

BEDFORD COUNTY

Virginia



Annual Financial Report
Fiscal Year Ending June 30, 2019



COUNTY OF BEDFORD, VIRGINIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

DEPARTMENT OF FISCAL MANAGEMENT

COUNTY OF BEDFORD, VIRGINIA

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COUNTY OF BEDFORD, VIRGINIA

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INTRODUCTORY SECTION



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Bedford
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**COUNTY OF BEDFORD, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS**

MEMBERS OF THE BOARD OF SUPERVISORS

Tommy Scott, Chairperson
Andy Dooley, Vice Chairperson

Bill Thomasson	John Sharp
Edgar Tuck	Kevin Willis
Charla Bansley	

MEMBERS OF THE COUNTY SCHOOL BOARD

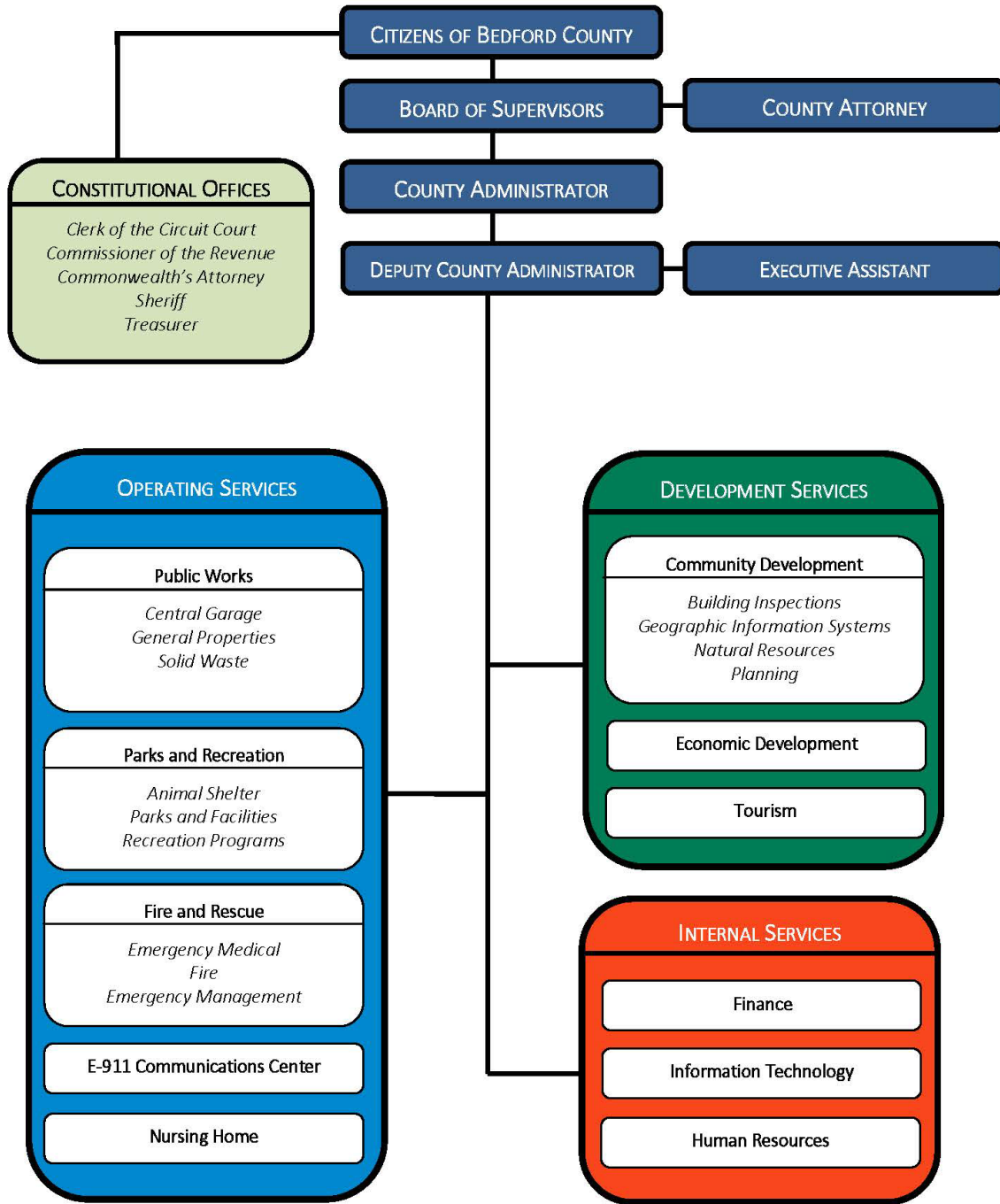
Julie M. Bennington, Chairperson
Jason W. Johnson, Vice Chairperson

