                                   | -                   | 81,727               | -                      | -                         | 3,297,980     |
| Prepaid items                                          | 217,499       | 1,473                               | -                   | -                    | -                      | -                         | 218,972       |
| Restricted assets:                                     |               |                                     |                     |                      |                        |                           |               |
| Cash and cash equivalents                              | -             | -                                   | -                   | 2,846,591            | 368,175                | -                         | 3,214,766     |
| Total assets                                           | \$ 86,178,201 | \$ 1,393,245                        | \$ 3,313,765        | \$ 2,928,318         | \$ 368,175             | \$ 1,826,000              | \$ 96,007,704 |
| <b>LIABILITIES</b>                                     |               |                                     |                     |                      |                        |                           |               |
| Accounts payable                                       | \$ 1,757,559  | 145,825                             | 114,924             | 484,407              | 1,698                  | 8,726                     | 2,513,139     |
| Accrued liabilities                                    | 195,056       | 4,612                               | -                   | -                    | -                      | -                         | 199,668       |
| Unearned revenue                                       | 2,820,320     | -                                   | -                   | -                    | -                      | -                         | 2,820,320     |
| Total liabilities                                      | \$ 4,772,935  | \$ 150,437                          | \$ 114,924          | \$ 484,407           | \$ 1,698               | \$ 8,726                  | \$ 5,533,127  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |               |                                     |                     |                      |                        |                           |               |
| Unavailable property taxes                             | \$ 46,313,650 | \$ -                                | \$ -                | \$ -                 | \$ -                   | \$ -                      | 46,313,650    |
| <b>FUND BALANCES</b>                                   |               |                                     |                     |                      |                        |                           |               |
| Nonspendable                                           |               |                                     |                     |                      |                        |                           |               |
| Prepaid items                                          | \$ 217,499    | \$ 1,473                            | \$ -                | \$ -                 | \$ -                   | \$ -                      | 218,972       |
| Restricted for:                                        |               |                                     |                     |                      |                        |                           |               |
| Capital improvements - road construction, pass-through | -             | -                                   | -                   | 2,443,911            | -                      | -                         | 2,443,911     |
| School construction                                    | -             | -                                   | -                   | -                    | 366,477                | -                         | 366,477       |
| Committed to:                                          |               |                                     |                     |                      |                        |                           |               |
| Education                                              | 6,166,502     | -                                   | -                   | -                    | -                      | -                         | 6,166,502     |
| Operations                                             | 983,383       | -                                   | -                   | -                    | -                      | -                         | 983,383       |
| Assigned to:                                           |               |                                     |                     |                      |                        |                           |               |
| Education - school maintenance                         | 1,392,074     | -                                   | -                   | -                    | -                      | -                         | 1,392,074     |
| Economic development                                   | 817,846       | -                                   | -                   | -                    | -                      | -                         | 817,846       |
| Debt service                                           | 3,132,047     | -                                   | -                   | -                    | -                      | 1,817,274                 | 4,949,321     |
| Operations - reassessment                              | 138,000       | -                                   | -                   | -                    | -                      | -                         | 138,000       |
| Public works                                           | -             | 1,241,335                           | -                   | -                    | -                      | -                         | 1,241,335     |
| Capital improvements                                   | -             | -                                   | 3,198,841           | -                    | -                      | -                         | 3,198,841     |
| Unassigned                                             | 22,244,265    | -                                   | -                   | -                    | -                      | -                         | 22,244,265    |
| Total fund balances                                    | \$ 35,091,616 | \$ 1,242,808                        | \$ 3,198,841        | \$ 2,443,911         | \$ 366,477             | \$ 1,817,274              | \$ 44,160,927 |
| Total liabilities, deferred inflows and fund balances  | \$ 86,178,201 | \$ 1,393,245                        | \$ 3,313,765        | \$ 2,928,318         | \$ 368,175             | \$ 1,826,000              | \$ 96,007,704 |

Amounts reported for governmental activities in the Statement of Net Position are different because:

|                                                                                                                                                                                                                                                                 |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Total fund balances - governmental funds - per above                                                                                                                                                                                                            | \$ 44,160,927 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (Cost of \$84,720,922 less accumulated depreciation of \$38,898,579)                                                             | 45,822,343    |
| 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                                                                                                                                                                                                                            | 1,383,507     |
| Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.                                                   |               |
| Deferred outflows - pension related                                                                                                                                                                                                                             | 2,981,448     |
| Deferred outflows - OPEB related                                                                                                                                                                                                                                | 1,050,198     |
| Deferred inflows - pension related                                                                                                                                                                                                                              | (1,014,863)   |
| Deferred inflows - OPEB related                                                                                                                                                                                                                                 | (1,433,931)   |
| An internal service fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the self insurance internal service fund are included in the governmental activities in the Statement of Net Position | 7,509,447     |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds                                                                                                                     |               |
| Accrued interest payable                                                                                                                                                                                                                                        | (362,018)     |
| Long term commitments to IDA                                                                                                                                                                                                                                    | (151,591)     |
| General obligation bonds and literary fund loans                                                                                                                                                                                                                | (26,853,950)  |
| Bond premiums                                                                                                                                                                                                                                                   | (206,207)     |
| Landfill closure/postclosure                                                                                                                                                                                                                                    | (2,703,777)   |
| Net OPEB liabilities                                                                                                                                                                                                                                            | (9,683,575)   |
| Compensated absences                                                                                                                                                                                                                                            | (1,536,090)   |
| Net pension liability                                                                                                                                                                                                                                           | (7,435,551)   |
| Net position of governmental activities                                                                                                                                                                                                                         | \$ 51,526,317 |

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

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

|                                                              | General        | Special<br>Revenue<br>(Solid Waste) | County<br>Capital<br>Projects | Road<br>Construction | School<br>Construction | County<br>Debt<br>Service | Total         |
|--------------------------------------------------------------|----------------|-------------------------------------|-------------------------------|----------------------|------------------------|---------------------------|---------------|
| <b>REVENUES</b>                                              |                |                                     |                               |                      |                        |                           |               |
| General property taxes                                       | \$ 43,034,658  | \$ -                                | \$ -                          | \$ -                 | \$ -                   | \$ -                      | \$ 43,034,658 |
| Other local taxes                                            | 13,049,588     | -                                   | -                             | -                    | -                      | -                         | 13,049,588    |
| Permits, privilege fees, and regulatory licenses             | 368,220        | -                                   | -                             | -                    | -                      | -                         | 368,220       |
| Fines and forfeitures                                        | 130,615        | -                                   | -                             | -                    | -                      | -                         | 130,615       |
| Revenue from the use of money and property                   | 565,939        | 7,287                               | 17,884                        | -                    | -                      | -                         | 591,110       |
| Charges for services                                         | 2,969,635      | -                                   | -                             | -                    | -                      | -                         | 2,969,635     |
| Miscellaneous                                                | 1,297,598      | -                                   | 3,442                         | -                    | -                      | -                         | 1,301,040     |
| Recovered costs                                              | 739,101        | -                                   | -                             | -                    | -                      | -                         | 739,101       |
| Intergovernmental:                                           |                |                                     |                               |                      |                        |                           |               |
| Commonwealth                                                 | 15,595,154     | 4,809                               | 221,573                       | 1,178,070            | -                      | -                         | 16,999,606    |
| Federal                                                      | 6,420,740      | -                                   | -                             | -                    | -                      | -                         | 6,420,740     |
| Total revenues                                               | \$ 84,171,248  | \$ 12,096                           | \$ 242,899                    | \$ 1,178,070         | \$ -                   | \$ -                      | \$ 85,604,313 |
| <b>EXPENDITURES</b>                                          |                |                                     |                               |                      |                        |                           |               |
| Current:                                                     |                |                                     |                               |                      |                        |                           |               |
| General government administration                            | \$ 4,558,321   | \$ -                                | \$ -                          | \$ -                 | \$ -                   | \$ -                      | \$ 4,558,321  |
| Judicial administration                                      | 1,787,938      | -                                   | -                             | -                    | -                      | -                         | 1,787,938     |
| Public safety                                                | 15,504,318     | -                                   | -                             | -                    | -                      | -                         | 15,504,318    |
| Public works                                                 | 1,817,789      | 1,705,469                           | -                             | -                    | -                      | -                         | 3,523,258     |
| Health and welfare                                           | 13,247,951     | -                                   | -                             | -                    | -                      | -                         | 13,247,951    |
| Education                                                    | 26,919,132     | -                                   | -                             | -                    | -                      | -                         | 26,919,132    |
| Parks, recreation, and cultural                              | 1,587,758      | -                                   | -                             | -                    | -                      | -                         | 1,587,758     |
| Community development                                        | 2,398,166      | -                                   | -                             | -                    | -                      | -                         | 2,398,166     |
| Nondepartmental                                              | 427            | -                                   | -                             | -                    | -                      | -                         | 427           |
| Capital projects                                             | 809,617        | -                                   | 3,076,210                     | 2,800,155            | 33,523                 | -                         | 6,719,505     |
| Debt service:                                                |                |                                     |                               |                      |                        |                           |               |
| Principal retirement                                         | 3,117,234      | -                                   | -                             | -                    | -                      | -                         | 3,117,234     |
| Interest and other fiscal charges                            | 947,798        | -                                   | -                             | -                    | -                      | 81,753                    | 1,029,551     |
| Total expenditures                                           | \$ 72,696,449  | \$ 1,705,469                        | \$ 3,076,210                  | \$ 2,800,155         | \$ 33,523              | \$ 81,753                 | \$ 80,393,559 |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 11,474,799  | \$ (1,693,373)                      | \$ (2,833,311)                | \$ (1,622,085)       | \$ (33,523)            | \$ (81,753)               | \$ 5,210,754  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                |                                     |                               |                      |                        |                           |               |
| Transfers in                                                 | \$ 38,445      | \$ 1,806,542                        | \$ 2,495,311                  | \$ 17,836            | \$ -                   | \$ 1,899,027              | \$ 6,257,161  |
| Transfers out                                                | (6,315,158)    | -                                   | (41,445)                      | -                    | -                      | -                         | (6,356,603)   |
| Issuance of bond anticipation note                           | 942,248        | -                                   | -                             | -                    | -                      | -                         | 942,248       |
| Issuance of revenue bonds                                    | -              | -                                   | -                             | -                    | 400,000                | -                         | 400,000       |
| Total other financing sources (uses)                         | \$ (5,334,465) | \$ 1,806,542                        | \$ 2,453,866                  | \$ 17,836            | \$ 400,000             | \$ 1,899,027              | \$ 1,242,806  |
| Net change in fund balances                                  | \$ 6,140,334   | \$ 113,169                          | \$ (379,445)                  | \$ (1,604,249)       | \$ 366,477             | \$ 1,817,274              | \$ 6,453,560  |
| Fund balances - beginning                                    | 28,951,282     | 1,129,639                           | 3,578,286                     | 4,048,160            | -                      | -                         | 37,707,367    |
| Fund balances - ending                                       | \$ 35,091,616  | \$ 1,242,808                        | \$ 3,198,841                  | \$ 2,443,911         | \$ 366,477             | \$ 1,817,274              | \$ 44,160,927 |

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

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, 2020

---

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

|                                                        |    |           |
|--------------------------------------------------------|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 6,453,560 |
|--------------------------------------------------------|----|-----------|

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 expense exceeded capitalized expenditures in the current period.

|                      |    |                    |           |
|----------------------|----|--------------------|-----------|
| Capital outlays      | \$ | 2,672,514          |           |
| Depreciation expense |    | <u>(2,865,144)</u> | (192,630) |

|                                                                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/decrease net position. | (686,968) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

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

|                |         |
|----------------|---------|
| Property taxes | 505,041 |
|----------------|---------|

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

|         |
|---------|
| 754,704 |
|---------|

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

|                                                                |    |                 |           |
|----------------------------------------------------------------|----|-----------------|-----------|
| Issuance of lease revenue bonds and bond anticipation note     | \$ | (1,342,248)     |           |
| Principal retired on long-term debt                            |    | 3,117,234       |           |
| (Increase)/decrease in landfill closure, postclosure liability |    | <u>(45,196)</u> | 1,729,790 |

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

|                                                                                                 |    |                |         |
|-------------------------------------------------------------------------------------------------|----|----------------|---------|
| (Increase)/decrease in premium on bond issuance                                                 | \$ | 20,508         |         |
| (Increase)/decrease in accrued interest payable                                                 |    | 39,710         |         |
| (Increase)/decrease in compensated absences                                                     |    | (101,671)      |         |
| (Increase)/decrease in long term commitments to IDA                                             |    | 33,670         |         |
| (Increase)/decrease in net pension liability                                                    |    | (1,967,556)    |         |
| (Increase)/decrease in net OPEB liabilities                                                     |    | 122,604        |         |
| (Increase) decrease in deferred inflows related to the measurement of the net pension liability |    | 495,817        |         |
| (Increase) decrease in deferred inflows related to the measurement of OPEB liabilities          |    | (615,719)      |         |
| Increase/(decrease) in deferred outflows - pension                                              |    | 1,539,324      |         |
| Increase/(decrease) in deferred outflows - OPEB                                                 |    | <u>560,215</u> | 126,902 |

|                                                   |    |                         |
|---------------------------------------------------|----|-------------------------|
| Change in net position of governmental activities | \$ | <u><u>8,690,399</u></u> |
|---------------------------------------------------|----|-------------------------|

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

Statement of Net Position  
 Health Insurance Fund  
 June 30, 2020

---

|                                  | <b>Health<br/>Insurance<br/>Fund</b> |
|----------------------------------|--------------------------------------|
|                                  | <hr/>                                |
| <b>ASSETS</b>                    |                                      |
| Current assets:                  |                                      |
| Cash and cash equivalents        | \$ 9,846,296                         |
| Investments                      | 80,657                               |
| Accounts receivable              | 5,899                                |
| Interest receivable              | 4,733                                |
|                                  | <hr/>                                |
| Total assets                     | \$ 9,937,585                         |
|                                  | <hr/>                                |
| <b>LIABILITIES</b>               |                                      |
| Current liabilities:             |                                      |
| Accounts payable                 | \$ 66,253                            |
| Claims incurred but not reported | 1,139,601                            |
| Unearned revenue                 | 1,222,284                            |
|                                  | <hr/>                                |
| Total liabilities                | \$ 2,428,138                         |
|                                  | <hr/>                                |
| <b>NET POSITION</b>              |                                      |
| Unrestricted                     | \$ 7,509,447                         |
| Total net position               | \$ 7,509,447                         |
|                                  | <hr/> <hr/>                          |

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

Statement of Revenues, Expenses, and Changes in Net Position  
 Health Insurance Fund  
 For the Year Ended June 30, 2020

---

|                                                           | <b>Health<br/>Insurance<br/>Fund</b> |
|-----------------------------------------------------------|--------------------------------------|
|                                                           | <hr/>                                |
| <b>OPERATING REVENUES</b>                                 |                                      |
| Charges for services:                                     |                                      |
| Insurance premiums                                        | \$ 15,071,555                        |
| Total operating revenues                                  | <u>\$ 15,071,555</u>                 |
| <b>OPERATING EXPENSES</b>                                 |                                      |
| Insurance claims and employer provided insurance expenses | \$ 14,428,917                        |
| Total operating expenses                                  | <u>\$ 14,428,917</u>                 |
| Operating income (loss)                                   | <u>\$ 642,638</u>                    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                   |                                      |
| Interest Income                                           | \$ 12,624                            |
| Total nonoperating revenues (expenses)                    | <u>\$ 12,624</u>                     |
| Income before transfers                                   | \$ 655,262                           |
| Transfers in                                              | <u>99,442</u>                        |
| Change in net position                                    | \$ 754,704                           |
| Total net position - beginning                            | 6,754,743                            |
| Total net position - ending                               | <u><u>\$ 7,509,447</u></u>           |

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



Statement of Cash Flows  
Health Insurance Fund  
For the Year Ended June 30, 2020

---

|                                                                                                               | Health<br>Insurance<br>Fund |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                   |                             |
| Receipts for insurance premiums and other operating revenues                                                  | \$ 14,746,425               |
| Payments for premiums                                                                                         | (14,401,642)                |
| Net cash provided by (used for) operating activities                                                          | <u>\$ 344,783</u>           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>                                                    |                             |
| Transfers from other funds                                                                                    | \$ 99,442                   |
| Net cash provided by (used for) noncapital financing<br>activities                                            | <u>\$ 99,442</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                   |                             |
| Interest on investments                                                                                       | \$ 12,151                   |
| Sale of investments                                                                                           | 525,950                     |
| Net cash provided by (used for) investing activities                                                          | <u>\$ 538,101</u>           |
| Net increase (decrease) in cash and cash equivalents                                                          | \$ 982,326                  |
| Cash and cash equivalents - beginning                                                                         | 8,863,970                   |
| Cash and cash equivalents - ending                                                                            | <u><u>\$ 9,846,296</u></u>  |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used for) operating activities:</b> |                             |
| Operating income (loss)                                                                                       | \$ 642,638                  |
| Adjustments to reconcile operating income (loss) to net cash<br>provided by (used for) operating activities:  |                             |
| (Increase) decrease in accounts receivable                                                                    | \$ 160,137                  |
| Increase (decrease) in accounts payable                                                                       | (44,612)                    |
| Increase (decrease) in claims incurred but not reported                                                       | 71,887                      |
| Increase (decrease) in unearned revenue                                                                       | (485,267)                   |
| Total adjustments                                                                                             | <u>\$ (297,855)</u>         |
| Net cash provided by (used for) operating activities                                                          | <u><u>\$ 344,783</u></u>    |

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

Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

---

|                                          | <u>Agency<br/>Funds</u> |
|------------------------------------------|-------------------------|
| <b>ASSETS</b>                            |                         |
| Cash and cash equivalents                | \$ 282,824              |
| Receivables                              |                         |
| Accounts receivable                      | 523                     |
| Total assets                             | \$ <u>283,347</u>       |
| <b>LIABILITIES</b>                       |                         |
| Amounts held for social services clients | \$ 38,200               |
| Amounts held for others                  | 245,147                 |
| Total liabilities                        | \$ <u>283,347</u>       |

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020

---

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

**A. Financial Reporting Entity**

Campbell County, Virginia (the “County”) is a political subdivision of the Commonwealth of Virginia governed under the County Administrator - Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, public safety and administration of justice, education, health, welfare, human service programs, planning, community development and recreation, and cultural activities.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (GASB) and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The significant accounting policies are described below.

**Discretely Presented Component Units:** Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationship with the County is such that exclusion would cause the County’s financial statements to be misleading or incomplete. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

**Campbell County School Board**

The Campbell County School Board (the “School Board”) is responsible for elementary and secondary education within the County’s jurisdiction. The School Board is comprised of seven members elected by County voters. The School Board is fiscally dependent upon the County because the County Board of Supervisors approves the School Board budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements.

**Campbell County Industrial Development Authority**

The Campbell County Industrial Development Authority (the “IDA”) was created to encourage and provide financing for economic development in the County. The IDA’s directors are appointed by the Board of Supervisors and the County is financially accountable for the IDA in that it provides local funding for the IDA’s activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The IDA is presented as a proprietary fund type and does not issue separate financial statements.

**Related Organizations:** The following entities are excluded from the accompanying financial statements:

**Campbell County Utilities and Service Authority**

The Campbell County Utilities and Service Authority was created by the Board of Supervisors to operate the County’s water and sewer systems. This Authority is excluded from the accompanying financial statements as the County neither exercises oversight responsibility nor has accountability for the fiscal affairs of the Authority. All obligations of the Authority are payable from and secured by revenues derived from the operation of the water and sewer systems.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

**A. Financial Reporting Entity (Continued)**

**Horizon Behavioral Health**

The County, in conjunction with the Counties of Amherst, Appomattox, and Bedford, and the City of Lynchburg, supports Horizon Behavioral Health, which is composed of two members from each of the participating localities. The County contributed \$182,485 to Horizon Behavioral Health for the current year.

**Blue Ridge Regional Jail Authority**

The County, in conjunction with the Counties of Amherst, Halifax and Bedford, and the Cities of Bedford and Lynchburg, participates in the Blue Ridge Regional Jail Authority (the “Authority”). Each member jurisdiction pays a per-diem charge for each day that one of its prisoners is at any regional jail facility. In accordance with the service agreement, the Authority has divided the per-diem charge into an operating component and a debt service component. The per-diem charge is based upon an assumed number of prisoner days and is subject to adjustment at the end of each fiscal year. The County paid the Authority \$2,800,000 for the current year.

**Region 2000 Services Authority**

The County, in conjunction with the Cities of Lynchburg and Bedford, and the Counties of Appomattox and Nelson, participates in the Region 2000 Services Authority for solid waste disposal. The County paid the Authority tipping fees of \$671,418 for solid waste transferred to the Authority and received \$0 in distributions from the Authority for 2020 profits as a host fee.

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The County reports no business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

**B. Government-Wide and Fund Financial Statements (Continued)**

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, the proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

**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 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.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Agency funds, a type of fiduciary fund, report only assets and liabilities; therefore, they do not have a measurement focus. Agency funds use the accrual basis of accounting to recognize assets and liabilities.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows of resources and receivables when levied, net of allowances for uncollectible amounts. Real and personal property taxes recorded at June 30 and received within the first 60 days after year end are included in tax revenues, with the related amount reduced from deferred inflows of resources. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the County, are recognized as revenues and amounts receivable when the underlying exchange transaction occurs, which is generally one or two months 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 specific funding are recognized when earned or at the time of the specific reimbursable expenditure. Revenues from general-purpose grants are recognized in the period in which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The County reports the following major governmental funds:

**General Fund** - The General Fund is the government's primary operating fund. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

**Special Revenue Fund** - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Solid Waste Fund is a special revenue fund which accounts for revenues from landfill operations and related expenditures.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

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

**Debt Service Fund** - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt service funds are also used to report financial resources being accumulated for future debt service. The County Debt Service Fund is considered a major fund.

Proprietary Funds are used to account for the reporting entity's activities similar to those often found in the private sector. The County reports the following major proprietary fund:

**Internal Service Fund - Health Insurance Fund** - Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government. The County's internal service fund is the Health Insurance Fund, through which the County self-insures the costs of providing health insurance to employees.

In addition to its major funds, the County reports the following fund category:

**Fiduciary Funds** - Fiduciary funds are used to account for assets held by the County in a purely custodial capacity. The County's only fiduciary funds are agency funds which consist of the following: Special Welfare, Drug Enforcement, Commonwealth Attorney Drug, Flexible Benefits, and the County Agency 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 charges between the government's health insurance fund 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.

Operating revenues and expenses in the proprietary fund result from providing services in connection with its principal ongoing operations. The principal operating revenues of the County's proprietary fund are charges for health investment services. Nonoperating revenues consist of interest income. Operating expenses include the costs of claims and administrative expenses.

**D. Budgetary Information**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 15, 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 related financing.
- Public hearings are conducted to obtain citizen comments.
- Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

**D. Budgetary Information (Continued)**

- The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department can be revised only by the Board of Supervisors. The School Board is authorized to transfer budgeted amounts within the school system's categories. The Board of Supervisors approved supplemental appropriations in the General Fund totaling \$13,497,989 for additional requests from various departments including contribution to the School Board and transfers to other funds. The Board of Supervisors also approved additional appropriations to the Solid Waste Fund of \$178,047, the County Capital Projects fund of \$4,250,486, the Road Construction fund of \$7,298,194 and the County Debt Service Fund of \$73,103.
- Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the two Capital Project Funds.
- All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Appropriations lapse on June 30 for all County and School Board units.
- All budgetary data presented in the accompanying financial statements includes the original and revised budgets as of June 30.

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

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and investments with a maturity date within three months of the date acquired.

**Investments**

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

**Receivables**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts is calculated using historical collection data, specific account analysis, and management's judgment. The allowance for uncollectibles was comprised of property taxes in the amount of \$37,255.

**Inventories**

Inventories for resale generally are recorded at the lower of cost (first-in/first-out (FIFO) method) or market except for any commodities received from the U.S. Department of Agriculture, which are valued at market. Supplies inventory is reported at cost. Inventories of the County's governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist of expendable supplies in the General Fund and USDA commodities in the Component Unit - School Board.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

Prepaid Items

Payments made for services that will benefit periods beyond June 30 are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

Capital assets include property, plant, and equipment and are reported in the government-wide financial statements. The County does not own infrastructure assets. Capital assets are defined as items with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 costs 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 10-40 years |
| Other improvements         | 2-40 years  |
| Equipment                  | 5-10 years  |

Compensated Absences

County and School Board employees are granted a specified number of days of leave with pay each year. The statements reflect, as of June 30, the amount payable for all unused vacation, sick and compensatory leave, payable upon termination. Employer related taxes are also included. The cost of accumulated leave is accounted for as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only when the amounts have become due and payable.

Deferred/Unearned Revenue

Deferred/Unavailable revenue consists primarily of property taxes receivable not collected within 60 days of year end, as well as property taxes, either receivable or already collected, intended to finance a future fiscal period. Unearned revenue includes grants which have been advanced to the County but have not yet been earned.

Unearned revenue in the internal service fund represents advances by other funds, component units, and outside entities for the cost of insurance for periods after June 30.

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

**Economic Incentive Grants Payable**

Economic incentive grants payable are recorded when, in management’s opinion, failure by the grantee to meet the performance criteria is unlikely, generally amounts expected to be paid within one year. Refunds of these incentives are reflected as revenues when collection is determined to be likely.

**Long-Term Obligations**

Long-term debt obligations are reported as liabilities in the government-wide statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or bonds outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period but no long-term liabilities. 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. Repayments are reported as debt service expenditures.

**Encumbrances**

The County uses encumbrance accounting, wherein purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of fund balance.

**Use of Estimates**

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

**Net Position**

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**Net Position Flow Assumption**

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

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

Deferred Outflows/Inflows of Resources

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

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

Fund Equity

The County reports fund balance in accordance with Governmental Accounting Standards, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

NOTE 1–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The County's policy establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

**IDA Transactions and Conduit Obligations**

In addition to disbursing incentives to promote the expansion of business initiatives in the County, the IDA may also structure ownership of properties through lease purchase arrangements or issue Industrial Revenue Bonds for the purpose of obtaining and constructing facilities deemed to be in the public interest. However, all rights to payments on these bonds have been assigned to the trustees, agents, or the holders of the bonds, and purchasers have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases the IDA neither receives nor disburses funds. Deeds of trust or letters of credit secure outstanding bond obligations; although the IDA provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the IDA does not recognize associated assets, liabilities, income or interest expense in its financial statements.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

---

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

Other Postemployment Benefits (OPEB)

*Group Life Insurance*

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Plan provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Plan is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

*Political Subdivision and Teacher Employee Health Insurance Credit Plan*

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were 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. 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 purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Plans; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2—DEPOSITS AND INVESTMENTS:

---

Deposits

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, banker's acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool.