Richard P. Downey	Susan F. Kirby
J Dr. John H. Hicks, Jr.	Martin F. Leamy
Marcus Hill	

OTHER OFFICIALS

Robert Hiss	County Administrator
Patrick J. Skelley, II.....	County Attorney
Susan L. Crawford, CPA.....	Director of Fiscal Management
Dr. Douglas Schuch.....	Superintendent of Schools
Randy Hagler.....	Schools Director of Finance
Andrew L. Crawford	Director of Social Services
Cathy C. Hogan	Clerk of the Circuit Court
Wes Nance	Commonwealth's Attorney
Julie Creasy.....	Commissioner of the Revenue
Kim J. Snow.....	Treasurer
Michael J. Brown.....	Sheriff
Barbara J. Gunter.....	Registrar

Bedford County Organizational Chart



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Supervisors
County of Bedford, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's 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* and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 auditor's 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.

Report on the Financial Statements (Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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 and other required supplementary information, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements, discretely presented School Board combining statements, Schedule 1, and the 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

The combining statements, discretely presented School Board combining statements, Schedule 1, 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 statements, discretely presented School Board combining statements, Schedule 1, 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.

Other Matters (Continued)

Other Information (Continued)

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 February 19, 2020 on our consideration of the County'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 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 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's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
February 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the County's financial statements offers readers a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2019. The Bedford County Schools (School Board) component unit is also included in this narrative. We encourage readers to consider this discussion and analysis in conjunction with the County's basic financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Primary Government exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$44.3 million (*net position*). Under Virginia law, School Divisions hold title to all school property and local governments incur financial obligations for school property. The assets are reported on the School Division's Statement of Net Position and the related debt is reported on the County's Statement of Net Position. Consequently, the County reports \$72.9 million in school debt without the related assets.
- As of the close of fiscal year 2019, the County's general fund reported combined ending fund balances of \$87.8 million, an increase of \$19.6 million from the prior year. The majority of the increase is due to the issuance of VPSA bonds for the Forest Middle School expansion and renovation. Of the \$87.8 million total, 71.9% (\$63.1 million) is available for spending at the County's discretion (sum of *committed, assigned and unassigned fund balances*), while the *nonspendable and restricted fund balances* were 28.1% or \$24.7 million.
- The County's total debt increased by \$16.1 million (19.1%) to \$99.9 million during fiscal year 2019. The increase is related to the County issuing \$20.3 million in bonds through the VPSA for the Forest Middle School expansion and renovation. These amounts are partially offset by principal payments on existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

(Continued)

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 this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick 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, judicial administration, public safety, public works, health and human services, parks and recreation, and community development. The business-type activities of the County include the Nursing Home and Solid Waste.

The government-wide financial statements (Exhibits 1 and 2) include not only the County itself (known as the *primary government*), but also three component units – Bedford County Public Schools, Bedford Public Library System, and the Bedford Economic Development Authority. Although these component units represent legally separate entities, their operational or financial relationship with the County makes the County financially accountable for them.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The County, like all other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances 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 fund statements 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*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains one governmental fund, the general fund. The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statement can be found at Exhibits 3 through 5 of this report.

Proprietary Funds

Proprietary funds are classified as enterprise funds. *Enterprise funds* are used to report the same functions that are presented as *business-type activities* in the government-wide financial statements. The County maintains the accounting for two enterprise funds: Nursing Home and Solid Waste.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found at Exhibits 6 through 8 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources received and held in a fiduciary capacity for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. However, the County is responsible for ensuring that the fiduciary fund assets are used for their intended purposes. The County's fiduciary funds consist of Agency Funds. The fiduciary fund financial statement can be found at Exhibit 9 of this report, while individual fund data for the agency funds can be found in the form of combining statements at Exhibits 20 and 21 of this report.