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

Credit Risk of Debt Securities

As required by state statute or by the County, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investor's Service, provided that the issuing corporation has a net worth of at least \$50 million and its long term debt is rated "A" or better by Moody's and Standard & Poor's. Banker's acceptances and certificates of deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service.

| County's Rated Debt Investments' Values - Standard & Poor's Rating |                      |                   |
|--------------------------------------------------------------------|----------------------|-------------------|
| Rated Debt Investments                                             | Fair Quality Ratings | Amount at June 30 |
| Fixed Income - Municipal                                           | A+                   | \$ 672,143        |
| LGIP                                                               | AAAm                 | 41,350,643        |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Concentration of Credit Risk

The County's current Policy places restrictions on the diversification by type of investments. The Policy provides the following restrictions on diversification as a percentage of the County's total investments. The maximum allowable concentration by investment type is as follows:

|                                    |     |
|------------------------------------|-----|
| US Treasury Bills, Notes and Bonds | 50% |
| Certificates of Deposit            | 70% |
| LGIP                               | 50% |
| Bankers Acceptances                | 35% |
| Prime Quality Commercial Paper     | 35% |
| High Quality Commercial Notes      | 35% |
| Overnight Repurchase Agreement     | 50% |

In accordance with GASB 40, the County reports the following single investment held at June 30, 2020 greater than 5% of total investments.

| <u>Security</u> | <u>Investment Type</u> | <u>Amount</u> | <u>Percent of Total Investments</u> |
|-----------------|------------------------|---------------|-------------------------------------|
| LGIP            | Money Market           | \$ 41,350,643 | 98%                                 |

Interest Rate Risk

The County's current Policy limits investment maturities to five years maximum maturity for any negotiable certificate of deposit or any sovereign government obligation excluding those of the United States; to fifteen years for any single corporate security; and five years for any single asset-backed security.

The carrying values and weighted average maturity were as follows:

| <u>Investment Type</u>   | <u>Investment Maturity*</u> |                      |              |
|--------------------------|-----------------------------|----------------------|--------------|
|                          | <u>Fair Value</u>           | <u>Less than 1</u>   | <u>1 - 5</u> |
| Fixed Income - Municipal | \$ 672,143                  | \$ 672,143           | -            |
| LGIP                     | 41,350,643                  | 41,350,643           | -            |
| Total investments        | <u>\$ 42,022,786</u>        | <u>\$ 42,022,786</u> | <u>-</u>     |

\* Weighted average maturity in years.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk

The Policy requires that all investment securities be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all investments are held in a bank’s trust department in the County’s name.

Cash and investments are reflected in the financial statements as follows:

|                                 | Primary<br>Government | Component Units     |                   |
|---------------------------------|-----------------------|---------------------|-------------------|
|                                 |                       | School<br>Board     | IDA               |
| Deposits and investments:       |                       |                     |                   |
| Cash on hand                    | \$ 3,150              | \$ -                | \$ -              |
| Deposits                        | 52,270,542            | 7,667,485           | 524,828           |
| Investments                     | 672,143               | -                   | -                 |
| Total                           | <u>\$ 52,945,835</u>  | <u>\$ 7,667,485</u> | <u>\$ 524,828</u> |
| Statement of Net Position:      |                       |                     |                   |
| Cash and cash equivalents       | \$ 49,058,926         | \$ 7,667,485        | \$ 524,828        |
| Investments                     | 672,143               | -                   | -                 |
| Restricted cash and equivalents | 3,214,766             | -                   | -                 |
| Total                           | <u>\$ 52,945,835</u>  | <u>\$ 7,667,485</u> | <u>\$ 524,828</u> |

NOTE 3—RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE:

Receivables consist of the following:

|                                     | General<br>Fund      | Solid<br>Waste | Capital<br>Projects | Health<br>Insurance | Total                |
|-------------------------------------|----------------------|----------------|---------------------|---------------------|----------------------|
| Receivables:                        |                      |                |                     |                     |                      |
| Taxes                               | \$ 46,429,311        | \$ -           | \$ -                | \$ -                | \$ 46,429,311        |
| Accounts                            | 663,549              | -              | -                   | 5,899               | 669,448              |
| Interest                            | 28,007               | -              | 7,822               | 4,733               | 40,562               |
| Gross receivables                   | <u>\$ 47,120,867</u> | <u>\$ -</u>    | <u>\$ 7,822</u>     | <u>\$ 10,632</u>    | <u>\$ 47,139,321</u> |
| Less:                               |                      |                |                     |                     |                      |
| Allowance for uncollectible amounts | <u>\$ 37,255</u>     | <u>\$ -</u>    | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ 37,255</u>     |
| Net receivables                     | <u>\$ 47,083,612</u> | <u>\$ -</u>    | <u>\$ 7,822</u>     | <u>\$ 10,632</u>    | <u>\$ 47,102,066</u> |



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 3-RECEIVABLES AND DEFERRED/UNAVAILABLE/UNEARNED REVENUE: (CONTINUED)

The taxes receivable account represents the current and past four years of uncollected tax levies on personal property taxes and the current and past nineteen years of uncollected tax levies on real property. Real estate taxes are recorded as receivable when they attach as an enforceable lien, therefore, real estate taxes based on the January 1, 2020, assessment date are included in taxes receivable at June 30, 2020, even though taxpayers had not yet been billed. Additionally, personal property taxes are assessed on January 1, 2020 and the County does not prorate assessments, therefore the assessment is included in taxes receivable. However, since the January 1, 2020 levy is intended to finance a future period, these amounts have been included in unavailable revenue as discussed below.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, as well as for receivables which are considered unearned in that they are intended to finance a future period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, the components of unavailable/unearned revenue were as follows:

**Exhibit 3 Reconciliation**

|                                                                                           |                      |
|-------------------------------------------------------------------------------------------|----------------------|
| Advance payments of state and federal grants - unearned                                   | \$ 2,820,320         |
| Total unearned revenue - governmental funds (Exhibit 3)                                   | <u>\$ 2,820,320</u>  |
| Property taxes receivable - due after June 30                                             | \$ 44,790,492        |
| Property taxes receivable - due prior to June 30                                          | 1,601,564            |
| Advance collection of 2019-2020 property taxes                                            | 139,651              |
| Less amounts collected within 60 days                                                     | <u>(218,057)</u>     |
| Unavailable property taxes - Deferred Inflows of Resources -<br>Balance Sheet (Exhibit 3) | <u>\$ 46,313,650</u> |

**Exhibit 1 Reconciliation**

|                                                                                                         |                      |
|---------------------------------------------------------------------------------------------------------|----------------------|
| Unavailable property taxes - Deferred Inflows of Resources -<br>Balance Sheet (Exhibit 3)               | \$ 46,313,650        |
| Less property taxes due prior to June 30 (net of 60 day collections)                                    | <u>(1,383,507)</u>   |
| Deferred property taxes - Deferred Inflows of Resources -<br>Statement of Net Position (Exhibit 1)      | <u>\$ 44,930,143</u> |
| Advance payments of state and federal grants - unearned                                                 | \$ 2,820,320         |
| Internal service fund deferrals related to discretely presented<br>component units and outside entities | <u>1,222,284</u>     |
| Unearned revenue - Statement of Net Position (Exhibit 1)                                                | <u>\$ 4,042,604</u>  |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 4–DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments consist of the following:

|                                      | Primary<br>Government | Component<br>Unit-<br>School Board |
|--------------------------------------|-----------------------|------------------------------------|
| <u>Commonwealth of Virginia:</u>     |                       |                                    |
| Local sales tax                      | \$ 1,076,622          | \$ -                               |
| State sales tax                      | -                     | 1,160,701                          |
| Comprehensive Services Act           | 851,137               | -                                  |
| Public assistance                    | 210,489               | -                                  |
| Motor vehicle rental tax             | 27,474                | -                                  |
| Mobile home titling tax              | 30,680                | -                                  |
| Shared expenses and grants           | 321,495               | -                                  |
| Railroad rolling stock               | 141,735               | -                                  |
| Communications tax                   | 189,361               | -                                  |
| VDOT revenue sharing                 | 81,727                | -                                  |
| Other state funds                    | 34,508                | 11,039                             |
| <u>Federal Government</u>            |                       |                                    |
| Public assistance                    | 327,941               | -                                  |
| Title I                              | -                     | 383,569                            |
| Title II, Part A                     | -                     | 93,963                             |
| Title VI-B special education cluster | -                     | 437,050                            |
| School nutrition program - SFSP      | -                     | 134,682                            |
| CARES Act - ESSEER                   | -                     | 105,627                            |
| Career and technical education       | -                     | -                                  |
| Other federal grants                 | 4,811                 | 99,826                             |
| Total                                | \$ 3,297,980          | \$ 2,426,457                       |

NOTE 5–INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES:

Interfund and Intra-Entity transfers are as follows:

| Transfer Out Fund     | Transfer In Fund         | Amount       |
|-----------------------|--------------------------|--------------|
| General Fund          | Capital Projects Fund    | \$ 2,495,311 |
| General Fund          | Solid Waste Fund         | 1,803,542    |
| General Fund          | County Debt Service Fund | 1,899,027    |
| General Fund          | Road Construction Fund   | 17,836       |
| General Fund          | Health Insurance Fund    | 99,442       |
| Capital Projects Fund | General Fund             | 38,445       |
| Capital Projects Fund | Solid Waste Fund         | 3,000        |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 5-INTERFUND AND INTRA-ENTITY TRANSACTIONS AND BALANCES: (CONTINUED)

The transfer from the General Fund to the Capital Projects Fund was to support general government capital projects. Transfers from the General Fund to the Solid Waste Fund were to offset shortfalls in operating revenues. Transfers between the Solid Waste Fund and the General Fund were to offset operating costs. Transfers from the General Fund to the Health Insurance Fund are to provide funding for health benefits. Transfers from the General Fund to the County Debt Service Fund were to accumulate resources to pay future debt service costs.

Balances due to and from the primary government and its component units consist of the following:

The Component Unit-School Board owed \$2,380,436 to the General Fund at year end as a result of appropriated local funds in excess of actual school expenditures in the current and previous years.

The primary government owed the Component Unit-IDA \$151,591 for economic incentive grants awarded by the IDA for which the County is ultimately responsible.

NOTE 6-CAPITAL ASSETS:

Primary Government

Capital asset activity for the year was as follows:

| Governmental Activities                        | Beginning<br>Balance | Increases      | Decreases  | Transfer    | Ending<br>Balance |
|------------------------------------------------|----------------------|----------------|------------|-------------|-------------------|
| Capital assets, nondepreciable:                |                      |                |            |             |                   |
| Land                                           | \$ 2,594,180         | \$ 1,354,745   | \$ 272,775 | \$ -        | \$ 3,676,150      |
| Construction in progress                       | 11,950               | -              | -          | -           | 11,950            |
| Total capital assets, nondepreciable           | \$ 2,606,130         | \$ 1,354,745   | \$ 272,775 | \$ -        | \$ 3,688,100      |
| Capital assets, depreciable:                   |                      |                |            |             |                   |
| Buildings and improvements                     | \$ 22,759,655        | \$ 22,947      | \$ -       | \$ -        | \$ 22,782,602     |
| Other improvements                             | 11,147,584           | 348,296        | 429,340    | -           | 11,066,540        |
| Equipment                                      | 15,380,609           | 946,526        | 191,954    | (41,839)    | 16,093,342        |
| School buildings                               | 31,090,338           | -              | -          | -           | 31,090,338        |
| Total capital assets, depreciable              | \$ 80,378,186        | \$ 1,317,769   | \$ 621,294 | \$ (41,839) | \$ 81,032,822     |
| Accumulated depreciation:                      |                      |                |            |             |                   |
| Buildings and improvements                     | \$ 8,028,271         | \$ 604,069     | \$ -       | \$ -        | \$ 8,632,340      |
| Other improvements                             | 7,262,707            | 316,736        | 15,147     | -           | 7,564,296         |
| Equipment                                      | 11,892,997           | 1,167,081      | 191,954    | (41,839)    | 12,826,285        |
| School buildings                               | 9,098,400            | 777,258        | -          | -           | 9,875,658         |
| Total accumulated depreciation                 | \$ 36,282,375        | \$ 2,865,144   | \$ 207,101 | \$ (41,839) | \$ 38,898,579     |
| Capital assets, depreciable, net               | \$ 44,095,811        | \$ (1,547,375) | \$ 414,193 | \$ -        | \$ 42,134,243     |
| Governmental activities<br>capital assets, net | \$ 46,701,941        | \$ (192,630)   | \$ 686,968 | \$ -        | \$ 45,822,343     |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 6-CAPITAL ASSETS: (CONTINUED)

---

Primary Government: (Continued)

- 1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia 1950, as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Campbell for the year ended June 30, 2020, is that school financed assets in the amount of \$31,090,338 are reported in the Primary Government for financial reporting purposes.

Depreciation expense was charged to functions/programs as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Governmental activities:          |                     |
| General government administration | \$ 551,124          |
| Judicial administration           | 90,685              |
| Public safety                     | 985,601             |
| Public works                      | 286,248             |
| Health and welfare                | 71,084              |
| Education                         | 777,258             |
| Parks, recreation, and cultural   | 60,102              |
| Community development             | <u>43,042</u>       |
| Total depreciation                | <u>\$ 2,865,144</u> |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 6-CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit-School Board

Capital asset activity for the year was as follows:

| <u>Governmental Activities</u>                 | <u>Beginning<br/>Balance</u> | <u>Increases</u>           | <u>Decreases</u>           | <u>Transfer</u>    | <u>Ending<br/>Balance</u>   |
|------------------------------------------------|------------------------------|----------------------------|----------------------------|--------------------|-----------------------------|
| Capital assets, nondepreciable:                |                              |                            |                            |                    |                             |
| Land                                           | \$ 309,661                   | \$ -                       | \$ -                       | \$ -               | \$ 309,661                  |
| Construction in progress                       | <u>2,221,585</u>             | <u>1,296,740</u>           | <u>3,518,325</u>           | <u>-</u>           | <u>-</u>                    |
| Total capital assets, nondepreciable           | <u>\$ 2,531,246</u>          | <u>\$ 1,296,740</u>        | <u>\$ 3,518,325</u>        | <u>\$ -</u>        | <u>\$ 309,661</u>           |
| Capital assets, depreciable:                   |                              |                            |                            |                    |                             |
| Buildings and improvements                     | \$ 59,485,593                | \$ 3,518,325               | \$ -                       | \$ -               | \$ 63,003,918               |
| Other improvements                             | <u>4,546,129</u>             | <u>1,503,152</u>           | <u>-</u>                   | <u>-</u>           | <u>6,049,281</u>            |
| Equipment                                      | <u>19,984,749</u>            | <u>1,031,297</u>           | <u>281,018</u>             | <u>41,839</u>      | <u>20,776,867</u>           |
| Total capital assets, depreciable              | <u>\$ 84,016,471</u>         | <u>\$ 6,052,774</u>        | <u>\$ 281,018</u>          | <u>\$ 41,839</u>   | <u>\$ 89,830,066</u>        |
| Accumulated depreciation:                      |                              |                            |                            |                    |                             |
| Buildings and improvements                     | \$ 39,204,267                | \$ 1,221,276               | \$ -                       | \$ -               | \$ 40,425,543               |
| Other improvements                             | <u>2,019,687</u>             | <u>295,174</u>             | <u>-</u>                   | <u>-</u>           | <u>2,314,861</u>            |
| Equipment                                      | <u>12,224,546</u>            | <u>1,389,751</u>           | <u>237,737</u>             | <u>41,839</u>      | <u>13,418,399</u>           |
| Total accumulated depreciation                 | <u>\$ 53,448,500</u>         | <u>\$ 2,906,201</u>        | <u>\$ 237,737</u>          | <u>\$ 41,839</u>   | <u>\$ 56,158,803</u>        |
| Capital assets, depreciable, net               | <u>\$ 30,567,971</u>         | <u>\$ 3,146,573</u>        | <u>\$ 43,281</u>           | <u>\$ -</u>        | <u>\$ 33,671,263</u>        |
| Governmental activities<br>capital assets, net | <u><u>\$ 33,099,217</u></u>  | <u><u>\$ 4,443,313</u></u> | <u><u>\$ 3,561,606</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 33,980,924</u></u> |

All depreciation expense in the School Board was charged to the Education function.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities:

|                                               | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|-----------------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| <b>Primary Government:</b>                    |                              |                  |                   |                           |                                |
| Governmental Activities:                      |                              |                  |                   |                           |                                |
| Direct Borrowings and Placements:             |                              |                  |                   |                           |                                |
| General obligation bonds                      | \$ 26,415,000                | \$ -             | \$ 2,495,000      | \$ 23,920,000             | \$ 2,565,000                   |
| Literary fund loans                           | 2,213,936                    | -                | 622,234           | 1,591,702                 | 622,233                        |
| Bond Anticipation Note                        | -                            | 942,248          | -                 | 942,248                   | 942,248                        |
| Advance of Series 2020 lease<br>revenue bonds | -                            | 400,000          | -                 | 400,000                   | 400,000                        |
| Bond premiums                                 | 226,715                      | -                | 20,508            | 206,207                   | 20,508                         |
| Total bonds payable                           | \$ 28,855,651                | \$ 1,342,248     | \$ 3,137,742      | \$ 27,060,157             | \$ 4,549,989                   |
| Landfill closure/postclosure<br>(Note 8)      | 2,658,581                    | 45,196           | -                 | 2,703,777                 | -                              |
| Compensated absences                          | 1,434,421                    | 1,435,245        | 1,333,575         | 1,536,090                 | 153,609                        |
| Net pension liability (Note 12)               | 5,467,995                    | 5,907,106        | 3,939,550         | 7,435,551                 | -                              |
| Net OPEB liabilities (Note 13)                | 9,806,177                    | 2,451,765        | 2,574,367         | 9,683,575                 | -                              |
| Total Primary Government                      | \$ 48,222,825                | \$ 11,181,560    | \$ 10,985,234     | \$ 48,419,150             | \$ 4,703,598                   |
| <b>Component Unit-School Board:</b>           |                              |                  |                   |                           |                                |
| Net pension liability (Note 12)               | \$ 56,385,172                | \$ 28,159,302    | \$ 21,068,485     | \$ 63,475,989             | \$ -                           |
| Net OPEB liabilities (Note 13)                | 33,233,293                   | 8,890,873        | 11,557,443        | 30,566,723                | -                              |
| Total Component Unit-<br>School Board         | \$ 89,618,465                | \$ 37,050,175    | \$ 32,625,928     | \$ 94,042,712             | \$ -                           |
| <b>Component Unit-IDA:</b>                    |                              |                  |                   |                           |                                |
| Direct Borrowings and Placements:             |                              |                  |                   |                           |                                |
| Note payable                                  | \$ 336,500                   | \$ -             | \$ 10,672         | \$ 325,828                | \$ 11,170                      |
| Economic incentive grants<br>payable (Note 9) | 185,261                      | 610,948          | 419,883           | 376,326                   | 376,326                        |
| Total Component Unit - IDA                    | \$ 521,761                   | \$ 610,948       | \$ 430,555        | \$ 702,154                | \$ 387,496                     |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Debt service requirements of general obligation bonds, bond anticipation note, lease revenue bonds and literary fund loans are paid by the General Fund. Costs related to landfill closure/postclosure are paid by the General Capital Projects Fund or the Solid Waste Fund. Requirements of the compensated absences, net pension liability and other postemployment benefits are paid by the General Fund for the primary government and the school operating and school cafeteria fund for the component unit-school board. Requirements of the notes payable incurred by the IDA are payable by the IDA supported by a lease agreement with an industry.

The primary governments and component unit IDA annual debt service requirements to maturity are as follows:

| Year<br>Ended<br>June 30 | Direct Borrowings and Placements |              |                     |          |                        |          |                     |           |                      |            |
|--------------------------|----------------------------------|--------------|---------------------|----------|------------------------|----------|---------------------|-----------|----------------------|------------|
|                          | Governmental Activities          |              |                     |          |                        |          |                     |           | Component Unit - IDA |            |
|                          | General Obligation Bonds         |              | Lease Revenue Bonds |          | Bond Anticipation Note |          | Literary Fund Loans |           | Note Payable         |            |
|                          | Principal                        | Interest     | Principal           | Interest | Principal              | Interest | Principal           | Interest  | Principal            | Interest   |
| 2021                     | \$ 2,565,000                     | \$ 683,163   | \$ 400,000          | \$ -     | \$ 942,248             | \$ 2,982 | \$ 622,233          | \$ 22,139 | \$ 11,170            | \$ 14,646  |
| 2022                     | 2,640,000                        | 602,099      | -                   | -        | -                      | -        | 622,234             | 22,139    | 11,691               | 14,125     |
| 2023                     | 2,725,000                        | 518,257      | -                   | -        | -                      | -        | 347,235             | 6,945     | 12,236               | 13,580     |
| 2024                     | 2,800,000                        | 431,575      | -                   | -        | -                      | -        | -                   | -         | 12,806               | 13,010     |
| 2025                     | 2,890,000                        | 342,053      | -                   | -        | -                      | -        | -                   | -         | 13,403               | 12,413     |
| 2026-2029                | 10,300,000                       | 575,973      | -                   | -        | -                      | -        | -                   | -         | 264,522              | 161,023    |
| Total                    | \$ 23,920,000                    | \$ 3,153,120 | \$ 400,000          | \$ -     | \$ 942,248             | \$ 2,982 | \$ 1,591,702        | \$ 51,223 | \$ 325,828           | \$ 228,797 |

Details of long-term indebtedness are as follows:

| Direct Borrowings<br>and Placements | Interest<br>Rates | Date<br>Issued | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Governmental<br>Activities |
|-------------------------------------|-------------------|----------------|---------------------------|--------------------------------|----------------------------|
| <u>General Obligation Bonds:</u>    |                   |                |                           |                                |                            |
| School Construction                 | 4.35-5.10%        | April 2005     | July 2030                 | 8,685,000 \$                   | 3,550,000                  |
| Refunding Bonds - School            | 2.62%             | Sept 2015      | July 2028                 | 13,581,546                     | 9,508,716                  |
| Refunding Bonds - County            | 2.62%             | Sept 2015      | July 2028                 | 15,513,454                     | 10,861,284                 |
| Total General Obligation Bonds      |                   |                |                           | \$                             | 23,920,000                 |
| <u>Literary Fund Loans</u>          |                   |                |                           |                                |                            |
| School Construction                 | 3.00%             | Nov 2001       | Nov 2021                  | 5,500,000                      | 1,041,702                  |
| School Construction                 | 2.00%             | July 2002      | July 2022                 | 6,944,667                      | 550,000                    |
| Total Literary Fund Loans           |                   |                |                           | \$                             | 1,591,702                  |
| <u>Lease Revenue Bonds:</u>         |                   |                |                           |                                |                            |
| Advance of 2020 Lease Revenue Bonds | 5.00%             | June 2020      | July 2020                 | 400,000 \$                     | 400,000                    |
| Total Lease Revenue Bonds           |                   |                |                           | \$                             | 400,000                    |
| <u>Bond Anticipation Note:</u>      |                   |                |                           |                                |                            |
| Bond Anticipation Note *            | 1.85%             | October 2019   | Dec 2021                  | 942,248 \$                     | 942,248                    |
| Total Bond Anticipation Note        |                   |                |                           | \$                             | 942,248                    |

\* The Bond Anticipation Note was issued in an amount up to \$7,500,000 to be paid no later than December 1, 2021. This obligation was paid in full in July 2020 after the issuance of lease revenue bonds.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM LIABILITIES: (CONTINUED)

Details of long-term indebtedness are as follows: (Continued)

| <u>Direct Borrowings<br/>and Placements</u> | <u>Interest<br/>Rates</u> | <u>Date<br/>Issued</u> | <u>Final<br/>Maturity Date</u> | <u>Amount of<br/>Original Issue</u> | <u>Component<br/>Unit - IDA</u> |
|---------------------------------------------|---------------------------|------------------------|--------------------------------|-------------------------------------|---------------------------------|
| <u>Notes Payable:</u>                       |                           |                        |                                |                                     |                                 |
| Note Payable - Balloon                      | 4.5663%                   | April 2019             | April 2029                     | 337,596                             | 325,828                         |
| Total Note Payable                          |                           |                        |                                | \$                                  | 325,828                         |

During fiscal year 2016 the County issued Series 2015 refunding bonds to refund the outstanding VML/VACo Bonds issued June 2008. The refunding bonds issued September 29, 2015 in the amount of \$29,095,000 will refund the aforementioned bonds in the amount of \$26,170,000. The present value of the economic gain was \$1,084,046.

NOTE 8—LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The County's landfill consists of four phases described as follows: Phase I of the landfill has never been intended to be used for actual waste disposal and serves only as a storage area. Phase II of the landfill was closed in 1995. Phase III opened in 1995 and Phase IV was never opened. The remaining capacity of Phase III and all of Phase IV were sold to the regional landfill authority, Region 2000 Services Authority, during fiscal year 2012.

In accordance with state and Federal laws, the County placed a final cover on Phase II of the landfill in 1995 and is required to perform certain maintenance and monitoring functions at this site for a minimum of thirty years after closure. The cumulative amount of estimated postclosure care costs and corrective action costs for this site, less amounts expended for such costs to date were \$877,380 and \$1,826,397, respectively. The liability for Phase II reported is equal to 100% of the estimated liability.

The closure and postclosure care costs for Phase III were assumed by the Region 2000 Services Authority as part of the purchase of Phase III and IV. The cumulative amount reported as postclosure care costs and corrective action liability is \$5,124,049 as of June 30, 2020, all of which is for Phase II. The liability reported is based on what it would cost to perform all postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County demonstrates financial assurance requirements for closure and postclosure care through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

**NOTE 9–IDA ECONOMIC INCENTIVE GRANTS PAYABLE:**

---

As discussed in Note 11, the IDA has awarded certain economic incentive grants to businesses within the County; typically the grants are paid over a 1-5 year period. Outstanding grants approved by the governing body as of June 30, 2020 that have been substantially earned by the business and expected to be paid are recorded as a liability.

**NOTE 10–SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - SCHOOL BOARD:**

---

Certain transactions between the County and School Board component unit are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

- A. The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the County’s governmental activities. The proceeds from the debt issued “on behalf” of the School Board and related capital expenditures are recorded in the County’s funds.
- B. Debt service payments for school bonded debt are reported as part of the primary government in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.
- C. Local governments in Virginia have a “tenancy in common” with the School Board whenever the locality incurs a financial obligation for school property which is payable over more than one year. In order to match the capital assets with the related debt, the legislation permits the primary government to report the portion of the school property related to the financial obligation as “jointly owned” assets. When the debt related to a particular capital asset is completely retired, the related capital asset, net of accumulated depreciation, is removed from the primary government’s financial statements and reported in the School Board’s financial statements. The School Board retains authority and responsibility over the operation and control of this property.
- D. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

|                                                                                                            |                             |
|------------------------------------------------------------------------------------------------------------|-----------------------------|
| Expenditures of School Board - Component Unit (Exhibit 31)                                                 | \$ 87,875,010               |
| School-related principal and other debt service expenditures included in<br>primary government (Exhibit 4) | <u>2,558,249</u>            |
| Total expenditures for school activities                                                                   | <u><u>\$ 90,433,259</u></u> |

**NOTE 11–SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - IDA:**

---

The IDA was created to encourage economic development in the County. To that end, the County appropriates periodic contributions to the IDA. In addition, the County provides certain economic incentive grants to encourage development in the County. These grants pass through the IDA but ultimately are long-term obligations reported in the County’s government-wide statement of net position. When the underlying requirements have been substantially met, these amounts are recorded by the IDA as payable to the grant recipient and as receivable from the County. At year end the IDA reported economic incentive grants payable of \$151,591 and an equal amount was reported as receivable from the County.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 11–SIGNIFICANT TRANSACTIONS OF THE COUNTY AND COMPONENT UNIT - IDA: (CONTINUED)

---

Amounts reported as payable to the IDA by the County consist of the following:

|                                                                                         |            |
|-----------------------------------------------------------------------------------------|------------|
| Long-term commitments to IDA, reported in the government-wide Statement of Net Position | \$ 151,591 |
| Total payable to IDA                                                                    | \$ 151,591 |

The County also provides personnel and office space to the IDA at no charge.