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. The notes can be found on pages 18-76.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's pension and other postemployment benefits to its current and future retirees. These schedules of required supplementary information can be found at Exhibits 10 through 19.

Other supplementary information is presented immediately following the required supplementary information. The County adopts an annual appropriated General Fund budget, for which a budgetary comparison has been provided to demonstrate compliance with the budget. This supplementary information can be found at Schedule 1 of this report. The Schedule of Expenditures of Federal Awards and notes thereto at Schedule 2 of this report. The combining financial statements of the School Board component unit are presented at Exhibits 22 through 24 of this report. The combining fund statements referred to earlier in connection with agency funds and individual fund statement and schedules are presented at Exhibits 20 and 21 of this report.

The report also contains a statistical section that supplements the basic financial statement by presenting detailed trend information, to assist the users to assess the economic condition of the County. We encourage our readers to review the statistical section, to better understand the County's operations, services, and financial condition.

Finally this report contains a compliance section, including the independent auditors' required reports on compliance and internal control, a summary of compliance matters, and a Schedule of Findings and Questioned Costs.

Budget to actual statements are provided for governmental funds with legally adopted budgets.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Table 1 summarizes the Statements of Net Position for the primary government as of June 30, 2019 and 2018:

	Primary Government						Component Unit	
	Governmental Activities		Business-Type Activities		Total Primary Government		School Board	
	2019	2018	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 125.2	\$ 107.5	\$ 15.8	\$ 16.5	\$ 141.0	\$ 124.0	\$ 24.5	\$ 26.5
Capital assets (net)	42.3	40.6	10.8	10.3	53.1	50.9	123.7	124.3
Total assets	<u>167.5</u>	<u>148.1</u>	<u>26.6</u>	<u>26.8</u>	<u>194.1</u>	<u>174.9</u>	<u>148.2</u>	<u>150.8</u>
Total deferred outflows	<u>6.3</u>	<u>3.8</u>	<u>0.7</u>	<u>0.2</u>	<u>7.0</u>	<u>4.0</u>	<u>13.7</u>	<u>12.1</u>
Long-term liabilities	109.8	91.5	8.8	7.8	118.6	99.3	93.6	99.7
Other liabilities	13.3	16.1	0.8	0.6	14.1	16.7	14.0	18.2
Total liabilities	<u>123.1</u>	<u>107.6</u>	<u>9.6</u>	<u>8.4</u>	<u>132.7</u>	<u>116.0</u>	<u>107.6</u>	<u>117.9</u>
Total deferred inflows	<u>23.9</u>	<u>24.4</u>	<u>0.2</u>	<u>0.4</u>	<u>24.1</u>	<u>24.8</u>	<u>17.6</u>	<u>14.8</u>
Net position:								
Net investment in capital assets	39.7	37.0	10.8	10.3	50.5	47.3	119.8	120.6
Unrestricted	<u>(12.9)</u>	<u>(17.1)</u>	<u>6.7</u>	<u>7.9</u>	<u>(6.2)</u>	<u>(9.2)</u>	<u>(83.1)</u>	<u>(90.4)</u>
Total net position	<u>\$ 26.8</u>	<u>\$ 19.9</u>	<u>\$ 17.5</u>	<u>\$ 18.2</u>	<u>\$ 44.3</u>	<u>\$ 38.1</u>	<u>\$ 36.7</u>	<u>\$ 30.2</u>

Table 1 may differ from Exhibit 1 due to rounding.

The County's net position of \$44.3 million increased 16.3%, or \$6.2 million, from fiscal year 2018. The increase is comprised of an increase in net position in governmental activities of \$6.9 million, and a decrease of \$0.7 million in business-type activities. Net investment in capital assets of \$50.5 million was 114.0% of the net position and increased 6.8%, or \$3.2 million. Net position invested in capital assets is not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services.

The County has unrestricted net position of (\$6.2) million, which is comprised of (\$12.9) million for governmental activities and \$6.7 million for business-type activities. Unrestricted net position available for providing services to the citizens increased 24.6%, or \$4.2 million. As stated earlier, under Virginia Law, School Divisions hold title to the school property and County incurs the financial obligation for the school property. Consequently, the County reports \$72.9 million in school debt without the related assets.

The School Board's total net position of \$36.7 million, increased \$6.5 million from fiscal year 2018, primarily due to decreases in pension and OPEB obligations.

(Continued)

Statement of Activities

Table 2 summarizes the Statement of Activities of the primary government for the fiscal years ended June 30, 2019 and 2018:

		Change in Net Position Year ended June 30, 2019 (\$ in millions)							
		Primary Government						Component Units	
		Governmental Activities		Business-Type Activities		Total Primary Government		School Board	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues									
Program revenues:									
Charges for services		\$ 4.3	\$ 4.7	\$ 10.6	\$ 9.9	\$ 14.9	\$ 14.6	\$ 2.6	\$ 2.8
Operating grants and contributions		18.0	14.9	0.3	0.4	18.3	15.3	24.9	25.1
Capital grants and contributions		-	0.1	-	-	-	0.1	-	-
General revenues:									
Property taxes		66.3	65.1	-	-	66.3	65.1	-	-
Other taxes		13.5	13.2	-	-	13.5	13.2	-	-
Payments from Bedford County		-	-	-	-	-	-	41.3	60.4
Noncategorical state aid		6.8	6.8	-	-	6.8	6.8	42.2	40.5
Investment earnings		0.6	0.6	-	-	0.6	0.6	-	-
Other		0.1	0.2	0.1	0.1	0.2	0.3	0.2	0.1
Total revenues		<u>109.6</u>	<u>105.6</u>	<u>11.0</u>	<u>10.4</u>	<u>120.6</u>	<u>116.0</u>	<u>111.2</u>	<u>128.9</u>
Expenses									
General government		5.0	4.3	-	-	5.0	4.3	-	-
Judicial administration		2.7	2.6	-	-	2.7	2.6	-	-
Public safety		21.5	22.0	-	-	21.5	22.0	-	-
Public works		5.8	5.0	-	-	5.8	5.0	-	-
Health and welfare		14.1	13.2	-	-	14.1	13.2	-	-
Education		41.3	60.4	-	-	41.3	60.4	104.8	104.9
Parks, recreation and cultural		3.6	3.5	-	-	3.6	3.5	-	-
Community development		6.0	5.4	-	-	6.0	5.4	-	-
Nursing Home		-	-	7.1	6.0	7.1	6.0	-	-
Solid Waste		-	-	4.6	3.5	4.6	3.5	-	-
Interest on long-term debt		2.8	2.9	-	-	2.8	2.9	-	-
Total expenses		<u>102.8</u>	<u>119.3</u>	<u>11.7</u>	<u>9.5</u>	<u>114.5</u>	<u>128.8</u>	<u>104.8</u>	<u>104.9</u>
Increase (decrease) in net position before transfers		<u>\$ 6.8</u>	<u>\$ (13.7)</u>	<u>\$ (0.7)</u>	<u>\$ 0.9</u>	<u>\$ 6.1</u>	<u>\$ (12.8)</u>	<u>\$ 6.4</u>	<u>\$ 24.0</u>