NOTE 12–PENSION PLAN:

---

*Plan Description*

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

*Benefit Structures*

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 12—PENSION PLAN: (CONTINUED)

---

***Benefit Structures***

- c. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- d. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Employees Covered by Benefit Terms*

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

|                                                                      | Primary<br>Government | Component Unit<br>School Board<br>Nonprofessional |
|----------------------------------------------------------------------|-----------------------|---------------------------------------------------|
| Inactive members or their beneficiaries currently receiving benefits | 240                   | 183                                               |
| Inactive members:                                                    |                       |                                                   |
| Vested inactive members                                              | 48                    | 8                                                 |
| Non-vested inactive members                                          | 75                    | 76                                                |
| Inactive members active elsewhere in VRS                             | 149                   | 17                                                |
| Total inactive members                                               | 272                   | 101                                               |
| Active members                                                       | 325                   | 171                                               |
| Total covered employees                                              | 837                   | 455                                               |

*Contributions*

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

The County's contractually required employer contribution rate for the year ended June 30, 2020 was 10.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,485,261 and \$1,442,124 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 7.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$233,489 and \$225,305 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 12—PENSION PLAN: (CONTINUED)

---

***Net Pension Liability***

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

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 12—PENSION PLAN: (CONTINUED)

---

Mortality rates: (Continued)

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

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

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

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

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 12—PENSION PLAN: (CONTINUED)

---

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study 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%                                                              |



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Long-Term Expected Rate of Return*

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

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Discount Rate: (Continued)*

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

*Changes in Net Pension Liability*

|                                                       | Primary Government                   |                                          |                                                  |
|-------------------------------------------------------|--------------------------------------|------------------------------------------|--------------------------------------------------|
|                                                       | Increase (Decrease)                  |                                          |                                                  |
|                                                       | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 69,945,209                        | \$ 64,477,214                            | \$ 5,467,995                                     |
| Changes for the year:                                 |                                      |                                          |                                                  |
| Service cost                                          | \$ 1,591,339                         | \$ -                                     | \$ 1,591,339                                     |
| Interest                                              | 4,784,393                            | -                                        | 4,784,393                                        |
| Differences between expected<br>and actual experience | (206,618)                            | -                                        | (206,618)                                        |
| Changes of assumptions                                | 2,192,088                            | -                                        | 2,192,088                                        |
| Contributions - employer                              | -                                    | 1,439,426                                | (1,439,426)                                      |
| Contributions - employee                              | -                                    | 707,444                                  | (707,444)                                        |
| Net investment income                                 | -                                    | 4,291,994                                | (4,291,994)                                      |
| Benefit payments, including refunds                   | (3,193,479)                          | (3,193,479)                              | -                                                |
| Administrative expenses                               | -                                    | (42,516)                                 | 42,516                                           |
| Other changes                                         | -                                    | (2,702)                                  | 2,702                                            |
| Net changes                                           | \$ 5,167,723                         | \$ 3,200,167                             | \$ 1,967,556                                     |
| Balances at June 30, 2019                             | \$ 75,112,932                        | \$ 67,677,381                            | \$ 7,435,551                                     |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

*Changes in Net Pension Liability*

|                                                       | Component School Board (nonprofessional) |                                          |                                                  |
|-------------------------------------------------------|------------------------------------------|------------------------------------------|--------------------------------------------------|
|                                                       | Increase (Decrease)                      |                                          |                                                  |
|                                                       | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 13,896,172                            | \$ 13,507,000                            | \$ 389,172                                       |
| Changes for the year:                                 |                                          |                                          |                                                  |
| Service cost                                          | \$ 296,913                               | \$ -                                     | \$ 296,913                                       |
| Interest                                              | 936,872                                  | -                                        | 936,872                                          |
| Benefit changes                                       | -                                        | -                                        | -                                                |
| Differences between expected<br>and actual experience | 125,542                                  | -                                        | 125,542                                          |
| Changes of assumptions                                | 328,372                                  | -                                        | 328,372                                          |
| Contributions - employer                              | -                                        | 224,042                                  | (224,042)                                        |
| Contributions - employee                              | -                                        | 153,123                                  | (153,123)                                        |
| Net investment income                                 | -                                        | 875,067                                  | (875,067)                                        |
| Benefit payments, including refunds                   | (1,024,578)                              | (1,024,578)                              | -                                                |
| Administrative expenses                               | -                                        | (9,130)                                  | 9,130                                            |
| Other changes                                         | -                                        | (548)                                    | 548                                              |
| Net changes                                           | \$ 663,121                               | \$ 217,976                               | \$ 445,145                                       |
| Balances at June 30, 2019                             | \$ 14,559,293                            | \$ 13,724,976                            | \$ 834,317                                       |

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

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

|                                                                                | Rate                   |                             |                        |
|--------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| County Net Pension Liability (Asset)                                           | \$ 17,437,997          | \$ 7,435,551                | \$ (512,896)           |
| Component Unit School Board (nonprofessional)<br>Net Pension Liability (Asset) | 2,254,750              | 834,317                     | (316,859)              |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,414,978 and \$210,538, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | Primary Government             |                               | Component Unit School Board (nonprofessional) |                               |
|----------------------------------------------------------------------------------|--------------------------------|-------------------------------|-----------------------------------------------|-------------------------------|
|                                                                                  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources                | Deferred Inflows of Resources |
| Differences between expected and actual experience                               | \$ -                           | \$ 396,053                    | \$ 68,217                                     | \$ 56,982                     |
| Change in assumptions                                                            | 1,496,187                      | 29,767                        | 178,430                                       | -                             |
| Net difference between projected and actual earnings on pension plan investments | -                              | 589,043                       | -                                             | 113,816                       |
| Employer contributions subsequent to the measurement date                        | 1,485,261                      | -                             | 233,489                                       | -                             |
| Total                                                                            | <u>\$ 2,981,448</u>            | <u>\$ 1,014,863</u>           | <u>\$ 480,136</u>                             | <u>\$ 170,798</u>             |

\$1,485,261 and \$233,489 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (nonprofessional) |
|--------------------|--------------------|-----------------------------------------------|
| 2021               | \$ 360,814         | \$ 154,960                                    |
| 2022               | 6,707              | (86,760)                                      |
| 2023               | 77,162             | (1,836)                                       |
| 2024               | 36,641             | 9,485                                         |
| 2025               | -                  | -                                             |
| Thereafter         | -                  | -                                             |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 12—PENSION PLAN: (CONTINUED)

---

*Pension Plan Data*

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

**Component Unit School Board (professional)**

*Plan Description*

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description 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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$6,392,959 and \$6,096,601 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$62,641,672 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .47598% as compared to .47616% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$5,732,875. 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (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)*

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

|                                                                                                               | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                                            | \$ -                                      | \$ 4,011,210                             |
| Change in assumptions                                                                                         | 6,202,994                                 | -                                        |
| Net difference between projected and actual earnings on pension plan investments                              | -                                         | 1,375,463                                |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -                                         | 1,765,082                                |
| Employer contributions subsequent to the measurement date                                                     | <u>6,392,959</u>                          | <u>-</u>                                 |
| Total                                                                                                         | \$ <u>12,595,953</u>                      | \$ <u>7,151,755</u>                      |

\$6,392,959 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year Ended June 30</u> |              |
|---------------------------|--------------|
| 2021                      | \$ (960,956) |
| 2022                      | (1,818,239)  |
| 2023                      | 302,775      |
| 2024                      | 1,029,889    |
| 2025                      | 497,770      |

NOTE 12–PENSION PLAN: (CONTINUED)

---

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions*

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

*Actuarial Assumptions (Continued)*

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

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

*Net Pension Liability*

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

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional) (Continued)

*Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

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

|                                                                                                                 | Rate                   |                             |                        |
|-----------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                                                 | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) | \$ 94,302,931          | \$ 62,641,672               | \$ 36,463,676          |

*Pension Plan Fiduciary Net Position*

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

Primary Government and Component Unit School Board

*Aggregate Pension Information*

|                    | Primary Government |                  |                               |                 |
|--------------------|--------------------|------------------|-------------------------------|-----------------|
|                    | Deferred Outflows  | Deferred Inflows | Net Pension Liability (Asset) | Pension Expense |
| VRS Pension Plans: |                    |                  |                               |                 |
| Primary Government | \$ 2,981,448       | \$ 1,014,863     | \$ 7,435,551                  | \$ 1,414,978    |
| Totals             | \$ 2,981,448       | \$ 1,014,863     | \$ 7,435,551                  | \$ 1,414,978    |



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 12—PENSION PLAN: (CONTINUED)

Primary Government and Component Unit School Board (Continued)

*Aggregate Pension Information (Continued)*

|                              | Component Unit School Board |                     |                                     |                     |
|------------------------------|-----------------------------|---------------------|-------------------------------------|---------------------|
|                              | Deferred<br>Outflows        | Deferred<br>Inflows | Net Pension<br>Liability<br>(Asset) | Pension<br>Expense  |
| VRS Pension Plans:           |                             |                     |                                     |                     |
| School Board Nonprofessional | \$ 480,136                  | \$ 170,798          | \$ 834,317                          | \$ 210,538          |
| School Board Professional    | 12,595,953                  | 7,151,755           | 62,641,672                          | 5,732,875           |
| Totals                       | <u>\$ 13,076,089</u>        | <u>\$ 7,322,553</u> | <u>\$ 63,475,989</u>                | <u>\$ 5,943,413</u> |

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:

Health Insurance (Single-employer Defined Benefit Plan)

*Plan Description*

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

*Benefits Provided*

A Campbell County retiree, eligible for postretirement medical coverage, is defined as a full-time employee who retires directly from the County or Schools and is eligible to receive an early or regular retirement benefit from the VRS. Employees applying for early or regular retirement are eligible to continue participation in the Retiree Health Plans sponsored by the County and Schools. County employees hired prior to July 1, 2006 and School employees hired for the 2006-2007 school year and before must have 10 years of service with Campbell County in order to be eligible for postretirement medical coverage. All subsequently hired employees must have 20 years of service with Campbell County to be eligible. Retired employees, hired on or after July 1, 2010, eligible for VRS retirement benefits with at least 20 years of consecutive County service may continue their health insurance under the County insurance plan until age 65 if they elect to pay the entire insurance premium established for regular employees in that classification. The School Board allow dependents to be covered if eligible employees are hired on or after July 1, 2010; employees hired prior to July 1, 2010 are also provided dependent coverage if they meet the previously stated eligibility requirements. Coverage for County employees will be limited to the retired employee and will not include dependents for those hired on/after July 1, 2010.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Health Insurance (Single-employer Defined Benefit Plan) (Continued)

*Benefits Provided (Continued)*

Retirees not yet eligible for Medicare coverage have one coverage choice, just as active employees have. Retirees eligible for Medicare coverage have access to plans that supplement Medicare, however, the retiree is responsible for the full cost of the plan.

*Plan Membership*

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

|                                      | <u>County</u> | <u>School<br/>Board</u> |
|--------------------------------------|---------------|-------------------------|
| Total active employees with coverage | 264           | 801                     |
| Total retirees with coverage         | <u>32</u>     | <u>105</u>              |
| Total                                | <u>296</u>    | <u>906</u>              |

*Contributions*

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$570,575 and \$1,396,766, and \$617,249 and \$1,663,591 for fiscal year ended June 30, 2019.

*Total OPEB Liability*

The County and School Board's total OPEB liabilities were measured as of June 30, 2020. The total OPEB liabilities were determined by an actuarial valuation as of that date.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

*Actuarial Assumptions*

The total OPEB liability in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**County**

---

|                  |                                                                                                                                                                                                                  |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation        | 2.50% per year as of June 30, 2019                                                                                                                                                                               |
| Salary Increases | County - The salary increase rate starts at 5.35% increase for 1 year of service and gradually declines to 3.50% for 20 or more years of service for non-law enforcement and 4.75% to 3.50% for law enforcement. |
| Discount Rate    | 2.66% as of June 30, 2020<br>3.51% as of June 30, 2019                                                                                                                                                           |

**School Board**

---

|                  |                                                                                                                                                                                |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation        | 2.50% per year as of June 30, 2019                                                                                                                                             |
| Salary Increases | School Board - The salary increase rate starts at 5.70% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service. |
| Discount Rate    | 2.66% as of June 30, 2020<br>3.51% as of June 30, 2019                                                                                                                         |

The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

*Discount Rate*

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 2.66% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

*Changes in Total OPEB Liability*

| Changes in Net OPEB Liability                        |                                                            |           |                                                           |
|------------------------------------------------------|------------------------------------------------------------|-----------|-----------------------------------------------------------|
|                                                      | Primary<br>Government<br>County<br>Total OPEB<br>Liability |           | Component Unit<br>School Board<br>Total OPEB<br>Liability |
| Balances at June 30, 2018                            | \$                                                         | 8,715,179 | \$ 23,686,626                                             |
| Changes for the year:                                |                                                            |           |                                                           |
| Service cost                                         |                                                            | 360,268   | 1,133,929                                                 |
| Interest                                             |                                                            | 308,621   | 846,900                                                   |
| Difference between expected and actual<br>experience |                                                            | (940,221) | (2,533,900)                                               |
| Changes in assumptions                               |                                                            | 598,315   | (1,180,328)                                               |
| Contributions - employer                             |                                                            | -         | -                                                         |
| Net investment income                                |                                                            | -         | -                                                         |
| Benefit payments                                     |                                                            | (570,575) | (1,396,766)                                               |
| Net changes                                          |                                                            | (243,592) | (3,130,165)                                               |
| Balances at June 30, 2019                            | \$                                                         | 8,471,587 | \$ 20,556,461                                             |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.66%) or one percentage point higher (3.66%) than the current discount rate:

| County Rate            |                                     |                        | School Board Rate      |                                     |                        |
|------------------------|-------------------------------------|------------------------|------------------------|-------------------------------------|------------------------|
| 1% Decrease<br>(1.66%) | Current<br>Discount<br>Rate (2.66%) | 1% Increase<br>(3.66%) | 1% Decrease<br>(1.66%) | Current<br>Discount<br>Rate (2.66%) | 1% Increase<br>(3.66%) |
| \$ 9,125,321           | \$ 8,471,587                        | \$ 7,862,831           | \$ 21,810,928          | \$ 20,556,461                       | \$ 19,336,624          |

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (8.00% decreasing annually to an ultimate rate of 4.50%) or one percentage point higher (9.00% decreasing annually to an ultimate rate of 5.50%) than the current healthcare cost trend rates:

| County Rates                                     |                                                            |                                                  | School Board Rates                               |                                                            |                                                  |
|--------------------------------------------------|------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|------------------------------------------------------------|--------------------------------------------------|
| 1% Decrease<br>(7.00%<br>decreasing<br>to 3.50%) | Healthcare Cost<br>Trend (8.00%<br>decreasing<br>to 4.50%) | 1% Increase<br>(9.00%<br>decreasing<br>to 5.50%) | 1% Decrease<br>(7.00%<br>decreasing<br>to 3.50%) | Healthcare Cost<br>Trend (8.00%<br>decreasing<br>to 4.50%) | 1% Increase<br>(9.00%<br>decreasing<br>to 5.50%) |
| \$ 7,626,631                                     | \$ 8,471,587                                               | \$ 9,448,033                                     | \$ 18,493,995                                    | \$ 20,556,461                                              | \$ 22,951,803                                    |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

For the year ended June 30, 2020, the County and School Board recognized OPEB expense in the amount of \$552,500 and \$600,653, respectively. At June 30, 2020, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------------------------------|-------------------------------------------|------------------------------------------|
| <b>County:</b>                                     |                                           |                                          |
| Differences between expected and actual experience | \$ 103,041                                | \$ 1,340,487                             |
| Changes in assumptions                             | 671,774                                   | -                                        |
| Total                                              | <u>\$ 774,815</u>                         | <u>\$ 1,340,487</u>                      |
| <b>School Board:</b>                               |                                           |                                          |
| Differences between expected and actual experience | \$ -                                      | \$ 6,334,401                             |
| Changes in assumptions                             | 535,546                                   | 1,011,710                                |
| Total                                              | <u>\$ 535,546</u>                         | <u>\$ 7,346,111</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> | <u>County</u> | <u>School<br/>Board</u> |
|---------------------------|---------------|-------------------------|
| 2020                      | \$ (116,389)  | \$ (1,380,176)          |
| 2021                      | (116,389)     | (1,380,176)             |
| 2022                      | (116,394)     | (1,380,176)             |
| 2023                      | (159,519)     | (1,380,175)             |
| 2024                      | (56,981)      | (759,258)               |
| Thereafter                | -             | (530,604)               |

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

**Group Life Insurance:**

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Group Life Insurance: (Continued)

*Contributions*

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$79,103 and \$75,926 for the years ended June 30, 2020 and June 30, 2019, respectively, and \$18,372 and \$17,298 from the School Board (Nonprofessional) and \$218,183 and \$207,021 from the School Board (Professional).

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

At June 30, 2020, the entity reported a liability of \$1,211,988 and the School Board in the amounts of \$276,147 and \$3,304,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .07448% as compared to .07185% at June 30, 2018 and .01697% and .01682% for School Board (Nonprofessional) and .20309% and .20174% for the School Board (Professional).

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$30,855, the School Board (Professional) recognized \$61,425 and School Board (Nonprofessional) recognized expense of \$6,770. 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.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|                                                                                      |    | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--------------------------------------------------------------------------------------|----|-----------------------------------|----------------------------------|
| County                                                                               |    |                                   |                                  |
| Differences between expected and actual experience                                   | \$ | 80,604                            | \$ 15,721                        |
| Net difference between projected and actual earnings on GLI OPEB program investments |    | -                                 | 24,895                           |
| Change in assumptions                                                                |    | 76,518                            | 36,547                           |
| Changes in proportion                                                                |    | 39,158                            | 16,281                           |
| Employer contributions subsequent to the measurement date                            |    | 79,103                            | -                                |
| Total                                                                                | \$ | <u>275,383</u>                    | <u>\$ 93,444</u>                 |
| School Board - Nonprofessional                                                       |    |                                   |                                  |
| Differences between expected and actual experience                                   | \$ | 18,365                            | \$ 3,581                         |
| Net difference between projected and actual earnings on GLI OPEB program investments |    | -                                 | 5,672                            |
| Change in assumptions                                                                |    | 17,434                            | 8,327                            |
| Changes in proportion                                                                |    | 2,001                             | -                                |
| Employer contributions subsequent to the measurement date                            |    | 18,372                            | -                                |
| Total                                                                                | \$ | <u>56,172</u>                     | <u>\$ 17,580</u>                 |
| School Board - Professional                                                          |    |                                   |                                  |
| Differences between expected and actual experience                                   |    | 219,790                           | \$ 42,867                        |
| Net difference between projected and actual earnings on GLI OPEB program investments |    | -                                 | 67,883                           |
| Change in assumptions                                                                |    | 208,647                           | 99,655                           |
| Changes in proportion                                                                |    | 18,011                            | 67,529                           |
| Employer contributions subsequent to the measurement date                            |    | 218,183                           | -                                |
| Total                                                                                | \$ | <u>664,631</u>                    | <u>\$ 277,934</u>                |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

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

\$79,103, \$18,372 and \$218,183 (County, School Board Nonprofessional and School Board Professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | County   | School Board |                 |
|--------------------|----------|--------------|-----------------|
|                    |          | Professional | Nonprofessional |
| 2021               | \$ 7,135 | \$ (3,253)   | \$ 1,365        |
| 2022               | 7,136    | (3,250)      | 1,366           |
| 2023               | 17,680   | 25,501       | 3,768           |
| 2024               | 29,898   | 59,651       | 5,960           |
| 2025               | 31,876   | 69,823       | 6,058           |
| Thereafter         | 9,111    | 20,042       | 1,703           |

*Actuarial Assumptions*

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

**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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)**

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

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

**NET GLI OPEB Liability**

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

*Long-Term Expected Rate of Return*

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

|                                                                                                                     | Rate         |                  |              |
|---------------------------------------------------------------------------------------------------------------------|--------------|------------------|--------------|
|                                                                                                                     | 1% Decrease  | Current Discount | 1% Increase  |
|                                                                                                                     | (5.75%)      | (6.75%)          | (7.75%)      |
| County's proportionate share of the Group Life Insurance Program Net OPEB Liability                                 | \$ 1,592,216 | \$ 1,211,988     | \$ 903,633   |
| School Board - Professional employees proportionate share of the Group Life Insurance Program Net OPEB Liability    | \$ 4,341,612 | \$ 3,304,815     | \$ 2,464,002 |
| School Board - Nonprofessional employees proportionate share of the Group Life Insurance Program Net OPEB Liability | \$ 362,781   | \$ 276,147       | \$ 205,890   |



## COUNTY OF CAMPBELL, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2020 (CONTINUED)

---

#### NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

##### Group Life Insurance: (Continued)

##### *GLI Program Fiduciary Net Position*

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

##### Health Insurance Credit (HIC) Plan - School Board (Nonprofessional):

##### *Plan Description*

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

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

##### *Eligible Employees*

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

##### *Benefit Amounts*

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



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*HIC Plan Notes*

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

*Employees Covered by Benefit Terms*

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

|                                                                      | <u>Number</u>     |
|----------------------------------------------------------------------|-------------------|
| Inactive members or their beneficiaries currently receiving benefits | 70                |
| Inactive members:                                                    |                   |
| Vested inactive members                                              | -                 |
| Non-vested inactive members                                          | -                 |
| Inactive members active elsewhere in VRS                             | <u>-</u>          |
| Total inactive members                                               | <u>-</u>          |
| Active members                                                       | <u>171</u>        |
| Total covered employees                                              | <u><u>241</u></u> |

*Contributions*

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2020 was .65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$22,907 and \$21,622 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 13–OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Net HIC OPEB Liability*

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

*Actuarial Assumptions*

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Actuarial Assumptions: (Continued)*

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Long-Term Expected Rate of Return*

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

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

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

*Discount Rate*

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

*Discount Rate: (Continued)*

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

*Changes in Net HIC OPEB Liability*

|                                                       | Increase (Decrease)                   |                                          |                                                   |
|-------------------------------------------------------|---------------------------------------|------------------------------------------|---------------------------------------------------|
|                                                       | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2018                             | \$ 388,661                            | \$ 182,994                               | \$ 205,667                                        |
| Changes for the year:                                 |                                       |                                          |                                                   |
| Service cost                                          | \$ 5,919                              | \$ -                                     | \$ 5,919                                          |
| Interest                                              | 26,041                                | -                                        | 26,041                                            |
| Benefit changes                                       | -                                     | -                                        | -                                                 |
| Differences between expected<br>and actual experience | 4,582                                 | -                                        | 4,582                                             |
| Changes of assumptions                                | 8,003                                 | -                                        | 8,003                                             |
| Contributions - employer                              | -                                     | 21,624                                   | (21,624)                                          |
| Net investment income                                 | -                                     | 11,207                                   | (11,207)                                          |
| Benefit payments                                      | (33,307)                              | (33,307)                                 | -                                                 |
| Administrative expenses                               | -                                     | (239)                                    | 239                                               |
| Other changes                                         | -                                     | (13)                                     | 13                                                |
| Net changes                                           | \$ 11,238                             | \$ (728)                                 | \$ 11,966                                         |
| Balances at June 30, 2019                             | \$ 399,899                            | \$ 182,266                               | \$ 217,633                                        |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)

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

The following presents the County's HIC Plan 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%)     |
| School Board's Net HIC OPEB Liability | \$ 252,658  | \$ 217,633       | \$ 187,210  |

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

For the year ended June 30, 2020, the County recognized HIC Plan OPEB expense of \$18,027. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the County's HIC Plan from the following sources:

|                                                                                   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                | \$ 3,459                          | \$ 6,114                         |
| Net difference between projected and actual earnings on HIC OPEB plan investments | -                                 | 2,244                            |
| Change in assumptions                                                             | 6,041                             | 766                              |
| Employer contributions subsequent to the measurement date                         | 22,907                            | -                                |
| Total                                                                             | \$ 32,407                         | \$ 9,124                         |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

**Health Insurance Credit (HIC) Plan - School Board (Nonprofessional): (Continued)**

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

\$22,907 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended June 30**

|            |    |         |
|------------|----|---------|
| 2021       | \$ | (1,793) |
| 2022       |    | (1,100) |
| 2023       |    | 2,787   |
| 2024       |    | 482     |
| 2025       |    | -       |
| Thereafter |    | -       |

***HIC Plan Data***

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

**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:

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

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

*HIC Plan Notes*

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

*Contributions*

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$503,498 and \$477,502 for the years ended June 30, 2020 and June 30, 2019, respectively.



NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

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*

At June 30, 2019, the school division reported a liability of \$6,211,667 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, 2018 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 as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS

Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .47450% as compared .4742% at June 30, 2018.