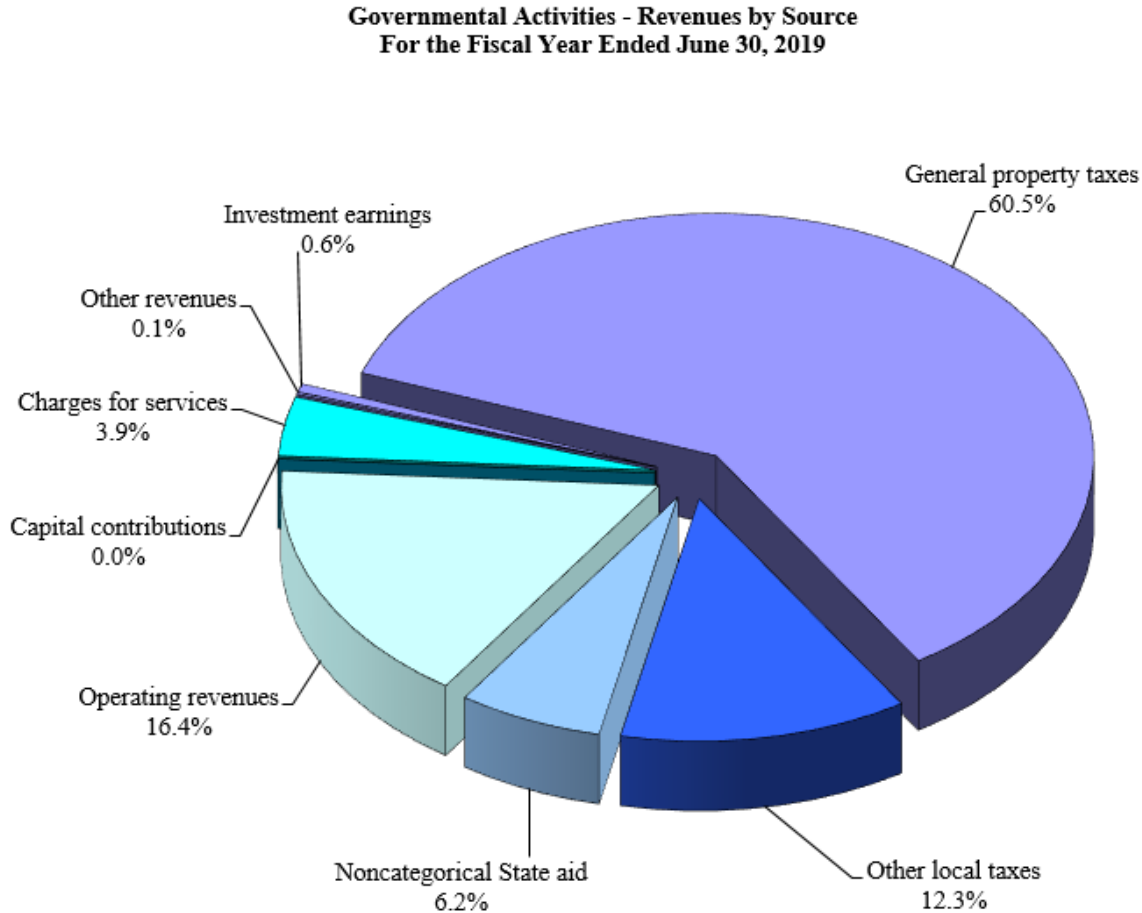
Table 2 may differ from Exhibit 2 due to rounding.

(Continued)

Governmental Activities

The increase in net position is largely attributed to the County's governmental activities revenues in excess of expenditures totaling \$6.8 million. Fiscal year 2019 revenues of \$109.6 million represent an increase of \$4.0 million, or 3.8%, in comparison to the prior year, while expenses of \$102.8 million represent a decrease of \$16.5 million, or 13.8%, compared to the prior year.

The following chart illustrates the County's fiscal year 2019 governmental revenues by source as a percentage of total governmental revenues:



Taxes comprise the largest source of County revenues, totaling \$79.8 million for fiscal year 2019, an increase of \$1.5 million, or 4.1%, in comparison to fiscal year 2018. General property taxes account for \$66.3 million, or 60.5% of revenues. An increase in general property taxes of \$1.2 million, or 1.8%, is attributable to continued growth in the tax base. In addition, sales tax and meals tax revenue increased in total by \$0.3 million or (4.1% and 6.1%, respectively).

In fiscal year 2019, \$22.3 million, or 20.3%, of total revenues consisted of program revenues, including \$4.3 million in charges for services and \$18.0 million of operating grants and contributions. General revenue, including \$6.8 million of noncategorical state aid and \$0.7 million of investment earnings and other income, accounted for the remaining revenues.

(Continued)

Also shown in Table 2 and Table 3, the total expenses of all the County’s governmental activities for fiscal year 2019 were \$102.8 million, which represents decrease of \$16.5 million, or 13.8%, when compared to fiscal year 2018. The decrease is primarily due to decreased expenses for education of \$19.1 million combined with minimal increases in all other functional areas. These decreases in educational expenses are due to the completion of the Liberty zone middle school and competition gym.

As the following chart indicates, education continues to be one of the County’s largest programs and highest priorities, with education expenses totaling \$41.3 million in fiscal year 2019. Public Safety and human services are also strategic focus areas and the County’s second and third largest expenses, totaling \$21.5 million and \$14.1 million, respectively.