At June 30, 2019, the school division reported a liability of \$6,211,667 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, 2018 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 as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Plan OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .47450% as compared .4742% at June 30, 2018.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$482,867. 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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

At June 30, 2020, 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                        | \$ -                                      | \$ 35,184                                |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 392                                       | -                                        |
| Change in assumptions                                                                     | 144,574                                   | 43,162                                   |
| Change in proportion                                                                      | 3,461                                     | 134,226                                  |
| Employer contributions subsequent to the measurement date                                 | <u>503,498</u>                            | <u>-</u>                                 |
| Total                                                                                     | \$ <u>651,925</u>                         | \$ <u>212,572</u>                        |

\$503,498 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> |             |
|---------------------------|-------------|
| 2021                      | \$ (22,475) |
| 2022                      | (22,482)    |
| 2023                      | (19,760)    |
| 2024                      | (20,671)    |
| 2025                      | (7,484)     |
| Thereafter                | 28,727      |

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

---

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

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

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

**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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

*Actuarial Assumptions: (Continued)*

**Mortality Rates - Teachers**

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

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

***Net Teacher Employee HIC OPEB Liability***

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

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

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

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

## NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

|                                                                                 | Rate                   |                             |                        |
|---------------------------------------------------------------------------------|------------------------|-----------------------------|------------------------|
|                                                                                 | 1% Decrease<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |                        |                             |                        |
| Net HIC OPEB Liability                                                          | \$ 6,951,911           | \$ 6,211,667                | \$ 5,582,830           |

*Teacher Employee HIC OPEB Fiduciary Net Position*

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Aggregate OPEB Information

|                                              | <u>Deferred<br/>Outflows</u> | <u>Deferred<br/>Inflows</u> | <u>Net OPEB<br/>Liability</u> | <u>OPEB<br/>Expense</u> |
|----------------------------------------------|------------------------------|-----------------------------|-------------------------------|-------------------------|
| <b>Primary Government</b>                    |                              |                             |                               |                         |
| VRS OPEB Plans:                              |                              |                             |                               |                         |
| Group Life Insurance Program:                |                              |                             |                               |                         |
| County                                       | \$ 275,383                   | \$ 93,444                   | \$ 1,211,988                  | \$ 30,855               |
| County Stand-Alone Plan                      | 774,815                      | 1,340,487                   | 8,471,587                     | 552,500                 |
| Totals                                       | <u>\$ 1,050,198</u>          | <u>\$ 1,433,931</u>         | <u>\$ 9,683,575</u>           | <u>\$ 583,355</u>       |
| <b>Component Unit School Board</b>           |                              |                             |                               |                         |
| VRS OPEB Plans:                              |                              |                             |                               |                         |
| Group Life Insurance Program:                |                              |                             |                               |                         |
| School Board Nonprofessional                 | \$ 56,172                    | \$ 17,580                   | \$ 276,147                    | \$ 6,770                |
| School Board Professional                    | 664,631                      | 277,934                     | 3,304,815                     | 61,425                  |
| School Board Health Insurance Credit Program | 32,407                       | 9,124                       | 217,633                       | 18,027                  |
| Teacher Health Insurance Credit Program      | 651,925                      | 212,572                     | 6,211,667                     | 482,867                 |
| School Stand-Alone Plan                      | 535,546                      | 7,346,111                   | 20,556,461                    | 600,653                 |
| Totals                                       | <u>\$ 1,940,681</u>          | <u>\$ 7,863,321</u>         | <u>\$ 30,566,723</u>          | <u>\$ 1,169,742</u>     |

Line of Duty Act (LODA) (OPEB Benefits)

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$86,580.

## COUNTY OF CAMPBELL, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2020 (CONTINUED)

---

#### NOTE 14-PROPERTY TAXES:

---

The County levies real estate taxes on all real property within its boundaries, except that exempted by statute, at a rate enacted by the Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue. Public utility property is assessed by the Commonwealth. All real property is assessed at 100 percent of fair market value and reassessed every four years as of January 1. The Commissioner of Revenue, by authority of County ordinance, prorates billings for property incomplete as of January 1, but completed during the year.

Real estate taxes are billed in annual installments due December 5. The taxes receivable balance at June 30, 2020 includes amounts not yet received from the January 1, 2020 levy. Property taxes attach as an enforceable lien on property as of January 1.

In addition, any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance. The real estate tax rate was \$.52 and \$.52 per \$100 of assessed value for calendar years 2020 and 2019, respectively.

Personal property tax assessments on all motor vehicles is \$4.38 per \$100 assessed value. Personal property tax on business machinery and tools is \$3.20 per \$100 of assessed value. Personal property taxes for the calendar year are due on December 5. Personal property tax assessments are not prorated. Property is assessed as of January 1<sup>st</sup> of each year.

#### NOTE 15-RISK MANAGEMENT:

---

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation claims; and natural disasters.

The County contracts with VACorp to provide insurance coverage for these risks of loss. In the event of a loss deficit and depletion of all assets and available insurance of the League, the League may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The property coverage is for specific amounts based on values assigned to the insured properties. Liability coverage consists of \$1 million primary and \$4 million excess coverage.

The School Board contracts with private insurers for property and liability coverage.

#### Unemployment Insurance

The County and School Board are fully self-insured for unemployment claims. The Virginia Employment Commission bills the County for all unemployment claims.

#### Employee Health Insurance

The County is self-insured for medical coverage for County and School employees. Anthem serves as the administrator of a group medical insurance program in which the County and School Board's participating employees are combined into one overall funding program. The program includes a specific stop loss of \$150,000 for the program year ending September 30, 2020, and a maximum aggregate liability of 115% of Anthem's estimate of the expected liability.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 15–RISK MANAGEMENT: (CONTINUED)

---

Employee Health Insurance: (Continued)

Liabilities for unpaid claims and claims incurred but not reported (IBNR) are estimated based on the estimated ultimate costs of settling the claims. Changes in the balances of claim liabilities are as follows:

| <u>Fiscal Year Ending</u> | <u>Beginning<br/>of Year</u> | <u>Insured Claims<br/>(Including IBNR)</u> | <u>Claim<br/>Payments</u> | <u>End<br/>of Year</u> |
|---------------------------|------------------------------|--------------------------------------------|---------------------------|------------------------|
| June 30, 2020             | \$ 1,067,714                 | \$ 14,428,917                              | \$ 14,357,030             | \$ 1,139,601           |
| June 30, 2019             | 988,056                      | 13,420,362                                 | 13,340,704                | 1,067,714              |
| June 30, 2018             | 1,090,479                    | 13,037,584                                 | 13,140,007                | 988,056                |
| June 30, 2017             | 993,106                      | 13,892,063                                 | 13,794,690                | 1,090,479              |

In fiscal year 2012 the County started offering health benefits with a health savings account. The County has provided an annual contribution to each employee's health savings account.

NOTE 16–COMMITMENTS AND CONTINGENCIES:

---

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. County officials believe that if any refunds are required, they will be immaterial.

Revenue Bonds of Campbell County Utilities and Service Authority

The County Board of Supervisors has issued expressions of intent to provide the debt service payments on certain revenue bonds issued by the Campbell County Utilities and Service Authority (CCUSA). This support agreement is a non-binding obligation to appropriate to the CCUSA such funds as may be requested from time to time to pay these debt service costs for the life of the bonds, or 20 years. The County paid CCUSA \$98,819 for debt service in fiscal year 2020. In turn, the County receives water and sewer access fees related to these projects. In 2020, the County received approximately \$60,950 in such fees.

Leesville Road Waterline

The County financed the construction of the Leesville Road waterline. Campbell County Utility Service (CCUSA) will own and operate the assets. All connection fees received as a result of the waterline will be remitted to the County until the costs are recovered. If the total costs are not recovered, CCUSA is not responsible for the difference.



COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 16–COMMITMENTS AND CONTINGENCIES: (CONTINUED)

---

Construction Contract Commitments

The County has outstanding construction contract commitments as follows:

| <u>Project</u>                  |    | <u>Amount<br/>Outstanding</u> |
|---------------------------------|----|-------------------------------|
| Brookville High School Elevator | \$ | 169,919                       |
| Liberty Mtn. Rd. 460 Ramp       |    | 145,653                       |
| Total commitments               | \$ | <u>315,572</u>                |

Encumbrances

The County reports encumbrances by fund as follows:

|                                     |    |                  |
|-------------------------------------|----|------------------|
| General Fund:                       |    |                  |
| Education                           | \$ | 6,166,502        |
| Other general government operations |    | <u>983,383</u>   |
| Total encumbrances                  | \$ | <u>7,149,885</u> |

NOTE 17–RESTRICTED ASSETS:

---

The County and School Board reports the following restricted assets:

|                                                                      |    |                  |
|----------------------------------------------------------------------|----|------------------|
| Primary Government - School construction                             | \$ | 368,175          |
| Primary Government - Cash: Contributions - Road construction project |    | <u>2,846,591</u> |
| Total Restricted Assets                                              | \$ | <u>3,214,766</u> |

NOTE 18–FAIR VALUE MEASUREMENTS:

---

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted (unadjusted) prices in active markets for identical assets or liabilities.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

NOTE 18–FAIR VALUE MEASUREMENTS: (CONTINUED)

- Level 2 — Significant observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The County reports the following information related to its investments:

| Fair Value Measurements at Reporting Date Using |                           |                                                                               |                                                           |                                                    |
|-------------------------------------------------|---------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                                 | Total<br>June 30,<br>2020 | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Fixed Income - Municipal                        | \$ 672,143                | \$ 672,143                                                                    | \$ -                                                      | \$ -                                               |
| Total                                           | \$ 672,143                | \$ 672,143                                                                    | \$ -                                                      | \$ -                                               |

NOTE 19–UPCOMING PRONOUNCEMENTS:

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

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

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

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

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

NOTE 19–UPCOMING PRONOUNCEMENTS: (CONTINUED)

---

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

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

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

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

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.

COUNTY OF CAMPBELL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
AS OF JUNE 30, 2020 (CONTINUED)

---

**NOTE 20—SUBSEQUENT EVENTS:**

---

On July 21, 2020 the County issued \$39,645,000 of Public Facility Lease Revenue Bonds, Series 2020 (“Bonds”) through the IDA of Campbell County, Virginia. The Bonds were issued at a premium in the amount of \$5,373,509. The proceeds will be used to finance the construction of the new Rustburg Middle School (approximately 90% of the proceeds) and upgrades to the County’s public safety communications system. The Bond requires the initial interest payment due December 2020 with semi-annual interest payments thereafter and annual principal payments until maturity in June 2048.

**NOTE 21—COVID-19 PANDEMIC SUBSEQUENT EVENT NOTE:**

---

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

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

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

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

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

### **REQUIRED SUPPLEMENTARY INFORMATION**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

This page intentionally left blank

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020

|                                                  | Budgeted Amounts |               |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--------------------------------------------------|------------------|---------------|-------------------|-----------------------------------------------------------|
|                                                  | Original         | Final         | Actual<br>Amounts |                                                           |
| REVENUES                                         |                  |               |                   |                                                           |
| General property taxes                           | \$ 42,651,492    | 42,628,493    | \$ 43,034,658     | \$ 406,165                                                |
| Other local taxes                                | 11,472,995       | 11,472,995    | 13,049,588        | 1,576,593                                                 |
| Permits, privilege fees, and regulatory licenses | 342,334          | 350,384       | 368,220           | 17,836                                                    |
| Fines and forfeitures                            | 130,711          | 130,711       | 130,615           | (96)                                                      |
| Revenue from the use of money and property       | 255,881          | 255,881       | 565,939           | 310,058                                                   |
| Charges for services                             | 3,003,657        | 3,005,725     | 2,969,635         | (36,090)                                                  |
| Miscellaneous                                    | 105,512          | 227,659       | 1,297,598         | 1,069,939                                                 |
| Recovered costs                                  | 739,101          | 739,101       | 739,101           | -                                                         |
| Intergovernmental:                               |                  |               |                   |                                                           |
| Commonwealth                                     | 14,591,088       | 16,631,264    | 15,595,154        | (1,036,110)                                               |
| Federal                                          | 3,968,921        | 4,257,317     | 6,420,740         | 2,163,423                                                 |
| Total revenues                                   | \$ 77,261,692    | \$ 79,699,530 | \$ 84,171,248     | \$ 4,471,718                                              |
| EXPENDITURES                                     |                  |               |                   |                                                           |
| Current:                                         |                  |               |                   |                                                           |
| General government administration                |                  |               |                   |                                                           |
| Board of supervisors                             | \$ 102,146       | \$ 102,146    | \$ 72,173         | \$ 29,973                                                 |
| County administrator                             | 392,757          | 400,999       | 346,761           | 54,238                                                    |
| Independent auditor                              | 63,400           | 63,400        | 63,400            | -                                                         |
| Business auditor                                 | 123,900          | 132,848       | 131,030           | 1,818                                                     |
| Commissioner of the revenue                      | 358,580          | 378,893       | 374,043           | 4,850                                                     |
| Reassessment                                     | 287,611          | 290,527       | 149,505           | 141,022                                                   |
| Central purchasing                               | 117,490          | 120,547       | 112,729           | 7,818                                                     |
| Legal services                                   | 304,751          | 364,688       | 357,794           | 6,894                                                     |
| Treasurer                                        | 616,076          | 621,870       | 561,493           | 60,377                                                    |
| Information systems                              | 963,257          | 1,038,186     | 864,535           | 173,651                                                   |
| Finance & Management services                    | 409,962          | 423,512       | 456,881           | (33,369)                                                  |
| Vehicle licensing                                | 26,255           | 35,665        | 16,450            | 19,215                                                    |
| Public & employee relations                      | 329,608          | 317,197       | 290,227           | 26,970                                                    |
| Other                                            | 1,080,857        | 561,853       | 483,470           | 78,383                                                    |
| Registrar                                        | 257,773          | 291,090       | 277,830           | 13,260                                                    |
| Total general government administration          | \$ 5,434,423     | \$ 5,143,421  | \$ 4,558,321      | \$ 585,100                                                |
| Judicial administration                          |                  |               |                   |                                                           |
| Circuit court                                    | \$ 87,008        | \$ 93,189     | \$ 85,625         | \$ 7,564                                                  |
| General district court                           | 10,840           | 10,840        | 7,318             | 3,522                                                     |
| Magistrates                                      | 1,766            | 1,766         | 1,253             | 513                                                       |
| Juvenile and domestic relations court            | 18,559           | 18,559        | 11,649            | 6,910                                                     |
| Clerk of the circuit court                       | 587,438          | 641,338       | 569,996           | 71,342                                                    |
| Victim witness program                           | 223,320          | 228,963       | 224,591           | 4,372                                                     |
| Commissioner of accounts                         | 1,320            | 1,320         | 1,140             | 180                                                       |
| Commonwealth attorney                            | 855,271          | 887,715       | 886,366           | 1,349                                                     |
| Total judicial administration                    | \$ 1,785,522     | \$ 1,883,690  | \$ 1,787,938      | \$ 95,752                                                 |

## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020 (Continued)

|                                             | Budgeted Amounts |               |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---------------------------------------------|------------------|---------------|-------------------|-----------------------------------------------------------|
|                                             | Original         | Final         | Actual<br>Amounts |                                                           |
| EXPENDITURES (CONTINUED)                    |                  |               |                   |                                                           |
| Public safety                               |                  |               |                   |                                                           |
| Sheriff                                     | \$ 6,233,561     | \$ 6,554,539  | \$ 6,234,971      | \$ 319,568                                                |
| E - 911 system                              | 1,135,306        | 1,167,879     | 1,128,160         | 39,719                                                    |
| Fire departments                            | 607,752          | 617,339       | 585,119           | 32,220                                                    |
| Ambulance and rescue services               | 345,810          | 346,310       | 313,265           | 33,045                                                    |
| Paid EMT services                           | 3,107,037        | 3,334,249     | 3,285,982         | 48,267                                                    |
| Forest fire extinction service              | 20,780           | 20,780        | 20,329            | 451                                                       |
| Jail                                        | 2,800,000        | 2,800,000     | 2,800,000         | -                                                         |
| Probation office                            | 5,350            | 5,350         | 3,995             | 1,355                                                     |
| Local corrections                           | 366,782          | 386,102       | 262,832           | 123,270                                                   |
| Building inspections                        | 309,791          | 318,659       | 290,886           | 27,773                                                    |
| Animal control                              | 267,516          | 270,720       | 252,628           | 18,092                                                    |
| Medical examiner                            | 800              | 800           | 540               | 260                                                       |
| Emergency services                          | 312,464          | 384,142       | 325,611           | 58,531                                                    |
| Total public safety                         | \$ 15,512,949    | \$ 16,206,869 | \$ 15,504,318     | \$ 702,551                                                |
| Public works                                |                  |               |                   |                                                           |
| Highway services                            | \$ 23,000        | \$ 23,000     | \$ 7,022          | \$ 15,978                                                 |
| Street lights                               | 9,700            | 11,240        | 11,574            | (334)                                                     |
| Maintenance of buildings and grounds        | 1,557,660        | 1,562,235     | 1,491,075         | 71,160                                                    |
| Public works administration                 | 300,985          | 310,572       | 308,118           | 2,454                                                     |
| Total public works                          | \$ 1,891,345     | \$ 1,907,047  | \$ 1,817,789      | \$ 89,258                                                 |
| Health and welfare                          |                  |               |                   |                                                           |
| Health department                           | \$ 409,181       | \$ 409,181    | \$ 409,181        | \$ -                                                      |
| Horizon Behavior Health                     | 182,485          | 182,485       | 182,485           | -                                                         |
| Welfare assistance and administration       | 7,942,453        | 8,107,168     | 7,452,102         | 655,066                                                   |
| Children Services Act Program               | 2,901,645        | 4,705,293     | 4,619,486         | 85,807                                                    |
| Property tax relief for elderly/handicapped | 364,268          | 364,268       | 384,266           | (19,998)                                                  |
| Housing assistance                          | 140,107          | 145,257       | 82,251            | 63,006                                                    |
| Youth, adult and community services         | 103,302          | 121,890       | 101,227           | 20,663                                                    |
| Other health and welfare                    | 16,953           | 16,953        | 16,953            | -                                                         |
| Total health and welfare                    | \$ 12,060,394    | \$ 14,052,495 | \$ 13,247,951     | \$ 804,544                                                |
| Education                                   |                  |               |                   |                                                           |
| Contribution to School Board                |                  |               |                   |                                                           |
| Component unit                              | \$ 28,386,460    | \$ 34,145,861 | \$ 26,919,132     | \$ 7,226,729                                              |
| Total education                             | \$ 28,386,460    | \$ 34,145,861 | \$ 26,919,132     | \$ 7,226,729                                              |



## General Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020 (Continued)

|                                                           | Budgeted Amounts |                |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|-----------------------------------------------------------|------------------|----------------|-------------------|-----------------------------------------------------------|
|                                                           | Original         | Final          | Actual<br>Amounts |                                                           |
| EXPENDITURES (CONTINUED)                                  |                  |                |                   |                                                           |
| Parks, recreation, and cultural                           |                  |                |                   |                                                           |
| Parks and recreation                                      | \$ 504,124       | \$ 461,045     | \$ 406,300        | \$ 54,745                                                 |
| Community recreation                                      | 213,308          | 213,308        | 53,292            | 160,016                                                   |
| Historic landmarks                                        | 5,000            | 5,000          | 5,000             | -                                                         |
| Library                                                   | 1,190,839        | 1,177,372      | 1,087,143         | 90,229                                                    |
| Literacy                                                  | 40,832           | 40,667         | 36,023            | 4,644                                                     |
| Total parks, recreation, and cultural                     | \$ 1,954,103     | \$ 1,897,392   | \$ 1,587,758      | \$ 309,634                                                |
| Community Development                                     |                  |                |                   |                                                           |
| Zoning                                                    | \$ 526,206       | \$ 565,495     | \$ 511,959        | \$ 53,536                                                 |
| Economic development                                      | 551,736          | 2,231,835      | 1,507,096         | 724,739                                                   |
| Planning                                                  | 51,000           | 51,000         | 51,000            | -                                                         |
| Campbell County Utility Service Authority                 | 98,819           | 98,819         | 98,819            | -                                                         |
| Environmental management program                          | 146,239          | 158,287        | 138,048           | 20,239                                                    |
| Soil and water conservation district                      | 12,247           | 12,247         | 11,685            | 562                                                       |
| Cooperation extension program                             | 113,725          | 113,725        | 79,559            | 34,166                                                    |
| Total community development                               | \$ 1,499,972     | \$ 3,231,408   | \$ 2,398,166      | \$ 833,242                                                |
| Capital Projects                                          |                  |                |                   |                                                           |
| Land acquisition                                          | \$ -             | \$ -           | \$ 809,617        | \$ (809,617)                                              |
| Debt Service                                              |                  |                |                   |                                                           |
| Principal                                                 | \$ 3,117,234     | \$ 3,117,234   | \$ 3,117,234      | \$ -                                                      |
| Interest and fiscal charges                               | 812,863          | 947,679        | 947,798           | (119)                                                     |
| Total debt service                                        | \$ 3,930,097     | \$ 4,064,913   | \$ 4,065,032      | \$ (119)                                                  |
| Nondepartmental                                           | \$ (360,000)     | \$ (360,000)   | \$ 427            | \$ (360,427)                                              |
| Total expenditures                                        | \$ 72,095,265    | \$ 82,173,096  | \$ 72,696,449     | \$ 9,476,647                                              |
| Excess (deficiency) of revenues over (under) expenditures | \$ 5,166,427     | \$ (2,473,566) | \$ 11,474,799     | \$ 13,948,365                                             |
| OTHER FINANCING SOURCES (USES)                            |                  |                |                   |                                                           |
| Transfers in                                              | \$ -             | \$ 38,445      | \$ 38,445         | \$ -                                                      |
| Transfers out                                             | (2,895,000)      | (6,315,158)    | (6,315,158)       | -                                                         |
| Issuance of bond anticipation note                        | -                | 132,631        | 942,248           | 809,617                                                   |
| Total other financing sources (uses)                      | \$ (2,895,000)   | \$ (6,144,082) | \$ (5,334,465)    | \$ 809,617                                                |
| Net change in fund balances                               | \$ 2,271,427     | \$ (8,617,648) | \$ 6,140,334      | \$ 14,757,982                                             |
| Fund balance - beginning                                  | (2,271,427)      | 8,617,648      | 28,951,282        | 20,333,634                                                |
| Fund balance - ending                                     | \$ -             | \$ -           | \$ 35,091,616     | \$ 35,091,616                                             |

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

## Solid Waste Fund

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

|                                                           | Budgeted Amounts      |                       | Actual<br>Amounts     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|-----------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------------------------------|
|                                                           | Original              | Final                 |                       |                                                           |
| REVENUES                                                  |                       |                       |                       |                                                           |
| Revenue from the use of money and property                | \$ -                  | \$ -                  | \$ 7,287              | \$ 7,287                                                  |
| Charges for services                                      | 811,814               | 811,814               | -                     | (811,814)                                                 |
| Intergovernmental:                                        |                       |                       |                       |                                                           |
| Commonwealth                                              | 16,200                | 16,200                | 4,809                 | (11,391)                                                  |
| Total revenues                                            | <u>\$ 828,014</u>     | <u>\$ 828,014</u>     | <u>\$ 12,096</u>      | <u>\$ (815,918)</u>                                       |
| EXPENDITURES                                              |                       |                       |                       |                                                           |
| Current:                                                  |                       |                       |                       |                                                           |
| Public Works - Solid Waste                                | <u>\$ 1,928,014</u>   | <u>\$ 2,106,061</u>   | <u>\$ 1,705,469</u>   | <u>\$ 400,592</u>                                         |
| Total expenditures                                        | <u>\$ 1,928,014</u>   | <u>\$ 2,106,061</u>   | <u>\$ 1,705,469</u>   | <u>\$ 400,592</u>                                         |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,100,000)</u> | <u>\$ (1,278,047)</u> | <u>\$ (1,693,373)</u> | <u>\$ (415,326)</u>                                       |
| OTHER FINANCING SOURCES (USES)                            |                       |                       |                       |                                                           |
| Transfers in                                              | <u>\$ 1,100,000</u>   | <u>\$ 1,806,542</u>   | <u>\$ 1,806,542</u>   | <u>\$ -</u>                                               |
| Total other financing sources (uses)                      | <u>\$ 1,100,000</u>   | <u>\$ 1,806,542</u>   | <u>\$ 1,806,542</u>   | <u>\$ -</u>                                               |
| Net change in fund balances                               | \$ -                  | \$ 528,495            | \$ 113,169            | \$ (415,326)                                              |
| Fund balance - beginning                                  | <u>-</u>              | <u>(528,495)</u>      | <u>1,129,639</u>      | <u>1,658,134</u>                                          |
| Fund balance - ending                                     | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 1,242,808</u>   | <u>\$ 1,242,808</u>                                       |

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

## Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

|                                                                                   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                                                    |                      |                      |                      |                      |                      |                      |
| Service cost                                                                      | \$ 1,591,339         | \$ 1,545,609         | \$ 1,549,866         | \$ 1,594,596         | \$ 1,568,032         | \$ 1,506,011         |
| Interest                                                                          | 4,784,393            | 4,612,240            | 4,516,824            | 4,347,229            | 4,089,845            | 3,900,665            |
| Changes in benefit terms                                                          | 2,192,088            | -                    | -                    | -                    | -                    | -                    |
| Differences between expected and actual experience                                | (206,618)            | (396,573)            | (1,162,819)          | (575,564)            | 824,419              | -                    |
| Changes of assumptions                                                            | -                    | -                    | (337,699)            | -                    | -                    | -                    |
| Benefit payments                                                                  | (3,193,479)          | (3,410,433)          | (2,995,720)          | (2,891,247)          | (2,719,500)          | (2,688,703)          |
| <b>Net change in total pension liability</b>                                      | <b>\$ 5,167,723</b>  | <b>\$ 2,350,843</b>  | <b>\$ 1,570,452</b>  | <b>\$ 2,475,014</b>  | <b>\$ 3,762,796</b>  | <b>\$ 2,717,973</b>  |
| <b>Total pension liability - beginning</b>                                        | <b>69,945,209</b>    | <b>67,594,366</b>    | <b>66,023,914</b>    | <b>63,548,900</b>    | <b>59,786,104</b>    | <b>57,068,131</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 75,112,932</b> | <b>\$ 69,945,209</b> | <b>\$ 67,594,366</b> | <b>\$ 66,023,914</b> | <b>\$ 63,548,900</b> | <b>\$ 59,786,104</b> |
| <b>Plan fiduciary net position</b>                                                |                      |                      |                      |                      |                      |                      |
| Contributions - employer                                                          | \$ 1,439,426         | \$ 1,434,362         | \$ 1,393,354         | \$ 1,644,686         | \$ 1,654,904         | \$ 1,640,441         |
| Contributions - employee                                                          | 707,444              | 669,563              | 683,119              | 658,971              | 675,034              | 637,244              |
| Net investment income                                                             | 4,291,994            | 4,514,736            | 6,732,850            | 953,652              | 2,435,302            | 7,297,446            |
| Benefit payments                                                                  | (3,193,479)          | (3,410,433)          | (2,995,720)          | (2,891,247)          | (2,719,500)          | (2,688,703)          |
| Administrator charges                                                             | (42,516)             | (39,308)             | (38,991)             | (34,332)             | (33,239)             | (39,389)             |
| Other                                                                             | (2,702)              | (4,002)              | (5,992)              | (407)                | (514)                | 384                  |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ 3,200,167</b>  | <b>\$ 3,164,918</b>  | <b>\$ 5,768,620</b>  | <b>\$ 331,323</b>    | <b>\$ 2,011,987</b>  | <b>\$ 6,847,423</b>  |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>64,477,214</b>    | <b>61,312,296</b>    | <b>55,543,676</b>    | <b>55,212,353</b>    | <b>53,200,366</b>    | <b>46,352,943</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 67,677,381</b> | <b>\$ 64,477,214</b> | <b>\$ 61,312,296</b> | <b>\$ 55,543,676</b> | <b>\$ 55,212,353</b> | <b>\$ 53,200,366</b> |
| <b>County's net pension liability - ending (a) - (b)</b>                          | <b>\$ 7,435,551</b>  | <b>\$ 5,467,995</b>  | <b>\$ 6,282,070</b>  | <b>\$ 10,480,238</b> | <b>\$ 8,336,547</b>  | <b>\$ 6,585,738</b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>90.10%</b>        | <b>92.18%</b>        | <b>90.71%</b>        | <b>84.13%</b>        | <b>86.88%</b>        | <b>88.98%</b>        |
| <b>Covered payroll</b>                                                            | <b>\$ 14,601,082</b> | <b>\$ 13,662,885</b> | <b>\$ 13,165,736</b> | <b>\$ 13,136,288</b> | <b>\$ 13,173,333</b> | <b>\$ 12,703,891</b> |
| <b>County's net pension liability as a percentage of covered payroll</b>          | <b>50.92%</b>        | <b>40.02%</b>        | <b>47.72%</b>        | <b>79.78%</b>        | <b>63.28%</b>        | <b>51.84%</b>        |

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

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

|                                                                                   | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
|-----------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                                                    |                      |                      |                      |                      |                      |                      |
| Service cost                                                                      | \$ 296,913           | \$ 308,804           | \$ 302,578           | \$ 304,674           | \$ 322,594           | \$ 347,629           |
| Interest                                                                          | 936,872              | 946,190              | 956,515              | 945,293              | 926,451              | 903,387              |
| Differences between expected and actual experience                                | 125,542              | (392,164)            | (311,278)            | (132,039)            | (10,314)             | -                    |
| Changes of assumptions                                                            | 328,372              | -                    | (134,155)            | -                    | -                    | -                    |
| Benefit payments                                                                  | (1,024,578)          | (967,321)            | (954,989)            | (960,237)            | (978,898)            | (864,159)            |
| <b>Net change in total pension liability</b>                                      | <b>\$ 663,121</b>    | <b>\$ (104,491)</b>  | <b>\$ (141,329)</b>  | <b>\$ 157,691</b>    | <b>\$ 259,833</b>    | <b>\$ 386,857</b>    |
| <b>Total pension liability - beginning</b>                                        | <b>13,896,172</b>    | <b>14,000,663</b>    | <b>14,141,992</b>    | <b>13,984,301</b>    | <b>13,724,468</b>    | <b>13,337,611</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 14,559,293</b> | <b>\$ 13,896,172</b> | <b>\$ 14,000,663</b> | <b>\$ 14,141,992</b> | <b>\$ 13,984,301</b> | <b>\$ 13,724,468</b> |
| <b>Plan fiduciary net position</b>                                                |                      |                      |                      |                      |                      |                      |
| Contributions - employer                                                          | \$ 224,042           | \$ 254,944           | \$ 248,253           | \$ 318,293           | \$ 310,596           | \$ 318,487           |
| Contributions - employee                                                          | 153,123              | 148,622              | 144,771              | 144,031              | 142,393              | 147,336              |
| Net investment income                                                             | 875,067              | 955,281              | 1,458,220            | 205,910              | 558,443              | 1,732,436            |
| Benefit payments                                                                  | (1,024,578)          | (967,321)            | (954,989)            | (960,237)            | (978,898)            | (864,159)            |
| Administrator charges                                                             | (9,130)              | (8,550)              | (8,793)              | (7,927)              | (8,065)              | (9,589)              |
| Other                                                                             | (548)                | (838)                | (1,283)              | (90)                 | (117)                | 91                   |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ 217,976</b>    | <b>\$ 382,138</b>    | <b>\$ 886,179</b>    | <b>\$ (300,020)</b>  | <b>\$ 24,352</b>     | <b>\$ 1,324,602</b>  |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>13,507,000</b>    | <b>13,124,862</b>    | <b>12,238,683</b>    | <b>12,538,748</b>    | <b>12,514,396</b>    | <b>11,189,794</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 13,724,976</b> | <b>\$ 13,507,000</b> | <b>\$ 13,124,862</b> | <b>\$ 12,238,728</b> | <b>\$ 12,538,748</b> | <b>\$ 12,514,396</b> |
| <b>School Board's net pension liability - ending (a) - (b)</b>                    | <b>\$ 834,317</b>    | <b>\$ 389,172</b>    | <b>\$ 875,801</b>    | <b>\$ 1,903,264</b>  | <b>\$ 1,445,553</b>  | <b>\$ 1,210,072</b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>94.27%</b>        | <b>97.20%</b>        | <b>93.74%</b>        | <b>86.54%</b>        | <b>89.66%</b>        | <b>91.18%</b>        |
| <b>Covered payroll</b>                                                            | <b>\$ 3,326,525</b>  | <b>\$ 3,198,309</b>  | <b>\$ 3,083,237</b>  | <b>\$ 3,014,909</b>  | <b>\$ 2,910,102</b>  | <b>\$ 2,950,955</b>  |
| <b>School Board's net pension liability as a percentage of covered payroll</b>    | <b>25.08%</b>        | <b>12.17%</b>        | <b>28.41%</b>        | <b>63.13%</b>        | <b>49.67%</b>        | <b>41.01%</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.

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

|                                                                                                            | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset)                                                 | 0.48%         | 0.48%         | 0.48%         | 0.49%         | 0.51%         | 0.52%         |
| Employer's Proportionate Share of the Net Pension Liability (Asset)                                        | \$ 62,641,672 | \$ 55,996,000 | \$ 58,563,000 | \$ 68,881,000 | \$ 64,322,000 | \$ 62,577,000 |
| Employer's Covered Payroll                                                                                 | 39,791,832    | 38,345,750    | 37,477,663    | 37,475,983    | 38,004,120    | 37,818,503    |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 157.42%       | 146.03%       | 156.26%       | 183.80%       | 169.25%       | 165.47%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                                 | 73.51%        | 74.81%        | 72.92%        | 68.28%        | 70.68%        | 70.88%        |

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

Schedule of Employer Contributions - Pension  
For the Years Ended June 30, 2011 through June 30, 2020

| Date                                    | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|-----------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>County:</b>                          |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                    | \$ 1,485,261                                     | \$ 1,485,261                                                                        | \$ -                                          | \$ 15,212,134                           | 10%                                                     |
| 2019                                    | 1,442,124                                        | 1,442,124                                                                           | -                                             | 14,601,082                              | 10%                                                     |
| 2018                                    | 1,434,362                                        | 1,434,362                                                                           | -                                             | 13,662,885                              | 10%                                                     |
| 2017                                    | 1,392,485                                        | 1,392,485                                                                           | -                                             | 13,165,736                              | 11%                                                     |
| 2016                                    | 1,645,469                                        | 1,645,469                                                                           | -                                             | 13,136,288                              | 13%                                                     |
| 2015                                    | 1,654,811                                        | 1,654,811                                                                           | -                                             | 13,173,333                              | 13%                                                     |
| 2014                                    | 1,647,695                                        | 1,647,695                                                                           | -                                             | 12,703,891                              | 13%                                                     |
| 2013                                    | 1,549,349                                        | 1,549,349                                                                           | -                                             | 11,945,633                              | 13%                                                     |
| 2012                                    | 1,035,686                                        | 1,035,686                                                                           | -                                             | 11,418,804                              | 9%                                                      |
| 2011                                    | 1,039,173                                        | 1,039,173                                                                           | -                                             | 11,457,253                              | 9%                                                      |
| <b>School Board - Nonprofessionals:</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                    | \$ 233,489                                       | \$ 233,489                                                                          | \$ -                                          | \$ 3,524,184                            | 7%                                                      |
| 2019                                    | 225,305                                          | 225,305                                                                             | -                                             | 3,326,525                               | 7%                                                      |
| 2018                                    | 254,944                                          | 254,944                                                                             | -                                             | 3,198,309                               | 8%                                                      |
| 2017                                    | 248,239                                          | 248,239                                                                             | -                                             | 3,083,237                               | 8%                                                      |
| 2016                                    | 318,400                                          | 318,400                                                                             | -                                             | 3,014,909                               | 11%                                                     |
| 2015                                    | 310,595                                          | 310,595                                                                             | -                                             | 2,910,102                               | 11%                                                     |
| 2014                                    | 318,703                                          | 318,703                                                                             | -                                             | 2,950,955                               | 11%                                                     |
| 2013                                    | 322,886                                          | 322,886                                                                             | -                                             | 2,989,687                               | 11%                                                     |
| 2012                                    | 210,284                                          | 210,284                                                                             | -                                             | 2,774,194                               | 8%                                                      |
| 2011                                    | 211,844                                          | 211,844                                                                             | -                                             | 2,794,780                               | 8%                                                      |
| <b>School Board - Professionals*:</b>   |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                    | \$ 6,392,959                                     | \$ 6,392,959                                                                        | \$ -                                          | \$ 41,958,174                           | 15%                                                     |
| 2019                                    | 6,096,601                                        | 6,096,601                                                                           | -                                             | 39,791,832                              | 15%                                                     |
| 2018                                    | 6,155,222                                        | 6,155,222                                                                           | -                                             | 38,345,750                              | 16%                                                     |
| 2017                                    | 5,415,854                                        | 5,415,854                                                                           | -                                             | 37,477,663                              | 14%                                                     |
| 2016                                    | 5,232,865                                        | 5,232,865                                                                           | -                                             | 37,475,983                              | 14%                                                     |
| 2015                                    | 5,491,770                                        | 5,491,770                                                                           | -                                             | 38,004,120                              | 14%                                                     |

\* This schedule is intended to report information for 10 years. Information prior to the 2014 valuation is not available. Additional years will be included when available.

Notes to Required Supplementary Information - Pension  
Pension Plans  
For the Year Ended June 30, 2020

---

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

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

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

|                                                                         |                                                                                                 |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                           |
| Retirement Rates                                                        | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates                                                        | Lowered rates                                                                                   |
| Salary Scale                                                            | No change                                                                                       |
| Line of Duty Disability                                                 | Increased rate from 14% to 15%                                                                  |
| 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% to 45%                                                                  |
| 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%                                                              |

OPEB - Health Insurance Plan  
 Required Supplementary Information  
 Schedule of OPEB Funding Progress

|                                                                                       | 2020                  | 2019                  | 2018                  |
|---------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b><u>County:</u></b>                                                                 |                       |                       |                       |
| <b>Total OPEB liability</b>                                                           |                       |                       |                       |
| Service cost                                                                          | \$ 360,268            | \$ 339,383            | \$ 394,699            |
| Interest                                                                              | 308,621               | 359,240               | 318,362               |
| Changes in assumptions                                                                | 598,315               | 220,265               | 52,672                |
| Differences between expected and actual experience                                    | (940,221)             | (835,454)             | 206,085               |
| Benefit payments                                                                      | (570,575)             | (617,249)             | (437,968)             |
| <b>Net change in total OPEB liability</b>                                             | <b>\$ (243,592)</b>   | <b>\$ (533,815)</b>   | <b>\$ 533,850</b>     |
| <b>Total OPEB liability - beginning</b>                                               | <b>8,715,179</b>      | <b>9,248,994</b>      | <b>8,715,144</b>      |
| <b>Total OPEB liability - ending</b>                                                  | <b>\$ 8,471,587</b>   | <b>\$ 8,715,179</b>   | <b>\$ 9,248,994</b>   |
| <b>Covered payroll</b>                                                                | <b>\$ 11,873,221</b>  | <b>\$ 11,416,648</b>  | <b>\$ 11,057,286</b>  |
| <b>County's total OPEB liability (asset) as a percentage of covered payroll</b>       | <b>71.4%</b>          | <b>76.3%</b>          | <b>83.6%</b>          |
| <b><u>School Board:</u></b>                                                           |                       |                       |                       |
| <b>Total OPEB liability</b>                                                           |                       |                       |                       |
| Service cost                                                                          | \$ 1,133,929          | \$ 1,086,510          | \$ 1,216,156          |
| Interest                                                                              | 846,900               | 973,510               | 1,052,082             |
| Changes in assumptions                                                                | (1,180,328)           | 607,107               | 178,321               |
| Differences between expected and actual experience                                    | (2,533,900)           | (2,207,655)           | (4,524,781)           |
| Benefit payments                                                                      | (1,396,766)           | (1,663,591)           | (2,384,173)           |
| <b>Net change in total OPEB liability</b>                                             | <b>\$ (3,130,165)</b> | <b>\$ (1,204,119)</b> | <b>\$ (4,462,395)</b> |
| <b>Total OPEB liability - beginning</b>                                               | <b>23,686,626</b>     | <b>24,890,817</b>     | <b>29,353,212</b>     |
| <b>Total OPEB liability - ending</b>                                                  | <b>\$ 20,556,461</b>  | <b>\$ 23,686,698</b>  | <b>\$ 24,890,817</b>  |
| <b>Covered payroll</b>                                                                | <b>\$ 45,251,012</b>  | <b>\$ 41,170,822</b>  | <b>\$ 39,874,888</b>  |
| <b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b> | <b>45.4%</b>          | <b>57.5%</b>          | <b>62.4%</b>          |

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



## OPEB - Health Insurance Plan

## Notes to Required Supplementary Information - Health Insurance OPEB

For the Year Ended June 30, 2020

Valuation Date: July 1, 2019  
 Measurement Date: June 30, 2020

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

*Methods and assumptions used to determine OPEB liability:*

|                       |                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method | Entry age normal level % of salary                                                                                                                                                                                                                                                                                                                                                              |
| Discount Rate         | 2.66% as of June 30, 2020; 3.51% as of June 30, 2019                                                                                                                                                                                                                                                                                                                                            |
| Inflation             | 2.50% per year as of June 30, 2020                                                                                                                                                                                                                                                                                                                                                              |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 8.0% and gradually declines to 4.5%                                                                                                                                                                                                                                                                                                              |
| Salary Increase Rates | County - The salary increase rate starts at 5.35% increase for 1 year of service and gradually declines to 3.50% for 20 or more years of service for non-law enforcement and 4.75% to 3.50% for law enforcement. School Board - The salary increase rate starts at 5.70% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service. |
| Retirement Age        | The average age at retirement is 63                                                                                                                                                                                                                                                                                                                                                             |
| Mortality Rates       | The mortality rates for general and public safety employees and retirees - SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2019. Teacher employees and retirees - SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2019.                                                                                     |

## Schedule of Share of Net OPEB Liability

## Group Life Insurance Program

For the Measurement Dates of June 30, 2018 and 2017

| Date<br>(1)                                      | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset)<br>(2) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Employer's<br>Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>GLI OPEB Liability<br>(6) |
|--------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>County:</b>                                   |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2019                                             | 0.07448%                                                                    | \$ 1,211,988                                                                            | \$ 14,601,082                           | 8.30%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                             | 0.07185%                                                                    | 1,091,000                                                                               | 13,662,885                              | 7.99%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                             | 0.07150%                                                                    | 1,076,000                                                                               | 13,165,736                              | 8.17%                                                                                                                                    | 48.86%                                                                                  |
| <b>School Board - Professional Employees:</b>    |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2019                                             | 0.20309%                                                                    | \$ 3,304,815                                                                            | \$ 39,791,832                           | 8.31%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                             | 0.20174%                                                                    | 3,064,000                                                                               | 38,345,750                              | 7.99%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                             | 0.20326%                                                                    | 3,059,000                                                                               | 37,477,663                              | 8.16%                                                                                                                                    | 48.86%                                                                                  |
| <b>School Board - Nonprofessional Employees:</b> |                                                                             |                                                                                         |                                         |                                                                                                                                          |                                                                                         |
| 2019                                             | 0.01697%                                                                    | \$ 276,147                                                                              | \$ 3,326,525                            | 8.30%                                                                                                                                    | 52.00%                                                                                  |
| 2018                                             | 0.01682%                                                                    | 256,000                                                                                 | 3,198,309                               | 8.00%                                                                                                                                    | 51.22%                                                                                  |
| 2017                                             | 0.01672%                                                                    | 252,000                                                                                 | 3,083,237                               | 8.17%                                                                                                                                    | 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.

Schedule of Employer Contributions  
 Group Life Insurance Program  
 For the Years Ended June 30, 2017 through June 30, 2019

| Date                                             | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>County:</b>                                   |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                             | \$ 79,103                                        | \$ 79,103                                                                           | \$ -                                          | \$ 15,212,134                           | 0.52%                                                   |
| 2019                                             | 75,926                                           | 75,926                                                                              | -                                             | 14,601,082                              | 0.52%                                                   |
| 2018                                             | 71,047                                           | 71,047                                                                              | -                                             | 13,662,885                              | 0.52%                                                   |
| 2017                                             | 68,576                                           | 68,576                                                                              | -                                             | 13,165,736                              | 0.52%                                                   |
| <b>School Board - Professional Employees:</b>    |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                             | \$ 218,183                                       | \$ 218,183                                                                          | \$ -                                          | \$ 41,958,174                           | 0.52%                                                   |
| 2019                                             | 207,021                                          | 207,021                                                                             | -                                             | 39,791,832                              | 0.52%                                                   |
| 2018                                             | 201,014                                          | 201,014                                                                             | -                                             | 38,345,750                              | 0.52%                                                   |
| 2017                                             | 194,956                                          | 194,956                                                                             | -                                             | 37,477,663                              | 0.52%                                                   |
| <b>School Board - Nonprofessional Employees:</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                             | \$ 18,372                                        | \$ 18,372                                                                           | \$ -                                          | \$ 3,533,154                            | 0.52%                                                   |
| 2019                                             | 17,298                                           | 17,298                                                                              | -                                             | 3,326,525                               | 0.52%                                                   |
| 2018                                             | 16,631                                           | 16,631                                                                              | -                                             | 3,198,309                               | 0.52%                                                   |
| 2017                                             | 16,033                                           | 16,033                                                                              | -                                             | 3,083,237                               | 0.52%                                                   |

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

Notes to Required Supplementary Information  
 Group Life Insurance Program (GLI) Plan  
 For the Year Ended June 30, 2020

---

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

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

**Teachers**

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

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

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

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

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

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan - School Board - Nonprofessional  
For the Measurement Dates June 30, 2017 through 2019

**School Board -Nonprofessional:**

|                                                                                    | 2019              | 2018              | 2017              |
|------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Total HIC OPEB Liability</b>                                                    |                   |                   |                   |
| Service cost                                                                       | \$ 5,919          | \$ 6,041          | \$ 5,955          |
| Interest                                                                           | 26,041            | 26,924            | 27,017            |
| Differences between expected and actual experience                                 | 4,582             | (11,748)          | -                 |
| Changes in assumptions                                                             | 8,003             | -                 | (2,953)           |
| Benefit payments                                                                   | (33,307)          | (34,373)          | (28,342)          |
| <b>Net change in total HIC OPEB liability</b>                                      | \$ 11,238         | \$ (13,156)       | \$ 1,677          |
| <b>Total HIC OPEB Liability - beginning</b>                                        | 388,661           | 401,817           | 400,140           |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <u>\$ 399,899</u> | <u>\$ 388,661</u> | <u>\$ 401,817</u> |
| <b>Plan fiduciary net position</b>                                                 |                   |                   |                   |
| Contributions - employer                                                           | \$ 21,624         | \$ 20,469         | \$ 19,733         |
| Net investment income                                                              | 11,207            | 12,722            | 19,471            |
| Benefit payments                                                                   | (33,307)          | (34,373)          | (28,342)          |
| Administrative expense                                                             | (239)             | (285)             | (302)             |
| Other                                                                              | (13)              | (1,027)           | 1,027             |
| <b>Net change in plan fiduciary net position</b>                                   | \$ (728)          | \$ (2,494)        | \$ 11,587         |
| <b>Plan fiduciary net position - beginning</b>                                     | 182,994           | 185,488           | 173,901           |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <u>\$ 182,266</u> | <u>\$ 182,994</u> | <u>\$ 185,488</u> |
| <b>School Board's net HIC OPEB liability - ending (a) - (b)</b>                    | \$ 217,633        | \$ 205,667        | \$ 216,329        |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | 45.58%            | 47.08%            | 46.16%            |
| <b>Covered payroll</b>                                                             | \$ 3,326,525      | \$ 3,198,309      | \$ 3,083,237      |
| <b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>    | 6.54%             | 6.43%             | 7.02%             |

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.

## Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2019

| Date                         | Employer's<br>Proportion of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's<br>Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4) | Plan Fiduciary<br>Net Position as a<br>Percentage of Total<br>HIC OPEB Liability |
|------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| (1)                          | (2)                                                                  | (3)                                                                              | (4)                              | (5)                                                                                                                               | (6)                                                                              |
| School Board - Professional: |                                                                      |                                                                                  |                                  |                                                                                                                                   |                                                                                  |
| 2019                         | 0.4786%                                                              | \$ 6,211,667                                                                     | \$ 39,791,832                    | 15.61%                                                                                                                            | 8.97%                                                                            |
| 2018                         | 0.4742%                                                              | 6,021,000                                                                        | 38,345,750                       | 15.70%                                                                                                                            | 8.08%                                                                            |
| 2017                         | 0.4750%                                                              | 6,026,000                                                                        | 37,477,663                       | 16.08%                                                                                                                            | 7.04%                                                                            |

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.

## Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan - School Board

For the Years Ended June 30, 2017 through June 30, 2020

| Date                                   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|----------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|---------------------------------------------------------|
| <b>School Board - Nonprofessional:</b> |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                   | \$ 22,907                                        | \$ 22,907                                                                           | \$ -                                          | \$ 3,524,184                            | 0.65%                                                   |
| 2019                                   | 21,622                                           | 21,622                                                                              | -                                             | 3,326,525                               | 0.65%                                                   |
| 2018                                   | 20,469                                           | 20,469                                                                              | -                                             | 3,198,309                               | 0.64%                                                   |
| 2017                                   | 19,733                                           | 19,733                                                                              | -                                             | 3,083,237                               | 0.64%                                                   |
| <b>School Board - Professional:</b>    |                                                  |                                                                                     |                                               |                                         |                                                         |
| 2020                                   | \$ 503,498                                       | \$ 503,498                                                                          | \$ -                                          | \$ 41,958,174                           | 1.20%                                                   |
| 2019                                   | 477,502                                          | 477,502                                                                             | -                                             | 39,791,832                              | 1.20%                                                   |
| 2018                                   | 471,701                                          | 471,701                                                                             | -                                             | 38,345,750                              | 1.23%                                                   |
| 2017                                   | 416,066                                          | 416,066                                                                             | -                                             | 37,477,663                              | 1.11%                                                   |

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

## Notes to Required Supplementary Information

Health Insurance Credit (HIC) Plan - School Board - Nonprofessional and Professional  
For the Year Ended June 30, 2020

---

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

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

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

|                                                                         |                                                                                        |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Mortality Rates (pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table - RP-2014 projected to 2020                  |
| Retirement Rates                                                        | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates                                                        | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates                                                        | Lowered disability rates                                                               |
| Salary Scale                                                            | No change                                                                              |
| Line of Duty Disability                                                 | Increased rate from 14% to 15%                                                         |
| Discount Rate                                                           | Decreased rate from 7.00% to 6.75%                                                     |

**Professional:**

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



**OTHER SUPPLEMENTARY INFORMATION**

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Projects Funds

For the Year Ended June 30, 2020

|                                                              | County Capital Projects |                       |                       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------------------|-------------------------|-----------------------|-----------------------|---------------------------------------------------------|
|                                                              | Budgeted Amounts        |                       | Actual                |                                                         |
|                                                              | Original                | Final                 |                       |                                                         |
| REVENUES                                                     |                         |                       |                       |                                                         |
| Revenue from the use of money and property                   | \$ 50,000               | \$ 50,000             | \$ 17,884             | \$ (32,116)                                             |
| Miscellaneous                                                | -                       | -                     | 3,442                 | 3,442                                                   |
| Intergovernmental:                                           |                         |                       |                       |                                                         |
| Commonwealth                                                 | 271,495                 | 309,940               | 221,573               | (88,367)                                                |
| Total revenues                                               | <u>\$ 321,495</u>       | <u>\$ 359,940</u>     | <u>\$ 242,899</u>     | <u>\$ (117,041)</u>                                     |
| EXPENDITURES                                                 |                         |                       |                       |                                                         |
| Current:                                                     |                         |                       |                       |                                                         |
| Capital projects                                             | \$ 3,620,737            | \$ 7,829,778          | \$ 3,076,210          | \$ 4,753,568                                            |
| Total expenditures                                           | <u>\$ 3,620,737</u>     | <u>\$ 7,829,778</u>   | <u>\$ 3,076,210</u>   | <u>\$ 4,753,568</u>                                     |
| Excess (deficiency) of revenues over (under)<br>expenditures | <u>\$ (3,299,242)</u>   | <u>\$ (7,469,838)</u> | <u>\$ (2,833,311)</u> | <u>\$ 4,636,527</u>                                     |
| OTHER FINANCING SOURCES (USES)                               |                         |                       |                       |                                                         |
| Transfers in                                                 | \$ 1,775,000            | \$ 2,495,311          | \$ 2,495,311          | \$ -                                                    |
| Transfers out                                                | -                       | (41,445)              | (41,445)              | -                                                       |
| Issuance of revenue bonds                                    | -                       | -                     | -                     | -                                                       |
| Total other financing sources (uses)                         | <u>\$ 1,775,000</u>     | <u>\$ 2,453,866</u>   | <u>\$ 2,453,866</u>   | <u>\$ -</u>                                             |
| Net change in fund balances                                  | \$ (1,524,242)          | \$ (5,015,972)        | \$ (379,445)          | \$ 4,636,527                                            |
| Fund balance - beginning                                     | <u>1,524,242</u>        | <u>5,015,972</u>      | <u>3,578,286</u>      | <u>(1,437,686)</u>                                      |
| Fund balance - ending                                        | <u>\$ -</u>             | <u>\$ -</u>           | <u>\$ 3,198,841</u>   | <u>\$ 3,198,841</u>                                     |

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

| Road Construction |                |                |                                                         | School Construction |       |             |                                                         |
|-------------------|----------------|----------------|---------------------------------------------------------|---------------------|-------|-------------|---------------------------------------------------------|
| Budgeted Amounts  |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts    |       | Actual      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original          | Final          |                |                                                         | Original            | Final |             |                                                         |
| \$ -              | \$ -           | \$ -           | \$ -                                                    | \$ -                | \$ -  | \$ -        | \$ -                                                    |
| -                 | -              | -              | -                                                       | -                   | -     | -           | -                                                       |
| -                 | 3,621,277      | 1,178,070      | (2,443,207)                                             | -                   | -     | -           | -                                                       |
| \$ -              | \$ 3,621,277   | \$ 1,178,070   | \$ (2,443,207)                                          | \$ -                | \$ -  | \$ -        | \$ -                                                    |
| \$ -              | \$ 7,298,194   | \$ 2,800,155   | \$ 4,498,039                                            | \$ -                | \$ -  | \$ 33,523   | \$ (33,523)                                             |
| \$ -              | \$ 7,298,194   | \$ 2,800,155   | \$ 4,498,039                                            | \$ -                | \$ -  | \$ 33,523   | \$ (33,523)                                             |
| \$ -              | \$ (3,676,917) | \$ (1,622,085) | \$ 2,054,832                                            | \$ -                | \$ -  | \$ (33,523) | \$ (33,523)                                             |
| \$ -              | \$ 17,836      | \$ 17,836      | \$ -                                                    | \$ -                | \$ -  | \$ -        | \$ -                                                    |
| -                 | -              | -              | -                                                       | -                   | -     | -           | -                                                       |
| -                 | -              | -              | -                                                       | -                   | -     | 400,000     | 400,000                                                 |
| \$ -              | \$ 17,836      | \$ 17,836      | \$ -                                                    | \$ -                | \$ -  | \$ 400,000  | \$ 400,000                                              |
| \$ -              | \$ (3,659,081) | \$ (1,604,249) | \$ 2,054,832                                            | \$ -                | \$ -  | \$ 366,477  | \$ 366,477                                              |
| -                 | 3,659,081      | 4,048,160      | 389,079                                                 | -                   | -     | -           | -                                                       |
| \$ -              | \$ -           | \$ 2,443,911   | \$ 2,443,911                                            | \$ -                | \$ -  | \$ 366,477  | \$ 366,477                                              |

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

|                                                              | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------------------------------|------------------|--------------|--------------|---------------------------------------------------------|
|                                                              | Original         | Final        |              |                                                         |
| <b>REVENUES</b>                                              |                  |              |              |                                                         |
| Total revenues                                               | \$ -             | \$ -         | \$ -         | \$ -                                                    |
| <b>EXPENDITURES</b>                                          |                  |              |              |                                                         |
| Current:                                                     |                  |              |              |                                                         |
| Debt Service                                                 |                  |              |              |                                                         |
| Interest and fiscal charges                                  | \$ -             | \$ 73,103    | \$ 81,753    | \$ (8,650)                                              |
| Total expenditures                                           | \$ -             | \$ 73,103    | \$ 81,753    | \$ (8,650)                                              |
| Excess (deficiency) of revenues over (under)<br>expenditures | \$ -             | \$ (73,103)  | \$ (81,753)  | \$ (8,650)                                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |              |              |                                                         |
| Transfers in                                                 | \$ -             | \$ 1,899,027 | \$ 1,899,027 | \$ -                                                    |
| Total other financing sources and uses                       | \$ -             | \$ 1,899,027 | \$ 1,899,027 | \$ -                                                    |
| Net change in fund balances                                  | \$ -             | \$ 1,825,924 | \$ 1,817,274 | \$ (8,650)                                              |
| Fund balance - beginning                                     | -                | (1,825,924)  | -            | 1,825,924                                               |
| Fund balance - ending                                        | \$ -             | \$ -         | \$ 1,817,274 | \$ 1,817,274                                            |

## Agency Funds

## Combining Statement of Fiduciary Net Position

June 30, 2020

|                                         | Special<br>Welfare | Drug<br>Enforcement | Commonwealth<br>Attorney<br>Drug Fund | Flexible<br>Benefits | County<br>Agency | Total             |
|-----------------------------------------|--------------------|---------------------|---------------------------------------|----------------------|------------------|-------------------|
| <b>ASSETS</b>                           |                    |                     |                                       |                      |                  |                   |
| Cash and cash equivalents               | \$ 38,200          | \$ 97,353           | \$ 49,670                             | \$ 15,309            | \$ 82,292        | \$ 282,824        |
| Receivables                             |                    |                     |                                       |                      |                  |                   |
| Accounts receivable                     | -                  | -                   | -                                     | 523                  | -                | 523               |
| Total assets                            | <u>\$ 38,200</u>   | <u>\$ 97,353</u>    | <u>\$ 49,670</u>                      | <u>\$ 15,832</u>     | <u>\$ 82,292</u> | <u>\$ 283,347</u> |
| <b>LIABILITIES</b>                      |                    |                     |                                       |                      |                  |                   |
| Amounts held for social service clients | \$ 38,200          | \$ -                | \$ -                                  | \$ -                 | \$ -             | \$ 38,200         |
| Amounts held for others                 | -                  | 97,353              | 49,670                                | 15,832               | 82,292           | 245,147           |
| Total liabilities                       | <u>\$ 38,200</u>   | <u>\$ 97,353</u>    | <u>\$ 49,670</u>                      | <u>\$ 15,832</u>     | <u>\$ 82,292</u> | <u>\$ 283,347</u> |

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

|                                         | Balance<br>Beginning<br>of Year | Additions           | Deletions           | Balance<br>End of<br>Year |
|-----------------------------------------|---------------------------------|---------------------|---------------------|---------------------------|
| <b>Special Welfare:</b>                 |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | \$ 55,264                       | \$ 97,651           | \$ 114,715          | \$ 38,200                 |
| Total assets                            | <u>\$ 55,264</u>                | <u>\$ 97,651</u>    | <u>\$ 114,715</u>   | <u>\$ 38,200</u>          |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Amounts held for social service clients | <u>\$ 55,264</u>                | <u>\$ 97,651</u>    | <u>\$ 114,715</u>   | <u>\$ 38,200</u>          |
| <b>Drug Enforcement:</b>                |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | <u>\$ 112,762</u>               | <u>\$ 17,725</u>    | <u>\$ 33,134</u>    | <u>\$ 97,353</u>          |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Accounts payable                        | \$ 1,829                        | \$ -                | \$ 1,829            | \$ -                      |
| Amounts held for others                 | 110,933                         | 17,725              | 31,305              | 97,353                    |
| Total liabilities                       | <u>\$ 112,762</u>               | <u>\$ 17,725</u>    | <u>\$ 33,134</u>    | <u>\$ 97,353</u>          |
| <b>Commonwealth Attorney Drug Fund:</b> |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | \$ 41,344                       | \$ 8,326            | \$ -                | \$ 49,670                 |
| Total assets                            | <u>\$ 41,344</u>                | <u>\$ 8,326</u>     | <u>\$ -</u>         | <u>\$ 49,670</u>          |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Amounts held for others                 | <u>\$ 41,344</u>                | <u>\$ 8,326</u>     | <u>\$ -</u>         | <u>\$ 49,670</u>          |
| <b>Flexible Benefits:</b>               |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | \$ 17,156                       | \$ 3,715,418        | \$ 3,717,265        | \$ 15,309                 |
| Accounts receivable                     | 523                             | -                   | -                   | 523                       |
| Total assets                            | <u>\$ 17,679</u>                | <u>\$ 3,715,418</u> | <u>\$ 3,717,265</u> | <u>\$ 15,832</u>          |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Amounts held for others                 | <u>\$ 17,679</u>                | <u>\$ 3,715,418</u> | <u>\$ 3,717,265</u> | <u>\$ 15,832</u>          |
| <b>County Agency:</b>                   |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | <u>\$ 82,267</u>                | <u>\$ 25</u>        | <u>\$ -</u>         | <u>\$ 82,292</u>          |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Amounts held for others                 | <u>\$ 82,267</u>                | <u>\$ 25</u>        | <u>\$ -</u>         | <u>\$ 82,292</u>          |
| <b>Totals -- All agency funds</b>       |                                 |                     |                     |                           |
| <b>Assets:</b>                          |                                 |                     |                     |                           |
| Cash and cash equivalents               | \$ 308,793                      | \$ 3,839,145        | \$ 3,865,114        | \$ 282,824                |
| Accounts receivable                     | 523                             | -                   | -                   | 523                       |
| Total assets                            | <u>\$ 309,316</u>               | <u>\$ 3,839,145</u> | <u>\$ 3,865,114</u> | <u>\$ 283,347</u>         |
| <b>Liabilities:</b>                     |                                 |                     |                     |                           |
| Accounts payable                        | \$ 1,829                        | \$ -                | \$ 1,829            | \$ -                      |
| Amounts held for social service clients | 55,264                          | 97,651              | 114,715             | 38,200                    |
| Amounts held for others                 | 252,223                         | 3,741,494           | 3,748,570           | 245,147                   |
| Total liabilities                       | <u>\$ 309,316</u>               | <u>\$ 3,839,145</u> | <u>\$ 3,865,114</u> | <u>\$ 283,347</u>         |

Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2020

|                                                       | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|-------------------------------------------------------|-----------------------------|-----------------------------|---------------------------------------|--------------------------------|
| <b>ASSETS</b>                                         |                             |                             |                                       |                                |
| Cash and cash equivalents                             | \$ 5,388,840                | \$ 2,014,515                | \$ 264,130                            | \$ 7,667,485                   |
| Receivables (net of allowance<br>for uncollectibles): | 2,439                       | -                           | 502                                   | 2,941                          |
| Due from other governmental units                     | 2,291,775                   | 134,682                     | -                                     | 2,426,457                      |
| Prepaid items                                         | 1,388,426                   | 20,402                      | -                                     | 1,408,828                      |
| Total assets                                          | <u>\$ 9,071,480</u>         | <u>\$ 2,169,599</u>         | <u>\$ 264,632</u>                     | <u>\$ 11,505,711</u>           |
| <b>LIABILITIES</b>                                    |                             |                             |                                       |                                |
| Accounts payable                                      | \$ 673,354                  | \$ 15,138                   | \$ 116,926                            | \$ 805,418                     |
| Accrued liabilities                                   | 4,615,789                   | 125,461                     | -                                     | 4,741,250                      |
| Due to primary government                             | 2,380,436                   | -                           | -                                     | 2,380,436                      |
| Total liabilities                                     | <u>\$ 7,669,579</u>         | <u>\$ 140,599</u>           | <u>\$ 116,926</u>                     | <u>\$ 7,927,104</u>            |
| <b>FUND BALANCE</b>                                   |                             |                             |                                       |                                |
| Nonspendable:                                         |                             |                             |                                       |                                |
| Prepaid items                                         | \$ 1,388,426                | \$ 20,402                   | \$ -                                  | \$ 1,408,828                   |
| Committed:                                            |                             |                             |                                       |                                |
| Education - capital projects                          | -                           | -                           | 147,706                               | 147,706                        |
| Assigned:                                             |                             |                             |                                       |                                |
| Education                                             | 13,475                      | 2,008,598                   | -                                     | 2,022,073                      |
| Total fund balances                                   | <u>\$ 1,401,901</u>         | <u>\$ 2,029,000</u>         | <u>\$ 147,706</u>                     | <u>\$ 3,578,607</u>            |
| Total liabilities and fund balances                   | <u>\$ 9,071,480</u>         | <u>\$ 2,169,599</u>         | <u>\$ 264,632</u>                     | <u>\$ 11,505,711</u>           |

**Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:**

|                                                                                                                                                                                                               |                 |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------------|
| Total fund balances per above                                                                                                                                                                                 |                 | \$ 3,578,607           |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds (Cost of \$90,139,727 and accumulated depreciation of \$56,158,803)                   |                 | 33,980,924             |
| Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years. |                 |                        |
| Deferred outflows - pension related                                                                                                                                                                           | \$ 13,076,089   |                        |
| Deferred outflows - OPEB related                                                                                                                                                                              | 1,940,681       |                        |
| Deferred inflows - pension related                                                                                                                                                                            | (7,322,553)     |                        |
| Deferred inflows - OPEB related                                                                                                                                                                               | (7,863,321)     | (169,104)              |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds                                                                                               |                 |                        |
| Net OPEB liabilities                                                                                                                                                                                          | \$ (30,566,723) |                        |
| Net pension liability                                                                                                                                                                                         | (63,475,989)    | (94,042,712)           |
| Net position of governmental activities                                                                                                                                                                       |                 | <u>\$ (56,652,285)</u> |

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

|                                                           | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Capital<br>Projects<br>Fund | Total<br>Governmental<br>Funds |
|-----------------------------------------------------------|-----------------------------|-----------------------------|---------------------------------------|--------------------------------|
| <b>REVENUES</b>                                           |                             |                             |                                       |                                |
| Revenue from the use of money and property                | \$ 48,940                   | \$ 1,497                    | \$ 1,003                              | \$ 51,440                      |
| Charges for services                                      | 881,596                     | 845,098                     | -                                     | 1,726,694                      |
| Miscellaneous                                             | 82,378                      | 32,004                      | -                                     | 114,382                        |
| Recovered costs                                           | -                           | -                           | -                                     | -                              |
| Intergovernmental:                                        |                             |                             |                                       |                                |
| Local government                                          | 26,919,132                  | -                           | -                                     | 26,919,132                     |
| Commonwealth                                              | 51,150,895                  | 60,655                      | -                                     | 51,211,550                     |
| Federal                                                   | 4,251,001                   | 2,853,245                   | -                                     | 7,104,246                      |
| Total revenues                                            | <u>\$ 83,333,942</u>        | <u>\$ 3,792,499</u>         | <u>\$ 1,003</u>                       | <u>\$ 87,127,444</u>           |
| <b>EXPENDITURES</b>                                       |                             |                             |                                       |                                |
| Current:                                                  |                             |                             |                                       |                                |
| Education                                                 | \$ 83,016,431               | \$ 3,613,710                | \$ 1,244,869                          | \$ 87,875,010                  |
| Total expenditures                                        | <u>\$ 83,016,431</u>        | <u>\$ 3,613,710</u>         | <u>\$ 1,244,869</u>                   | <u>\$ 87,875,010</u>           |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 317,511</u>           | <u>\$ 178,789</u>           | <u>\$ (1,243,866)</u>                 | <u>\$ (747,566)</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                             |                             |                                       |                                |
| Transfers in                                              | \$ 12,205                   | \$ 57,352                   | \$ -                                  | \$ 69,557                      |
| Transfers out                                             | (57,352)                    | -                           | (12,205)                              | (69,557)                       |
| Total other financing sources and uses                    | <u>\$ (45,147)</u>          | <u>\$ 57,352</u>            | <u>\$ (12,205)</u>                    | <u>\$ -</u>                    |
| Net change in fund balances                               | <u>\$ 272,364</u>           | <u>\$ 236,141</u>           | <u>\$ (1,256,071)</u>                 | <u>\$ (747,566)</u>            |
| Fund balances - beginning                                 | 1,129,537                   | 1,792,859                   | 1,403,777                             | 4,326,173                      |
| Fund balances - ending                                    | <u>\$ 1,401,901</u>         | <u>\$ 2,029,000</u>         | <u>\$ 147,706</u>                     | <u>\$ 3,578,607</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 \$ (747,566)

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

|                      |                    |         |
|----------------------|--------------------|---------|
| Capital outlay       | \$ 3,831,189       |         |
| Depreciation expense | <u>(2,906,201)</u> | 924,988 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals) is to decrease net position

|                                   |  |          |
|-----------------------------------|--|----------|
| Loss on disposal of capital asset |  | (43,281) |
|-----------------------------------|--|----------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

|                                                                                                 |                |           |
|-------------------------------------------------------------------------------------------------|----------------|-----------|
| (Increase)/decrease in net pension liability                                                    | \$ (7,090,817) |           |
| (Increase)/decrease in net OPEB liabilities                                                     | 2,666,570      |           |
| (Increase) decrease in deferred inflows related to the measurement of the net pension liability | 1,817,247      |           |
| (Increase) decrease in deferred inflows related to the measurement of the OPEB liabilities      | (2,082,871)    |           |
| Increase/(decrease) in deferred outflows pension related items                                  | 5,956,783      |           |
| Increase/(decrease) in deferred outflows OPEB related items                                     | <u>407,488</u> | 1,674,400 |

|                                                   |  |                     |
|---------------------------------------------------|--|---------------------|
| Change in net position of governmental activities |  | <u>\$ 1,808,541</u> |
|---------------------------------------------------|--|---------------------|



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2020

|                                              |    | School Operating Fund |                      |                      |                                                         |
|----------------------------------------------|----|-----------------------|----------------------|----------------------|---------------------------------------------------------|
|                                              |    | Budgeted Amounts      |                      |                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|                                              |    | Original              | Final                | Actual               |                                                         |
| REVENUES                                     |    |                       |                      |                      |                                                         |
| Revenue from the use of money and property   | \$ | 3,500                 | \$ 49,592            | \$ 48,940            | \$ (652)                                                |
| Charges for services                         |    | 121,500               | 900,092              | 881,596              | (18,496)                                                |
| Miscellaneous                                |    | 21,750                | 95,437               | 82,378               | (13,059)                                                |
| Recovered costs                              |    | 190,500               | 190,500              | -                    | (190,500)                                               |
| Intergovernmental:                           |    |                       |                      |                      |                                                         |
| Local government                             |    | 28,385,984            | 34,157,590           | 26,919,132           | (7,238,458)                                             |
| Commonwealth                                 |    | 51,696,218            | 51,764,521           | 51,150,895           | (613,626)                                               |
| Federal                                      |    | 5,206,035             | 5,460,728            | 4,251,001            | (1,209,727)                                             |
| Total revenues                               | \$ | <u>85,625,487</u>     | <u>\$ 92,618,460</u> | <u>\$ 83,333,942</u> | <u>\$ (9,284,518)</u>                                   |
| EXPENDITURES                                 |    |                       |                      |                      |                                                         |
| Current:                                     |    |                       |                      |                      |                                                         |
| Education:                                   |    |                       |                      |                      |                                                         |
| Instruction                                  | \$ | 63,858,107            | \$ 68,461,110        | \$ 61,803,037        | \$ 6,658,073                                            |
| Administration, attendance and health        |    | 4,590,197             | 4,845,297            | 4,432,113            | 413,184                                                 |
| Pupil transportation                         |    | 5,125,443             | 5,236,982            | 5,096,516            | 140,466                                                 |
| Operation and maintenance services           |    | 8,012,987             | 9,506,531            | 7,868,758            | 1,637,773                                               |
| Technology                                   |    | 4,038,753             | 4,571,791            | 3,816,007            | 755,784                                                 |
| Total expenditures                           | \$ | <u>85,625,487</u>     | <u>\$ 92,621,711</u> | <u>\$ 83,016,431</u> | <u>\$ 9,605,280</u>                                     |
| Excess (deficiency) of revenues over (under) |    |                       |                      |                      |                                                         |
| expenditures                                 | \$ | <u>-</u>              | <u>\$ (3,251)</u>    | <u>\$ 317,511</u>    | <u>\$ 320,762</u>                                       |
| OTHER FINANCING SOURCES (USES)               |    |                       |                      |                      |                                                         |
| Transfers in                                 | \$ | -                     | \$ -                 | \$ 12,205            | \$ 12,205                                               |
| Transfers out                                |    | -                     | -                    | (57,352)             | (57,352)                                                |
| Total other financing sources (uses)         | \$ | <u>-</u>              | <u>\$ -</u>          | <u>\$ (45,147)</u>   | <u>\$ (45,147)</u>                                      |
| Net change in fund balances                  |    |                       |                      |                      |                                                         |
|                                              | \$ | -                     | \$ (3,251)           | \$ 272,364           | \$ 275,615                                              |
| Fund balance - beginning                     |    |                       |                      |                      |                                                         |
|                                              |    | <u>-</u>              | <u>3,251</u>         | <u>1,129,537</u>     | <u>1,126,286</u>                                        |
| Fund balance - ending                        |    |                       |                      |                      |                                                         |
|                                              | \$ | -                     | \$ -                 | \$ 1,401,901         | \$ 1,401,901                                            |

Note: All budgeted amounts are prepared in accordance with accounting principles generally accepted in the United States of America.

## Statement of Net Position

Discretely Presented Component Unit - Industrial Development Authority

June 30, 2020

|                                                     | <b>Enterprise<br/>Fund</b> |
|-----------------------------------------------------|----------------------------|
| <hr/>                                               |                            |
| <b>ASSETS</b>                                       |                            |
| Cash and cash equivalents                           | \$ 524,828                 |
| Prepaid items                                       | 1,913                      |
| Due from primary government                         | 151,591                    |
| Industrial assets held for industry - real property | 1,241,690                  |
| Total assets                                        | \$ <u>1,920,022</u>        |
| <b>LIABILITIES</b>                                  |                            |
| Accounts payable                                    | \$ 212                     |
| Long-term liabilities:                              |                            |
| Due within one year                                 | 387,496                    |
| Due in more than one year                           | 314,658                    |
| Total liabilities                                   | \$ <u>702,366</u>          |
| <b>NET POSITION</b>                                 |                            |
| Unrestricted                                        | \$ <u><u>1,217,656</u></u> |

Schedule of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2020

---

|                                         | <u>Enterprise<br/>Fund</u> |
|-----------------------------------------|----------------------------|
| <b>OPERATING REVENUES</b>               |                            |
| Revenue from the use of property        | \$ 87,375                  |
| Total operating revenues                | <u>\$ 87,375</u>           |
| <b>OPERATING EXPENSES</b>               |                            |
| Economic incentive grants               | \$ 566,821                 |
| Other operating costs                   | 8,755                      |
| Total operating expenses                | <u>\$ 575,576</u>          |
| Operating income (loss)                 | <u>\$ (488,201)</u>        |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                            |
| Contributions from Campbell County      | \$ 417,877                 |
| Interest income                         | 2,210                      |
| Interest expense and issuance costs     | <u>(15,144)</u>            |
| Nonoperating revenues (expenses)        | <u>\$ 404,943</u>          |
| Change in net position                  | \$ (83,258)                |
| Net position - beginning                | 1,300,914                  |
| Net position - ending                   | <u><u>\$ 1,217,656</u></u> |

Statement of Cash Flows  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2020

---

|                                                                                                              | <u>Enterprise<br/>Fund</u> |
|--------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                  |                            |
| Receipts from grantors and customers                                                                         | \$ 87,375                  |
| Payments to grantees and suppliers                                                                           | (386,213)                  |
| Net cash provided by (used for) operating activities                                                         | <u>\$ (298,838)</u>        |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                                       |                            |
| Contributions from Campbell County                                                                           | \$ 451,548                 |
| Interest Income                                                                                              | 2,210                      |
| Net cash provided by (used for) noncapital financing activities                                              | <u>\$ 453,758</u>          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                              |                            |
| Principal payments on long term debt                                                                         | \$ (10,672)                |
| Interest paid on long term debt                                                                              | (15,144)                   |
| Net cash provided by (used for) capital and related financing activities                                     | <u>\$ (25,816)</u>         |
| Net increase (decrease) cash and cash equivalents                                                            | \$ 129,104                 |
| <b>CASH AND CASH EQUIVALENTS</b>                                                                             |                            |
| Cash and cash equivalents - beginning                                                                        | 395,724                    |
| Cash and cash equivalents - ending                                                                           | <u><u>\$ 524,828</u></u>   |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</b> |                            |
| Operating income (loss)                                                                                      | \$ (488,201)               |
| Adjustments to reconcile operating loss to net cash provided by<br>(used for) operating activities:          |                            |
| Change in assets and liabilities:                                                                            |                            |
| (Increase) decrease in prepaid items                                                                         | (1,913)                    |
| Increase (decrease) in accounts payable                                                                      | 212                        |
| Increase (decrease) in liabilities payable to industries                                                     | 191,064                    |
| Net cash provided by (used for) operating activities                                                         | <u><u>\$ (298,838)</u></u> |

## Other Statistical Information

### Contents

### Tables

#### Financial Trends

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

1 - 4

#### Revenue Capacity

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

5 - 7

#### Debt Capacity

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

8 - 9

#### Demographic and Economic Information

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

10-14

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

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                            | 2011          | 2012          | 2013 (1)      | 2014          | 2015 (2)      | 2016          | 2017          | 2018          | 2019          | 2020          |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Primary government                         |               |               |               |               |               |               |               |               |               |               |
| Governmental activities                    |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets           | \$ 27,643,364 | \$ 25,710,879 | \$ 26,658,220 | \$ 28,719,429 | \$ 22,853,751 | \$ 24,885,321 | \$ 24,156,518 | \$ 23,202,885 | \$ 17,846,292 | \$ 18,762,186 |
| Restricted                                 | -             | -             | -             | -             | 2,702,314     | 1,923,436     | 4,434,798     | 2,710,417     | 4,048,160     | 2,443,911     |
| Unrestricted                               | 24,548,926    | 31,368,847    | 31,359,486    | 30,189,019    | 20,276,672    | 19,932,586    | 20,919,378    | 18,456,486    | 20,941,466    | 30,320,220    |
| Total governmental activities net position | \$ 52,192,290 | \$ 57,079,726 | \$ 58,017,706 | \$ 58,908,448 | \$ 45,832,737 | \$ 46,741,343 | \$ 49,510,694 | \$ 44,369,788 | \$ 42,835,918 | \$ 51,526,317 |

(1) - The County implemented GASB Statement Nos. 63 and 65, effective fiscal year 2013  
(2) - The County implemented GASB Statement Nos. 68 and 71, effective fiscal year 2015

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                                | 2011            | 2012            | 2013***         | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            |
|------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Expenses</b>                                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government administration              | \$ 12,555,596   | \$ 14,367,571   | \$ 4,832,503    | \$ 4,836,557    | \$ 4,886,285    | \$ 5,024,792    | \$ 4,945,114    | \$ 5,026,267    | \$ 5,027,183    | \$ 5,321,990    |
| Judicial administration                        | 1,686,219       | 1,634,401       | 1,678,561       | 1,742,957       | 1,672,627       | 1,664,229       | 1,844,547       | 1,729,746       | 1,682,837       | 1,871,624       |
| Public safety                                  | 13,228,773      | 12,712,040      | 14,282,692      | 14,361,780      | 13,887,466      | 14,452,365      | 15,096,746      | 15,949,008      | 15,021,086      | 16,633,428      |
| Public works                                   | 4,568,411       | 3,431,997       | 3,299,182       | 3,983,923       | 3,441,597       | 3,666,489       | 3,874,059       | 3,511,124       | 3,780,812       | 3,905,578       |
| Health and welfare                             | 9,556,302       | 9,329,764       | 9,816,547       | 9,882,472       | 10,090,691      | 10,467,241      | 10,908,973      | 11,069,783      | 11,555,463      | 13,273,896      |
| Education                                      | 21,571,119      | 21,786,877      | 26,144,199      | 27,033,049      | 28,493,461      | 28,073,483      | 31,018,186      | 29,425,403      | 37,240,159      | 27,218,833      |
| Parks, recreation and cultural                 | 1,822,030       | 1,762,788       | 1,723,223       | 1,776,225       | 1,935,595       | 1,833,900       | 1,877,096       | 1,673,236       | 1,830,140       | 1,612,361       |
| Community development                          | 2,967,441       | 2,316,684       | 2,745,880       | 2,142,982       | 1,942,194       | 2,997,625       | 4,340,246       | 5,307,490       | 4,030,088       | 5,198,467       |
| Interest on long-term debt                     | 2,384,806       | 2,244,465       | 2,108,383       | 1,555,690       | 1,825,883       | 3,896,145       | 1,051,261       | 947,069         | 829,479         | 969,333         |
| Total governmental activities expenses         | \$ 70,340,697   | \$ 69,586,587   | \$ 66,631,170   | \$ 67,315,635   | \$ 68,175,799   | \$ 72,076,269   | \$ 74,956,228   | \$ 74,639,126   | \$ 80,997,247   | \$ 76,005,510   |
| Total primary government expenses              | \$ 70,340,697   | \$ 69,586,587   | \$ 66,631,170   | \$ 67,315,635   | \$ 68,175,799   | \$ 72,076,269   | \$ 74,956,228   | \$ 74,639,126   | \$ 80,997,247   | \$ 76,005,510   |
| <b>Program Revenues</b>                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities:                       |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Charges for services:                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| General government administration              | \$ 8,763,016    | \$ 8,852,653    | \$ 390,947      | \$ 414,893      | \$ 394,421      | \$ 524,302      | \$ 413,371      | \$ 391,810      | \$ 369,160      | \$ 316,075      |
| Judicial administration                        | 121,039         | 31,272          | 28,690          | 10,163          | 7,358           | 24,531          | 6,784           | 6,614           | 7,692           | 20,726          |
| Public safety                                  | 1,683,597       | 1,841,768       | 2,031,695       | 1,954,759       | 2,044,946       | 2,116,815       | 2,227,336       | 2,816,049       | 2,570,387       | 2,921,231       |
| Public works                                   | 945,976         | 636,348         | 823,993         | 803,031         | 923,792         | 804,902         | 669,989         | 838,033         | 22              | -               |
| Health and welfare                             | -               | -               | -               | -               | -               | 1,700           | -               | -               | -               | -               |
| Parks, recreation and cultural                 | 274,777         | 209,061         | 209,368         | 200,099         | 190,557         | 204,666         | 199,587         | 173,124         | 137,960         | 89,483          |
| Community development                          | 32,052          | 46,174          | 43,957          | 51,107          | 196,360         | 92,397          | 111,284         | 133,000         | 130,155         | 120,955         |
| Operating grants and contributions             | 11,512,825      | 10,765,466      | 11,243,741      | 11,050,952      | 11,310,942      | 11,881,220      | 12,227,418      | 12,775,294      | 13,107,422      | 16,958,658      |
| Capital grants and contributions               | 704,737         | 480,513         | 450,560         | 775,951         | 508,650         | 1,179,300       | 1,451,825       | 1,765,564       | 1,161,564       | 1,361,198       |
| Total governmental activities program revenues | \$ 24,038,019   | \$ 22,863,255   | \$ 15,222,951   | \$ 15,260,955   | \$ 15,577,026   | \$ 16,829,833   | \$ 17,307,594   | \$ 18,899,488   | \$ 17,484,362   | \$ 21,788,326   |
| Total primary government program revenues      | \$ 24,038,019   | \$ 22,863,255   | \$ 15,222,951   | \$ 15,260,955   | \$ 15,577,026   | \$ 16,829,833   | \$ 17,307,594   | \$ 18,899,488   | \$ 17,484,362   | \$ 21,788,326   |
| Net (expense) / revenue                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Governmental activities                        | \$ (46,302,678) | \$ (46,723,332) | \$ (51,408,219) | \$ (52,054,680) | \$ (52,598,773) | \$ (55,246,436) | \$ (57,648,634) | \$ (55,739,638) | \$ (63,512,885) | \$ (54,217,184) |
| Total primary government net expense           | \$ (46,302,678) | \$ (46,723,332) | \$ (51,408,219) | \$ (52,054,680) | \$ (52,598,773) | \$ (55,246,436) | \$ (57,648,634) | \$ (55,739,638) | \$ (63,512,885) | \$ (54,217,184) |

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                                           | 2011          | 2012          | 2013**        | 2014          | 2015          | 2016          | 2017          | 2018          | 2019           | 2020          |
|-----------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|
| <b>General Revenues and Other Changes in Net Position</b> |               |               |               |               |               |               |               |               |                |               |
| Governmental activities:                                  |               |               |               |               |               |               |               |               |                |               |
| Property taxes                                            | \$ 30,846,372 | \$ 31,620,082 | \$ 36,936,888 | \$ 37,049,057 | \$ 37,430,288 | \$ 38,165,723 | \$ 39,533,657 | \$ 39,960,346 | \$ 41,124,934  | \$ 43,539,699 |
| Other local taxes **                                      | 8,455,611     | 8,871,212     | 9,571,055     | 9,722,828     | 10,160,937    | 10,819,564    | 11,048,948    | 11,272,113    | 11,589,019     | 13,049,588    |
| Unrestricted revenues from use of money and property      | 351,069       | 241,235       | 153,943       | 466,368       | 347,551       | 442,270       | 284,381       | 397,601       | 822,780        | 603,734       |
| Unrestricted grants and contributions                     | 5,460,420     | 5,373,618     | 5,275,066     | 5,316,657     | 5,426,764     | 5,292,660     | 5,277,881     | 5,310,860     | 5,152,503      | 5,100,490     |
| Other                                                     | 1,318,547     | 183,127       | 406,963       | 390,512       | 3,397,589     | 1,434,825     | 4,273,118     | 213,205       | 3,289,779      | 279,897       |
| Gain (loss) on sale of capital assets *                   | -             | 5,321,494     | 62,284        | -             | -             | -             | -             | -             | -              | 334,175       |
| Total governmental activities                             | \$ 46,432,019 | \$ 51,610,768 | \$ 52,406,199 | \$ 52,945,422 | \$ 56,763,129 | \$ 56,155,042 | \$ 60,417,985 | \$ 57,154,125 | \$ 61,979,015  | \$ 62,907,583 |
| Total primary government                                  | \$ 46,432,019 | \$ 51,610,768 | \$ 52,406,199 | \$ 52,945,422 | \$ 56,763,129 | \$ 56,155,042 | \$ 60,417,985 | \$ 57,154,125 | \$ 61,979,015  | \$ 62,907,583 |
| <b>Change in Net Position</b>                             |               |               |               |               |               |               |               |               |                |               |
| Governmental activities                                   | \$ 129,341    | \$ 4,887,436  | \$ 997,980    | \$ 890,742    | \$ 4,164,356  | \$ 908,606    | \$ 2,769,351  | \$ 1,414,487  | \$ (1,533,870) | \$ 8,690,399  |
| Total primary government                                  | \$ 129,341    | \$ 4,887,436  | \$ 997,980    | \$ 890,742    | \$ 4,164,356  | \$ 908,606    | \$ 2,769,351  | \$ 1,414,487  | \$ (1,533,870) | \$ 8,690,399  |

\* As of fiscal year 2010 (loss) on sale of capital assets is reported within the expense function.

\*\* As of fiscal year 2010 communication tax revenue is no longer reported as other local taxes. Per guidance from the Auditor of Public Accounts the revenue is to be reported as unrestricted grants and contributions.

\*\*\* The County implemented GASB Statement 63 and 65, effective July 1, 2012 - Certain revenue and expense items were reclassified and netted to to reflect changes in the allocation of the internal service fund



Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

|                                        | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 |
|----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                           | \$ 141,964           | \$ 1,461,885         | \$ 137,125           | \$ 141,363           | \$ 192,102           | \$ 182,523           | \$ 212,949           | \$ 236,518           | \$ 179,735           | \$ 217,499           |
| Restricted                             | -                    | -                    | -                    | -                    | -                    | 826                  | 26,437               | -                    | -                    | -                    |
| Committed                              | 6,494,918            | 7,226,668            | 7,082,941            | 7,283,292            | 7,575,891            | 9,099,024            | 7,010,639            | 6,948,860            | 6,879,539            | 7,149,885            |
| Assigned                               | 2,029,391            | -                    | -                    | -                    | -                    | 1,971,562            | 1,599,275            | 3,987,150            | 4,212,307            | 5,479,967            |
| Unassigned                             | 13,857,696           | 14,140,923           | 15,601,083           | 17,337,694           | 16,346,608           | 15,104,713           | 20,106,540           | 18,891,737           | 17,679,701           | 22,244,265           |
| Total general fund                     | <u>\$ 22,523,969</u> | <u>\$ 22,829,476</u> | <u>\$ 22,821,149</u> | <u>\$ 24,762,349</u> | <u>\$ 24,114,601</u> | <u>\$ 26,358,648</u> | <u>\$ 28,955,840</u> | <u>\$ 30,064,265</u> | <u>\$ 28,951,282</u> | <u>\$ 35,091,616</u> |
| All other governmental funds           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                           | \$ 873               | \$ 873               | \$ 542               | \$ 1,012             | \$ 1,100             | \$ 1,220             | \$ 1,616             | \$ 1,473             | \$ 25,649            | \$ 1,473             |
| Restricted                             | -                    | -                    | -                    | -                    | 2,702,314            | 1,922,610            | 4,408,361            | 2,710,417            | 4,048,160            | 2,810,388            |
| Committed                              | 1,073,022            | 2,507,129            | 2,694,012            | 3,028,201            | 3,762,857            | 2,273,289            | 2,066,082            | -                    | -                    | -                    |
| Assigned                               | 6,569,201            | 5,996,277            | 4,846,534            | 3,040,532            | 2,203,451            | 2,214,234            | 1,575,575            | 4,426,316            | 4,682,276            | 6,257,450            |
| Unassigned                             | (13,778)             | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Total all other governmental funds     | <u>\$ 7,629,318</u>  | <u>\$ 8,504,279</u>  | <u>\$ 7,541,088</u>  | <u>\$ 6,069,745</u>  | <u>\$ 8,669,722</u>  | <u>\$ 6,411,353</u>  | <u>\$ 8,051,634</u>  | <u>\$ 7,138,206</u>  | <u>\$ 8,756,085</u>  | <u>\$ 9,069,311</u>  |
| Total fund balance, governmental funds | <u>\$ 30,153,287</u> | <u>\$ 31,333,755</u> | <u>\$ 30,362,237</u> | <u>\$ 30,832,094</u> | <u>\$ 32,784,323</u> | <u>\$ 32,770,001</u> | <u>\$ 37,007,474</u> | <u>\$ 37,202,471</u> | <u>\$ 37,707,367</u> | <u>\$ 44,160,927</u> |

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

|                                                           | 2011          | 2012          | 2013           | 2014          | 2015           | 2016           | 2017          | 2018          | 2019          | 2020          |
|-----------------------------------------------------------|---------------|---------------|----------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>Revenues</b>                                           |               |               |                |               |                |                |               |               |               |               |
| General property taxes                                    | \$ 30,862,061 | \$ 31,394,666 | \$ 36,483,531  | \$ 37,019,002 | \$ 37,439,459  | \$ 38,312,800  | \$ 39,590,867 | \$ 40,201,666 | \$ 41,064,815 | \$ 43,034,658 |
| Other local taxes                                         | 8,455,611     | 8,871,212     | 9,571,055      | 9,722,828     | 10,160,937     | 10,819,564     | 11,048,948    | 11,272,113    | 11,589,019    | 13,049,588    |
| Permits, privilege fees and regulatory licenses           | 267,595       | 309,389       | 309,438        | 254,802       | 459,415        | 267,432        | 305,707       | 369,494       | 325,824       | 368,220       |
| Fines and forfeitures                                     | 260,671       | 178,962       | 161,464        | 136,015       | 141,950        | 139,765        | 136,360       | 130,934       | 104,526       | 130,615       |
| Revenue from use of money and property                    | 326,240       | 230,873       | 150,512        | 428,749       | 323,486        | 402,506        | 268,913       | 370,710       | 753,773       | 591,110       |
| Charges for services                                      | 2,937,777     | 2,793,238     | 3,057,748      | 3,043,235     | 3,156,089      | 3,362,116      | 3,186,284     | 3,858,202     | 2,785,026     | 2,969,635     |
| Miscellaneous                                             | 1,318,547     | 308,612       | 347,112        | 380,190       | 3,397,589      | 664,067        | 4,221,108     | 380,147       | 3,313,989     | 1,301,040     |
| Recovered costs                                           | 345,738       | 295,141       | 314,854        | 302,814       | 318,685        | 331,594        | 346,180       | 371,420       | 699,299       | 739,101       |
| Intergovernmental                                         | 18,026,749    | 16,424,139    | 16,969,367     | 17,143,560    | 17,246,356     | 18,353,180     | 18,957,124    | 19,851,718    | 19,421,489    | 23,420,346    |
| Total revenues                                            | \$ 62,800,989 | \$ 60,806,232 | \$ 67,365,081  | \$ 68,431,195 | \$ 72,643,966  | \$ 72,653,024  | \$ 78,061,491 | \$ 76,806,404 | \$ 80,057,760 | \$ 85,604,313 |
| <b>Expenditures</b>                                       |               |               |                |               |                |                |               |               |               |               |
| General government administration                         | \$ 4,089,668  | \$ 4,073,250  | \$ 4,283,849   | \$ 4,306,051  | \$ 4,471,685   | \$ 4,299,115   | \$ 4,299,196  | \$ 4,650,890  | \$ 4,679,513  | \$ 4,558,321  |
| Judicial administration                                   | 1,575,260     | 1,507,600     | 1,559,058      | 1,611,258     | 1,632,723      | 1,659,763      | 1,784,349     | 1,715,366     | 1,731,596     | 1,787,938     |
| Public safety                                             | 12,605,698    | 11,905,232    | 12,422,719     | 12,968,541    | 12,940,855     | 13,689,044     | 13,423,134    | 14,374,483    | 15,020,685    | 15,504,318    |
| Public works                                              | 3,308,866     | 3,113,380     | 3,229,978      | 3,675,089     | 3,220,854      | 3,316,317      | 3,407,386     | 3,350,777     | 3,390,511     | 3,523,258     |
| Health and welfare                                        | 9,422,479     | 8,980,678     | 9,586,967      | 9,650,094     | 10,049,547     | 10,404,776     | 10,657,726    | 11,233,276    | 11,856,442    | 13,247,951    |
| Education                                                 | 20,034,312    | 20,022,771    | 23,902,801     | 24,102,429    | 25,787,723     | 25,841,800     | 27,149,039    | 27,070,626    | 30,048,792    | 26,919,132    |
| Parks, recreation and cultural                            | 1,723,843     | 1,654,803     | 1,617,241      | 1,653,349     | 1,731,715      | 1,759,831      | 1,708,977     | 1,660,728     | 1,756,064     | 1,587,758     |
| Community development                                     | 2,430,107     | 1,931,433     | 2,096,644      | 1,579,983     | 1,567,334      | 1,747,378      | 1,693,451     | 1,986,208     | 1,601,829     | 2,398,166     |
| Non-departmental                                          | -             | 357           | 96             | -             | 219            | 430            | 769           | 41            | 83            | 427           |
| Capital projects                                          | 1,472,522     | 1,057,458     | 2,741,894      | 3,665,156     | 3,126,173      | 4,913,720      | 4,665,234     | 5,498,535     | 5,027,153     | 6,719,505     |
| Debt service                                              |               |               |                |               |                |                |               |               |               |               |
| Principal                                                 | 3,457,196     | 3,259,527     | 3,252,633      | 3,124,117     | 3,159,124      | 4,260,390      | 3,737,540     | 3,600,876     | 3,508,566     | 3,117,234     |
| Interest and other fiscal charges                         | 2,438,998     | 2,301,424     | 2,170,990      | 1,615,593     | 1,883,785      | 3,616,966      | 1,137,218     | 1,021,044     | 911,630       | 1,029,551     |
| Total expenditures                                        | \$ 62,558,949 | \$ 59,807,913 | \$ 66,864,870  | \$ 67,951,660 | \$ 69,571,737  | \$ 75,509,530  | \$ 73,664,019 | \$ 76,162,850 | \$ 79,532,864 | \$ 80,393,559 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 242,040    | \$ 998,319    | \$ 500,211     | \$ 479,535    | \$ 3,072,229   | \$ (2,856,506) | \$ 4,397,472  | \$ 643,554    | \$ 524,896    | \$ 5,210,754  |
| <b>Other financing sources (uses)</b>                     |               |               |                |               |                |                |               |               |               |               |
| Transfers in                                              | \$ 4,091,288  | \$ 2,383,573  | \$ 4,173,957   | \$ 2,791,054  | \$ 3,344,897   | \$ 2,443,015   | \$ 2,468,808  | \$ 3,716,092  | \$ 4,020,642  | \$ 6,257,161  |
| Transfers out                                             | (4,091,288)   | (2,382,573)   | (5,773,957)    | (2,811,054)   | (4,464,897)    | (2,525,831)    | (2,628,807)   | (4,164,649)   | (4,039,792)   | (6,356,603)   |
| Sale of capital assets                                    | 69,594        | 181,149       | 128,271        | 10,322        | -              | -              | -             | -             | -             | -             |
| Payments to refund bonds                                  | -             | -             | -              | -             | -              | (26,170,000)   | -             | -             | -             | -             |
| Issuance of long-term debt                                | -             | -             | -              | -             | -              | 29,095,000     | -             | -             | -             | 1,342,248     |
| Total other financing sources (uses)                      | \$ 69,594     | \$ 182,149    | \$ (1,471,729) | \$ (9,678)    | \$ (1,120,000) | \$ 2,842,184   | \$ (159,999)  | \$ (448,557)  | \$ (19,150)   | \$ 1,242,806  |
| Net change in fund balances                               | \$ 311,634    | \$ 1,180,468  | \$ (971,518)   | \$ 469,857    | \$ 1,952,229   | \$ (14,322)    | \$ 4,237,473  | \$ 194,997    | \$ 505,746    | \$ 6,453,560  |
| Debt service as a percentage of noncapital expenditures   | 9.53%         | 9.35%         | 8.23%          | 7.21%         | 7.49%          | 10.92%         | 6.74%         | 6.18%         | 5.68%         | 5.34%         |

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal<br>Year | Real<br>Estate (1) | Personal<br>Property (5) | Mobile<br>Homes | Machinery<br>and<br>Tools | Public<br>Service | Total Taxable<br>Assessed<br>Value | Total<br>Direct<br>Tax<br>Rate (4) | Overlapping<br>Tax Rates<br>Town of |           | Estimated<br>Actual<br>Taxable<br>Value (3) | Assessed<br>Value as a<br>Percentage<br>of Actual<br>Value |
|----------------|--------------------|--------------------------|-----------------|---------------------------|-------------------|------------------------------------|------------------------------------|-------------------------------------|-----------|---------------------------------------------|------------------------------------------------------------|
|                |                    |                          |                 |                           |                   |                                    |                                    | Brookneal                           | Altavista |                                             |                                                            |
| 2011           | \$ 3,481,544,084   | \$ 290,493,898           | \$ 38,124,281   | \$ 178,812,591            | \$ 229,811,578    | \$ 4,218,786,432                   | 0.80                               | \$ N/A                              | \$ N/A    | \$ 4,509,280,330                            | 93.56%                                                     |
| 2012           | 3,569,563,504      | 293,444,818              | 33,350,485      | 176,187,896               | 227,802,743       | 4,300,349,446                      | 0.80                               | N/A                                 | N/A       | 4,593,794,264                               | 93.61%                                                     |
| 2013           | 3,603,683,524      | 329,262,195              | 33,492,140      | 162,685,289               | 233,962,523       | 4,363,085,671                      | 0.87                               | N/A                                 | N/A       | 4,692,347,866                               | 92.98%                                                     |
| 2014           | 3,912,428,038      | 323,800,332              | 33,896,613      | 164,990,259               | 269,437,638       | 4,704,552,880                      | 0.87                               | N/A                                 | N/A       | 5,028,353,212                               | 93.56%                                                     |
| 2015           | 3,948,966,754      | 322,558,248              | 34,559,213      | 164,892,424               | 331,742,101       | 4,802,718,740                      | 0.82                               | N/A                                 | N/A       | 5,125,276,988                               | 93.71%                                                     |
| 2016           | 3,987,197,968      | 332,321,336              | 30,671,382      | 164,892,424               | 349,605,154       | 4,864,688,264                      | 0.82                               | N/A                                 | N/A       | 5,197,009,600                               | 93.61%                                                     |
| 2017           | 4,034,203,537      | 337,261,573              | 31,630,947      | 186,943,782               | 354,102,476       | 4,944,142,315                      | 0.82                               | N/A                                 | N/A       | 5,281,403,888                               | 93.61%                                                     |
| 2018           | 4,091,083,881      | 344,171,598              | 31,729,101      | 182,735,007               | 381,288,691       | 5,031,008,278                      | 0.83                               | N/A                                 | N/A       | 5,375,179,876                               | 93.60%                                                     |
| 2019           | 4,149,072,478      | 357,948,433              | 31,863,173      | 180,874,193               | 399,205,478       | 5,118,963,755                      | 0.83                               | N/A                                 | N/A       | 5,476,912,188                               | 93.46%                                                     |
| 2020           | 4,420,544,457      | 374,454,522              | 29,702,871      | 189,522,060               | 442,420,557       | 5,456,644,467                      | 0.80                               | N/A                                 | N/A       | 5,831,098,989                               | 93.58%                                                     |

(1) Assessed value is as of January 1 of the previous fiscal year; does not include tax exempt property; excludes land use reduced valuation

(2) Merchants' capital is no longer assessed as of fiscal year 2004

(3) Real estate, mobile homes, and machinery and tools taxes are assessed on a taxable property value which is 100% of estimated fair market value  
Personal property taxes are assessed on a taxable property value which is 50% of fair market.

(4) Per \$100 of assessed value.

(5) Includes recreational and apportioned vehicles

Source: Commissioner of Revenue

Principal Property Taxpayers  
Current Year and the Nine Years Prior

|                                   | FY 2020 Taxable      |      | % of Total   |                                   | FY 2011 Taxable      |      | % of Total   |
|-----------------------------------|----------------------|------|--------------|-----------------------------------|----------------------|------|--------------|
|                                   | Assessed             |      | Assessed     |                                   | Assessed             |      | Assessed     |
| Taxpayer                          | Valuation            | Rank | Valuation    | Taxpayer                          | Valuation            | Rank | Valuation    |
| BWXT Nuclear Oper. Group          | 121,548,827          | 1    | 2.32%        | BWXT Nuclear Oper. Group          | \$73,123,006         | 1    | 1.64%        |
| Abbott Laboratories (Ross)        | 73,514,567           | 2    | 1.40%        | Abbott Laboratories (Ross)        | 65,168,467           | 2    | 1.46%        |
| BGF Industries Inc                | 35,639,869           | 3    | 0.68%        | AREVA NP Inc. (Framatome)         | 35,212,776           | 3    | 0.79%        |
| AREVA NP Inc (Framatome)          | 31,746,849           | 4    | 0.61%        | BGF Industries Inc                | 25,210,915           | 4    | 0.56%        |
| Georgia Pacific Wood Prod LLC     | 28,512,312           | 5    | 0.54%        | Georgia Pacific Wood Prod LLC     | 24,634,571           | 5    | 0.55%        |
| Graham Packaging Plastic Products | 19,692,453           | 6    | 0.38%        | The Timken Company                | 20,721,758           | 6    | 0.46%        |
| Boxley Materials Company Inc      | 17,190,535           | 7    | 0.33%        | Progress Printing Company         | 15,828,321           | 7    | 0.35%        |
| Progress Printing Company         | 16,041,531           | 8    | 0.31%        | Schrader-Bridgeport International | 15,034,449           | 8    | 0.34%        |
| Schrader-Bridgeport International | 15,432,345           | 9    | 0.29%        | Graham Packaging Plastic Prod.    | 9,579,284            | 9    | 0.21%        |
| Long Island Lumber Inc.           | 2,550,381            | 10   | 0.05%        | Boxley Materials Company          | 7,209,552            | 10   | 0.16%        |
|                                   | <u>\$361,869,669</u> |      | <u>6.91%</u> |                                   | <u>\$291,723,099</u> |      | <u>6.52%</u> |

## COUNTY OF CAMPBELL, VIRGINIA

Table 7

Property Tax Levies and Collections  
Last Ten Fiscal Years

| Year<br>Ended<br>June 30 | Current<br>Tax<br>Levy (1) | Collections in Year of Levy |                                 | Collections in<br>Subsequent<br>Years | Total Collections to Date   |                                 |
|--------------------------|----------------------------|-----------------------------|---------------------------------|---------------------------------------|-----------------------------|---------------------------------|
|                          |                            | Current<br>Tax<br>Amount    | Percent<br>of Levy<br>Collected |                                       | Total<br>Tax<br>Collections | Percent<br>of Levy<br>Collected |
| 2011                     | \$ 33,876,914              | \$ 33,329,195               | 98.38%                          | \$ 476,653                            | \$ 33,805,848               | 99.79%                          |
| 2012                     | 34,291,683                 | 33,598,099                  | 97.98%                          | 681,683                               | 34,279,782                  | 99.97%                          |
| 2013                     | 36,438,020                 | 35,105,656                  | 96.34%                          | 825,120                               | 35,930,776                  | 98.61%                          |
| 2014                     | 36,680,581                 | 35,493,051                  | 96.76%                          | 1,032,986                             | 36,526,037                  | 99.58%                          |
| 2015                     | 40,359,558                 | 39,551,215                  | 98.00%                          | 803,767                               | 40,354,982                  | 99.99%                          |
| 2016                     | 41,440,549                 | 40,302,698                  | 97.25%                          | 758,588                               | 41,061,286                  | 99.08%                          |
| 2017                     | 42,286,750                 | 41,717,667                  | 98.65%                          | 559,804                               | 42,277,471                  | 99.98%                          |
| 2018                     | 42,907,217                 | 42,363,903                  | 98.73%                          | 506,009                               | 42,869,912                  | 99.91%                          |
| 2019                     | 43,936,922                 | 43,007,056                  | 97.88%                          | 357,743                               | 43,364,799                  | 98.70%                          |
| 2020                     | 46,139,952                 | 45,192,683                  | 97.95%                          | -                                     | 45,192,683                  | 97.95%                          |

(1) Exclusive of penalties and interest.

Ratios of Total Outstanding Debt  
Last Ten Fiscal Years

| Fiscal<br>Year | Governmental Activities        |                        |                           |                              |                  | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (1) | Per<br>Capita (1) |
|----------------|--------------------------------|------------------------|---------------------------|------------------------------|------------------|--------------------------------|-----------------------------------------|-------------------|
|                | General<br>Obligation<br>Bonds | Literary<br>Fund Loans | Lease<br>Revenue<br>Bonds | Bond<br>Anticipation<br>Note | Bond<br>Premiums |                                |                                         |                   |
| 2011           | \$ 44,805,688                  | \$ 9,191,801           | \$ -                      | -                            | \$ 390,779       | \$ 54,388,268                  | 3.2%                                    | \$ 981            |
| 2012           | 42,397,886                     | 8,319,568              | -                         | -                            | 370,271          | 51,087,725                     | 3.0%                                    | 922               |
| 2013           | 39,996,978                     | 7,447,335              | -                         | -                            | 349,763          | 47,794,076                     | 2.8%                                    | 859               |
| 2014           | 37,395,331                     | 6,575,101              | -                         | -                            | 329,255          | 44,299,687                     | 2.6%                                    | 782               |
| 2015           | 35,108,439                     | 5,702,869              | -                         | -                            | 308,747          | 41,120,055                     | 2.4%                                    | 727               |
| 2016           | 34,645,283                     | 4,830,635              | -                         | -                            | 288,239          | 39,764,157                     | 2.4%                                    | 703               |
| 2017           | 31,779,976                     | 3,958,402              | -                         | -                            | 267,731          | 36,006,109                     | 2.1%                                    | 648               |
| 2018           | 29,051,333                     | 3,086,168              | -                         | -                            | 247,223          | 32,384,724                     | 1.9%                                    | 583               |
| 2019           | 26,415,000                     | 2,213,936              | -                         | -                            | 226,715          | 28,855,651                     | 1.7%                                    | 521               |
| 2020           | 23,920,000                     | 1,591,702              | 400,000                   | 942,248                      | 206,207          | 27,060,157                     | 1.6%                                    | 493               |

Note: All of the County's debt is a direct obligation of the County; the County has no overlapping debt.

Debt is net of premiums and discounts

(1) Source - Census.gov; U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available.

Personal income was last updated for calendar year 2008.

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

| Fiscal<br>Year | Net General Bonded Debt        |                           |                              |                  |               | Percentage of<br>Actual Value<br>of Taxable<br>Property (2) | Total<br>Net General<br>Bonded Debt<br>Per Capita (1) |
|----------------|--------------------------------|---------------------------|------------------------------|------------------|---------------|-------------------------------------------------------------|-------------------------------------------------------|
|                | General<br>Obligation<br>Bonds | Literary<br>Fund<br>Loans | Bond<br>Anticipation<br>Note | Bond<br>Premiums | Total         |                                                             |                                                       |
| 2011           | \$ 44,805,688                  | \$ 9,191,801              | \$ -                         | \$ 390,779       | \$ 54,388,268 | 1.21%                                                       | \$ 981                                                |
| 2012           | 42,397,886                     | 8,319,568                 | -                            | 370,271          | 51,087,725    | 1.11%                                                       | 922                                                   |
| 2013           | 39,996,978                     | 7,447,335                 | -                            | 349,763          | 47,794,076    | 1.02%                                                       | 859                                                   |
| 2014           | 37,395,331                     | 6,575,101                 | -                            | 329,255          | 44,299,687    | 0.88%                                                       | 782                                                   |
| 2015           | 35,108,439                     | 5,702,869                 | -                            | 308,747          | 41,120,055    | 0.80%                                                       | 727                                                   |
| 2016           | 34,645,283                     | 4,830,635                 | -                            | 288,239          | 39,764,157    | 0.77%                                                       | 703                                                   |
| 2017           | 31,779,976                     | 3,958,402                 | -                            | 267,731          | 36,006,109    | 0.68%                                                       | 648                                                   |
| 2018           | 29,051,333                     | 3,086,168                 | -                            | 247,223          | 32,384,724    | 0.60%                                                       | 583                                                   |
| 2019           | 26,415,000                     | 2,213,936                 | -                            | 226,715          | 28,855,651    | 0.53%                                                       | 521                                                   |
| 2020           | 23,920,000                     | 1,591,702                 | 942,248                      | 206,207          | 26,660,157    | 0.46%                                                       | 486                                                   |

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 11

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans; excludes capital leases and compensated absences. Debt is net of premiums and discounts.

| Principal Employers                                                            |                              | 2020           |      |                       |
|--------------------------------------------------------------------------------|------------------------------|----------------|------|-----------------------|
| Employer                                                                       | Industry                     | Employees      | Rank | % of Total Employment |
| BWX Technologies (formerly Babcock & Wilcox NOG & Technical Services Division) | Nuclear                      | 1,000 - 4,999  | 1    | 4% - 20%+             |
| Campbell County Schools                                                        | Education                    | 1,000 - 4,999  | 2    | 4% - 20%+             |
| Abbott Industries                                                              | Pharmaceuticals              | 500 - 999      | 3    | 2% - 4%               |
| BGF Industries                                                                 | Fiberglass fabric            | 500 - 999      | 4    | 2% - 4%               |
|                                                                                | Electric/Mechanical Services | 250 - 499      | 5    | 1% - 2%               |
| Moore's Electrical and Mechanical                                              | Government                   | 250 - 499      | 6    | 1% - 2%               |
| Campbell County                                                                | General Merchandise Stores   | 250 - 499      | 7    | 1% - 2%               |
| Wal Mart- Supercenter                                                          | Grocery                      | 250 - 499      | 8    | 1% - 2%               |
| Food Lion                                                                      |                              |                |      |                       |
| Schrader-Bridgeport International, Inc.                                        | Electrical Manufacturing     | 100 - 249      | 9    | 0.3% - 1%             |
| The Babcock & Wilcox Co.                                                       | Nuclear                      | 100 - 249      | 10   | 0.3% - 1%             |
|                                                                                |                              |                |      |                       |
| Foster Fuels Inc.                                                              | Fuel Distributor             | 100 - 249      | 11   | 0.3% - 1%             |
| YMCA                                                                           | Fitness/Health               | 100 - 249      | 12   | 0.3% - 1%             |
| Sonny Merryman, Inc.                                                           | Truck/Bus Sales              | 100 - 249      | 13   | 0.3% - 1%             |
| Georgia Pacific Wood Prod                                                      | Wood Manufacturing           | 100 - 249      | 14   | 0.3% - 1%             |
| Banker Steel Co. LLC                                                           | Steel Manufacturing          | 100 - 249      | 15   | 0.3% - 1%             |
| M.H. Masonry & Associates, Inc.                                                | Masonry                      | 100 - 249      | 16   |                       |
| Thompson Trucking                                                              | Truck Transportation         | 100 - 249      | 17   | 0.3% - 1%             |
| Progress Printing Company, Inc.                                                | Printing Services            | 100 - 249      | 18   | 0.3% - 1%             |
| Boxley Quarries                                                                | Rock Quarry                  | 100 - 249      | 19   |                       |
| Maddox Air & Electrical, Inc.                                                  | Air & Electrical             | 100 - 249      | 20   | 0.3% - 1%             |
|                                                                                |                              |                |      |                       |
|                                                                                | Totals:                      | 5,200 - 16,980 |      | 19% - 68%+            |
| Total Employed: 25,349                                                         |                              |                |      |                       |

Source: Virginia Employment Commission, LMI, Largest Employer Data



## COUNTY OF CAMPBELL, VIRGINIA

Table 11

Demographic and Economic Statistics  
Last Ten Calendar Years

| Calendar<br>Year | Population (1) | Personal<br>Income<br>(in thousands) (2) | Per Capita<br>Income (3) | School<br>Enrollment(4) | Unemployment<br>Rate (5) |
|------------------|----------------|------------------------------------------|--------------------------|-------------------------|--------------------------|
| 2010             | 54,842         | n/a*                                     | \$ 31,115.00             | 8,528                   | 7.70%                    |
| 2011             | 55,032         | n/a*                                     | \$ 32,161.00             | 8,371                   | 7.20%                    |
| 2012             | 55,030         | n/a*                                     | \$ 33,053.00             | 8,391                   | 6.50%                    |
| 2013             | 55,235         | n/a*                                     | \$ 33,538.00             | 8,338                   | 5.90%                    |
| 2014             | 56,232         | n/a*                                     | \$ 34,450.00             | 8,138                   | 5.30%                    |
| 2015             | 56,167         | n/a*                                     | \$ 35,559.00             | 7,939                   | 4.80%                    |
| 2016             | 55,562         | n/a*                                     | n/a*                     | 8,020                   | 4.40%                    |
| 2017             | 55,503         | n/a*                                     | n/a*                     | 7,895                   | 4.20%                    |
| 2018             | n/a*           | n/a*                                     | n/a*                     | 7,891                   | 3.40%                    |
| 2019             | n/a*           | n/a*                                     | n/a*                     | 7,921                   | 3.10%                    |
| 2020             | n/a*           | n/a*                                     | n/a*                     | n/a*                    | n/a*                     |

(1) Population is based on figures available from Weldon Cooper Center, University of Virginia. 2010 and 2011 is based on US Census.

(2) Source - U.S. Department of Commerce, Bureau of Economic Analysis; Commencing 2008, data for Campbell County is combined with Lynchburg City. Separate data is no longer available.

(3) Source - U.S. Department of Commerce, Bureau of Economic Analysis, for Campbell + Lynchburg MSA

(4) Source - Virginia Department of Education - Fall Membership

(5) Source - Virginia Employment Commission, VLMI

\* Updated information not available

Full-Time Equivalent County Government Employees By Function  
Last Ten Fiscal Years

|                                      | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Primary Government</b>            |       |       |       |       |       |       |       |       |       |       |
| Function:                            |       |       |       |       |       |       |       |       |       |       |
| General government                   | 42    | 44    | 44    | 44    | 52    | 52    | 46    | 42    | 37    | 42    |
| Judicial administration              | 20    | 20    | 20    | 21    | 21    | 22    | 22    | 22    | 22    | 23    |
| Public safety **                     | 122   | 122   | 122   | 123   | 122   | 123   | 128   | 142   | 144   | 144   |
| Public works                         | 33    | 33    | 33    | 34    | 26    | 26    | 25    | 25    | 24    | 24    |
| Health and welfare                   | 82    | 82    | 82    | 82    | 78    | 79    | 69    | 78    | 79    | 80    |
| Culture and recreation               | 22    | 20    | 20    | 20    | 22    | 22    | 19    | 18    | 20    | 16    |
| Community development                | 9     | 9     | 9     | 10    | 12    | 12    | 12    | 11    | 12    | 13    |
| Totals                               | 330   | 330   | 330   | 334   | 333   | 336   | 321   | 338   | 338   | 342   |
| <b>Component Unit - School Board</b> |       |       |       |       |       |       |       |       |       |       |
| Function:                            |       |       |       |       |       |       |       |       |       |       |
| Education - full and part-time       | 1,303 | 1,319 | 1,311 | 1,312 | 1,232 | 1,234 | 1,238 | 1,320 | 1,331 | 1,312 |

Operating Indicators By Function  
Last Ten Fiscal Years

| Function                                     | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
|----------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public safety                                |         |         |         |         |         |         |         |         |         |         |
| Sheriffs department:                         |         |         |         |         |         |         |         |         |         |         |
| Physical arrests                             | 5,192   | 4,533   | 3,390   | 3,351   | 3,673   | 2,652   | 3,188   | 3,936   | 3,532   | 2,502   |
| Parking violations                           | 148     | 50      | 8       | 18      | 20      | 18      | 13      | 12      | 25      | 10      |
| Traffic violations                           | 2,631   | 1,620   | 807     | 858     | 1,058   | 1,097   | 933     | 1,063   | 874     | 1,531   |
| Court security manhours worked *             | 7,618   | 7,618   | 7,748   | 6,858   | 6,482   | 6,562   | 9,455   | 10,489  | 11,787  | 8,953   |
| Prisoner transports                          | 298     | 371     | 235     | 286     | 348     | 363     | 444     | 297     | 246     | 156     |
| Code enforcement violations                  | 25      | 27      | 26      | 41      | 48      | 51      | 60      | 80      | 59      | 47      |
| DUIs                                         | 103     | 80      | 59      | 70      | 105     | 54      | 57      | 44      | 36      | 63      |
| Culture and recreation                       |         |         |         |         |         |         |         |         |         |         |
| Parks and recreation attendees/participants: |         |         |         |         |         |         |         |         |         |         |
| Youth sports participants                    | 2,317   | 2,393   | 2,245   | 2,241   | 2,535   | 2,506   | 2,570   | 2,180   | 2,370   | 1,753   |
| Dance and crafts - youth and adult           | 362     | 310     | 350     | 300     | 398     | 194     | 75      | 178     | 50      | 16      |
| Trips                                        | 303     | 310     | 30      | 6       | -       | -       | -       | -       | -       | -       |
| Senior centers                               | 695     | 616     | 1,619   | 1,028   | 989     | 380     | 289     | 218     | 264     | 275     |
| Playground programs                          | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| Registered special events                    | 236     | 386     | 368     | 678     | 504     | 575     | 762     | 842     | 642     | 430     |
| Open special events                          | 1,198   | 1,500   | 2,914   | 1,035   | 2,519   | 1,700   | 1,600   | 1,387   | 1,279   | 1,222   |
| Cooperative events                           | 2,086   | 2,564   | 2,835   | 4,281   | 4,370   | 4,327   | 12,548  | 11,672  | 13,687  | 7,038   |
| Ticket sales                                 | 2,954   | 2,692   | 3,040   | 2,538   | 2,340   | 2,765   | 2,692   | 1,839   | 1,045   | 657     |
| Library:                                     |         |         |         |         |         |         |         |         |         |         |
| Volumes and eCollections *                   | 169,710 | 167,616 | 160,391 | 174,666 | 160,990 | 153,837 | 219,068 | 282,957 | 260,036 | 136,767 |
| Total volumes borrowed                       | 259,321 | 231,449 | 211,068 | 236,142 | 267,089 | 178,605 | 218,217 | 222,184 | 217,134 | 180,322 |
| Number of borrowers                          | 21,799  | 13,905  | 19,949  | 19,123  | 17,178  | 19,065  | 21,534  | 22,430  | 19,359  | 19,655  |
| Number of new borrowers added                | 2,976   | 2,191   | 2,378   | 2,551   | 7,236   | 3,086   | 2,478   | 2,397   | 2,060   | 1,737   |
| Family and children's programs attendance    | 4,997   | 5,725   | 6,204   | 8,582   | 6,914   | 9,065   | 11,829  | 8,451   | 17,722  | 9,050   |
| Public computer usage                        | 47,031  | 45,630  | 39,760  | 38,809  | 40,439  | 33,620  | 27,477  | 29,783  | 29,645  | 20,828  |
| Library visits                               | 231,091 | 223,477 | 213,556 | 209,107 | 205,251 | 198,195 | 231,189 | 222,634 | 220,331 | 165,248 |
| Number of family and childrens programs      | 147     | 762     | 588     | 365     | 748     | 2,869   | 449     | 288     | 251     | 258     |
| Adult and teen program attendance            | 1,709   | 4,665   | 1,547   | 2,199   | 3,768   | 3,768   | 1,614   | 2,200   | 1,685   | 1,663   |
| Component Unit - School Board                |         |         |         |         |         |         |         |         |         |         |
| Education:                                   |         |         |         |         |         |         |         |         |         |         |
| Actual school enrollment                     | 8,140   | 8,029   | 7,995   | 7,876   | 7,786   | 7,656   | 7,671   | 7,632   | 7,602   | 7,574   |

Source: Library, Recreation &amp; Parks and Sheriff's annual report to the Board of Supervisors

Capital Asset Statistics By Function  
Last Ten Fiscal Years

| Function                                | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
|-----------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Public safety - insured vehicles</b> |            |            |            |            |            |            |            |            |            |            |
| Law enforcement vehicles                | 84         | 76         | 84         | 84         | 86         | 81         | 82         | 82         | 98         | 100        |
| Other public safety                     | 22         | 19         | 17         | 18         | 18         | 19         | 19         | 19         | 21         | 19         |
| <b>Public works</b>                     |            |            |            |            |            |            |            |            |            |            |
| Vehicles                                | 19         | 18         | 16         | 14         | 14         | 13         | 13         | 13         | 13         | 13         |
| <b>Health and welfare</b>               |            |            |            |            |            |            |            |            |            |            |
| Vehicles                                | 28         | 28         | 26         | 28         | 28         | 28         | 28         | 28         | 28         | 29         |
| <b>Parks, recreation and cultural</b>   |            |            |            |            |            |            |            |            |            |            |
| Vehicles                                | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          | 7          |
| <b>Other</b>                            |            |            |            |            |            |            |            |            |            |            |
| Vehicles                                | 7          | 7          | 7          | 8          | 8          | 11         | 11         | 11         | 11         | 11         |
| <b>Total Vehicles</b>                   | <b>167</b> | <b>155</b> | <b>157</b> | <b>159</b> | <b>161</b> | <b>159</b> | <b>160</b> | <b>160</b> | <b>178</b> | <b>179</b> |

NOTE: The Sheriff's Office purchased 13 new vehicles in FY19. All of those vehicles have not yet been outfitted to be road ready. Once they are road ready, several older vehicles will be taken out of service.

Source: County internal records including capital asset listing and insurance reports.



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

---

**To the Honorable Members of  
the Board of Supervisors  
County of Campbell, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Campbell, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Campbell, Virginia's basic financial statements, and have issued our report thereon dated November 23, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Campbell, 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 Campbell, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Campbell, Virginia's internal control.

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

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

## Compliance and Other Matters

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

### Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

November 23, 2020



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

---

**To the Honorable Members of  
the Board of Supervisors  
County of Campbell, Virginia**

**Report on Compliance for Each Major Federal Program**

We have audited the County of Campbell, 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 Campbell, Virginia's major federal programs for the year ended June 30, 2020. County of Campbell, 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 Campbell, 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 Campbell, 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 Campbell, Virginia's compliance.

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

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

## Report on Internal Control over Compliance

Management of the County of Campbell, 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 Campbell, 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 Campbell, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 23, 2020



COUNTY OF CAMPBELL, VIRGINIA

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

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title              | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|----------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|-------------------------|
| Department of Health and Human Services:                                               |                           |                                                 |                         |
| Pass Through Payments:                                                                 |                           |                                                 |                         |
| Department of Social Services:                                                         |                           |                                                 |                         |
| MaryLee Allen Promoting Safe and Stable Families<br>TANF Cluster                       | 93.556                    | 0950119/0950118                                 | \$ 28,861               |
| Temporary Assistance for Needy Families (TANF)                                         | 93.558                    | 0400119/0400120                                 | 446,337                 |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs        | 93.566                    | 0500120                                         | 670                     |
| Low-Income Home Energy Assistance Program                                              | 93.568                    | 0600419/0600420                                 | 85,287                  |
| Child Care and Development Fund Cluster:                                               |                           |                                                 |                         |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund         | 93.596                    | 0760119/0760120                                 | 83,387                  |
| Chafee Education and Training Vouchers Program                                         | 93.599                    | 9160118                                         | 463                     |
| Adoption and Legal Guardianship Incentive Payments                                     | 93.603                    | 1130117                                         | 5,000                   |
| Stephanie Tubbs Jones Child Welfare Services Program                                   | 93.645                    | 0900118/0900119                                 | 1,098                   |
| Foster Care - Title IV-E                                                               | 93.658                    | 1100119/1100120                                 | 547,326                 |
| Adoption Assistance                                                                    | 93.659                    | 1120119/1120120                                 | 724,224                 |
| Social Services Block Grant                                                            | 93.667                    | 1000119/1000120                                 | 523,649                 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood              | 93.674                    | 9150119/9150118                                 | 6,429                   |
| Children's Health Insurance Program                                                    | 93.767                    | 0540119/0540120                                 | 11,758                  |
| Medicaid Cluster:                                                                      |                           |                                                 |                         |
| Medical Assistance Program (Medicaid, Title XIX)                                       | 93.778                    | 1200119/1200120                                 | 749,669                 |
| Total Department of Social Services                                                    |                           |                                                 | \$ 3,214,158            |
| Total Department of Health and Human Services                                          |                           |                                                 | \$ 3,214,158            |
| Corporation for National and Community Service:                                        |                           |                                                 |                         |
| Direct Payments:                                                                       |                           |                                                 |                         |
| Retired and Senior Volunteer Program                                                   | 94.002                    |                                                 | \$ 4,203                |
| Total Corporation for National and Community Service                                   |                           |                                                 | \$ 4,203                |
| Department of Homeland Security:                                                       |                           |                                                 |                         |
| Pass Through Payments:                                                                 |                           |                                                 |                         |
| Department of Emergency Management:                                                    |                           |                                                 |                         |
| Emergency Management Performance Grants                                                | 97.042                    | unknown                                         | \$ 32,905               |
| Emergency Food and Shelter National Board Program                                      | 97.024                    | unknown                                         | 9,137                   |
| Total Department of Homeland Security                                                  |                           |                                                 | \$ 42,042               |
| Department of Agriculture:                                                             |                           |                                                 |                         |
| Pass Through Payments:                                                                 |                           |                                                 |                         |
| Department of Agriculture:                                                             |                           |                                                 |                         |
| Summer Management Workshop                                                             | 10.560                    | 201919N25334 1                                  | \$ 655                  |
| Child Nutrition Cluster:                                                               |                           |                                                 |                         |
| National School Lunch Program - Food distribution                                      | 10.555                    | 201919N10994 1/202020N10994 1                   | 285,460                 |
| National School Lunch Program                                                          | 10.555                    | 201919N10994 1/202020N10994 1                   | 1,221,353               |
| COVID-19 - National School Lunch Program                                               | 10.555                    | 201919N10994 1/202020N10994 1                   | 104,003                 |
| Subtotal CFDA 10.555                                                                   |                           |                                                 | 1,610,816               |
| School Breakfast Program                                                               | 10.553                    | 202020N10994 1/201919N10994 1                   | 448,780                 |
| COVID-19 - School Breakfast Program                                                    | 10.553                    | 202020N10994 1                                  | 40,968                  |
| Subtotal CFDA 10.553                                                                   |                           |                                                 | 489,748                 |
| Summer Food Service Program for Children                                               | 10.559                    | 201918N10994 1/202020N85034 1                   | 274,095                 |
| COVID-19 - Summer Food Service Program for Children                                    | 10.559                    | 202020N85034 1                                  | 477,931                 |
| Subtotal CFDA 10.559                                                                   |                           |                                                 | 752,026                 |
| Subtotal Child Nutrition Cluster                                                       |                           |                                                 | 2,852,590               |
| Department of Social Services:                                                         |                           |                                                 |                         |
| SNAP Cluster:                                                                          |                           |                                                 |                         |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561                    | 0040119/0040120/0010120/0010119                 | 731,627                 |
| Total Department of Agriculture                                                        |                           |                                                 | \$ 3,584,872            |

COUNTY OF CAMPBELL, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2020

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title                      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Identifying<br>Number | Federal<br>Expenditures |
|------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|-------------------------|
| Department of Justice:                                                                         |                           |                                                 |                         |
| Direct Payments:                                                                               |                           |                                                 |                         |
| Bulletproof Vest Partnership Program                                                           | 16.607                    |                                                 | \$ 5,198                |
| Pass Through Payments:                                                                         |                           |                                                 |                         |
| Department of Criminal Justice Service:                                                        |                           |                                                 |                         |
| Violence Against Women Formula Grants                                                          | 16.588                    | 17WFX0013                                       | 26,686                  |
| Edward Byrne Memorial Justice Assistance Grant Program                                         | 16.738                    | 16DJBX0482                                      | 2,317                   |
| Crime Victim Assistance                                                                        | 16.575                    | 17VAGXZ0018/16VAGX0039                          | 173,422                 |
| Total Department of Justice                                                                    |                           |                                                 | \$ 207,623              |
| Department of Treasury:                                                                        |                           |                                                 |                         |
| Pass Through Payments:                                                                         |                           |                                                 |                         |
| Virginia Department of Accounts:                                                               |                           |                                                 |                         |
| COVID-19 - Coronavirus Relief Fund                                                             | 21.019                    | SLT0022                                         | \$ 2,096,791            |
| Total Department of Treasury                                                                   |                           |                                                 | \$ 2,096,791            |
| Department of Transportation:                                                                  |                           |                                                 |                         |
| Pass Through Payments:                                                                         |                           |                                                 |                         |
| Department of Motor Vehicles:                                                                  |                           |                                                 |                         |
| Highway Safety Cluster:                                                                        |                           |                                                 |                         |
| State and Community Highway Safety                                                             | 20.600                    | FSC-2020-59171-9171                             | \$ 11,933               |
| National Priority Safety Programs                                                              | 20.616                    | FM2HVE-2019-58047-8047                          | 6,541                   |
| Subtotal Highway Safety Cluster                                                                |                           |                                                 | \$ 18,474               |
| Alcohol Open Container Requirements                                                            | 20.607                    | 154AL-2020-59167-9167                           | 18,810                  |
| Total Department of Transportation                                                             |                           |                                                 | \$ 37,284               |
| Department of Housing and Urban Development:                                                   |                           |                                                 |                         |
| Pass Through Payments:                                                                         |                           |                                                 |                         |
| Virginia Department of Housing and Urban Development:                                          |                           |                                                 |                         |
| Housing Voucher Cluster:                                                                       |                           |                                                 |                         |
| Section 8 Housing Choice Vouchers                                                              | 14.871                    | unknown                                         | \$ 87,012               |
| Total Department of Housing and Urban Development                                              |                           |                                                 | \$ 87,012               |
| Department of Education:                                                                       |                           |                                                 |                         |
| Pass Through Payments:                                                                         |                           |                                                 |                         |
| Department of Education:                                                                       |                           |                                                 |                         |
| Title I: Grants to Local Educational Agencies                                                  | 84.010                    | S010A180046/S010A190046                         | \$ 1,707,338            |
| Adult Education Basic Grants to States                                                         | 84.002                    | unknown                                         | 77,853                  |
| Career and Technical Education - Basic Grants to States                                        | 84.048                    | V048A180046                                     | 114,897                 |
| Special Education Cluster:                                                                     |                           |                                                 |                         |
| Title VI-B: Special Education - Grants to States                                               | 84.027                    | H027A180107/H027A190107                         | 1,825,801               |
| Title VI-B: Special Education Preschool Grants                                                 | 84.173                    | H173A180112/H173A190112                         | 40,000                  |
| Subtotal Special Education Cluster                                                             |                           |                                                 | \$ 1,865,801            |
| Student Support and Academic Enrichment                                                        | 84.424                    | S424A190048/S424A180048                         | 141,577                 |
| Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants) | 84.367                    | S367A180044/S367A190044                         | 223,047                 |
| English Language Acquisition Grants                                                            | 84.365                    | S365A190046/S365A180046                         | 14,861                  |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund                               | 84.425D                   | unknown                                         | 105,627                 |
| Total Department of Education                                                                  |                           |                                                 | \$ 4,251,001            |
| Total Expenditures of Federal Awards                                                           |                           |                                                 | \$ 13,524,986           |

## COUNTY OF CAMPBELL, VIRGINIA

### Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

---

#### Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the County of Campbell, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Campbell, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Campbell, Virginia.

#### Note 2 - Basis of Accounting

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the 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.

#### Note 3 - Food Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

#### Note 4 - Indirect Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

#### Note 5 - Subrecipients

No awards were passed through to subrecipients.

#### Note 6 - 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             | \$ 6,420,740 |
| Total primary government | \$ 6,420,740 |

Component Unit School Board:

|                                   |              |
|-----------------------------------|--------------|
| School Operating Fund             | \$ 4,251,001 |
| School Cafeteria Fund             | 2,853,245    |
| Total Component Unit School Board | \$ 7,104,246 |

|                                                           |               |
|-----------------------------------------------------------|---------------|
| Total federal expenditures per basic financial statements | \$ 13,524,986 |
|-----------------------------------------------------------|---------------|

|                                                                               |               |
|-------------------------------------------------------------------------------|---------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 13,524,986 |
|-------------------------------------------------------------------------------|---------------|

#### Note 7 - Loan Balances

The County has no loans or guarantees which are subject to reporting requirements for the current year.

COUNTY OF CAMPBELL, VIRGINIA

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

---

**Section I - Summary of Auditors' Results**

Financial Statements

|                                                       |               |
|-------------------------------------------------------|---------------|
| Type of auditors' report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weakness(es) identified?                     | No            |
| Significant Deficiency(ies) identified?               | None reported |
| Noncompliance material to financial statements noted? | No            |

Federal Awards

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

| CFDA # | Name of Federal Program or Cluster            |
|--------|-----------------------------------------------|
| 84.010 | Title I: Grants to Local Educational Agencies |
| 21.019 | COVID-19 - Coronavirus Relief Fund            |

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

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

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

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

**Section IV - Prior Year Findings**

There are no prior year findings to report.