**Governmental Activities
Functional Expenses
For the Fiscal Year Ended June 30, 2019**

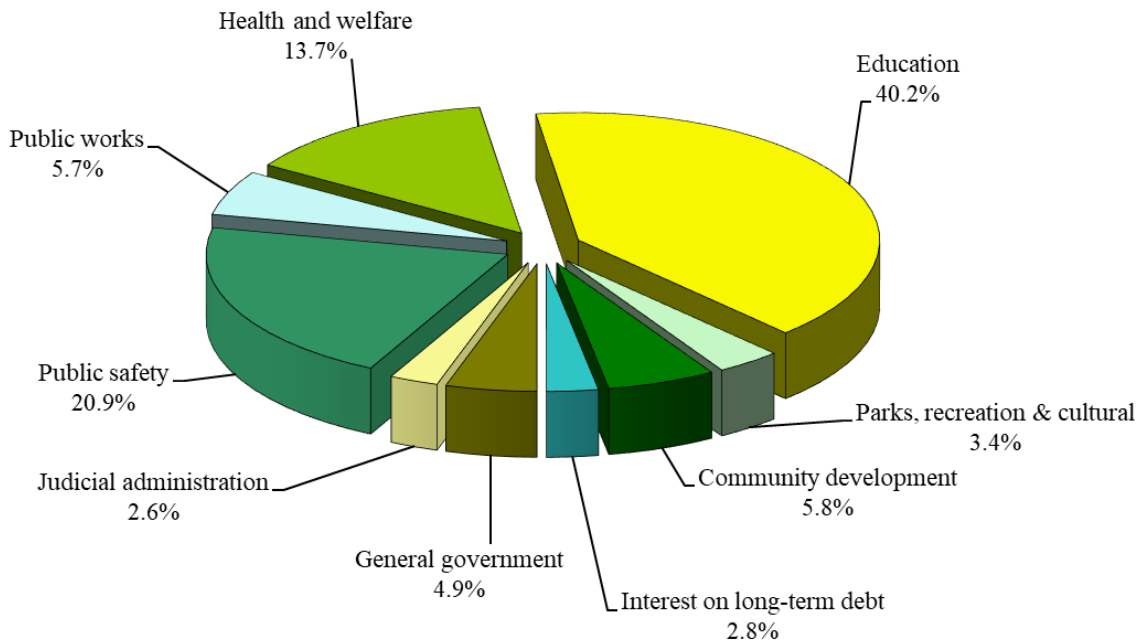


Table 3 presents the total cost of the County’s governmental activities by function, as well as the net cost of each function (total cost less fees generated by each function and program-specific intergovernmental aid) for fiscal year ended June 30, 2019 and 2018:

**Net Cost of Governmental Activities
For the Fiscal Year Ended June 30, 2019**

Table 3 **(\$ in millions)**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 5.0	\$ 4.3	\$ 3.8	\$ 3.2
Judicial administration	2.7	2.6	1.3	1.3
Public safety	21.5	22.0	12.9	13.9
Public works	5.8	5.0	5.2	4.7
Health and welfare	14.1	13.2	4.5	4.7
Education	41.3	60.4	41.3	60.4
Parks, recreation & cultural	3.6	3.5	3.5	3.3
Community development	6.0	5.4	5.2	5.2
Interest on long-term debt	2.8	2.9	2.8	2.9
Total	\$ 102.8	\$ 119.3	\$ 80.5	\$ 99.6

Table 3 may differ from Exhibit 2 due to rounding.

A portion of the \$102.8 million cost of the County’s governmental activities was paid by those who directly benefited from the programs (i.e., charges for services of \$4.3 million), and other governments and organizations that subsidized certain programs (i.e., operating and capital grants and contributions of \$18.0 million). These combined program revenues of \$22.3 million reduced the total fiscal year 2019 cost of services from \$102.8 million to the net cost of services of \$80.5 million. The net cost of services was covered by the County’s general revenues, consisting primarily of taxes and state aid.

Business-type activities

Table 2 also summarizes the business-type activities. The County’s business-type activities consist of the Nursing Home and Solid Waste. The decrease in the net position attributable to the County’s business-type activities totaled \$0.7 million for fiscal year 2019.

FINANCIAL ANALYSIS OF THE COUNTY'S GENERAL FUND

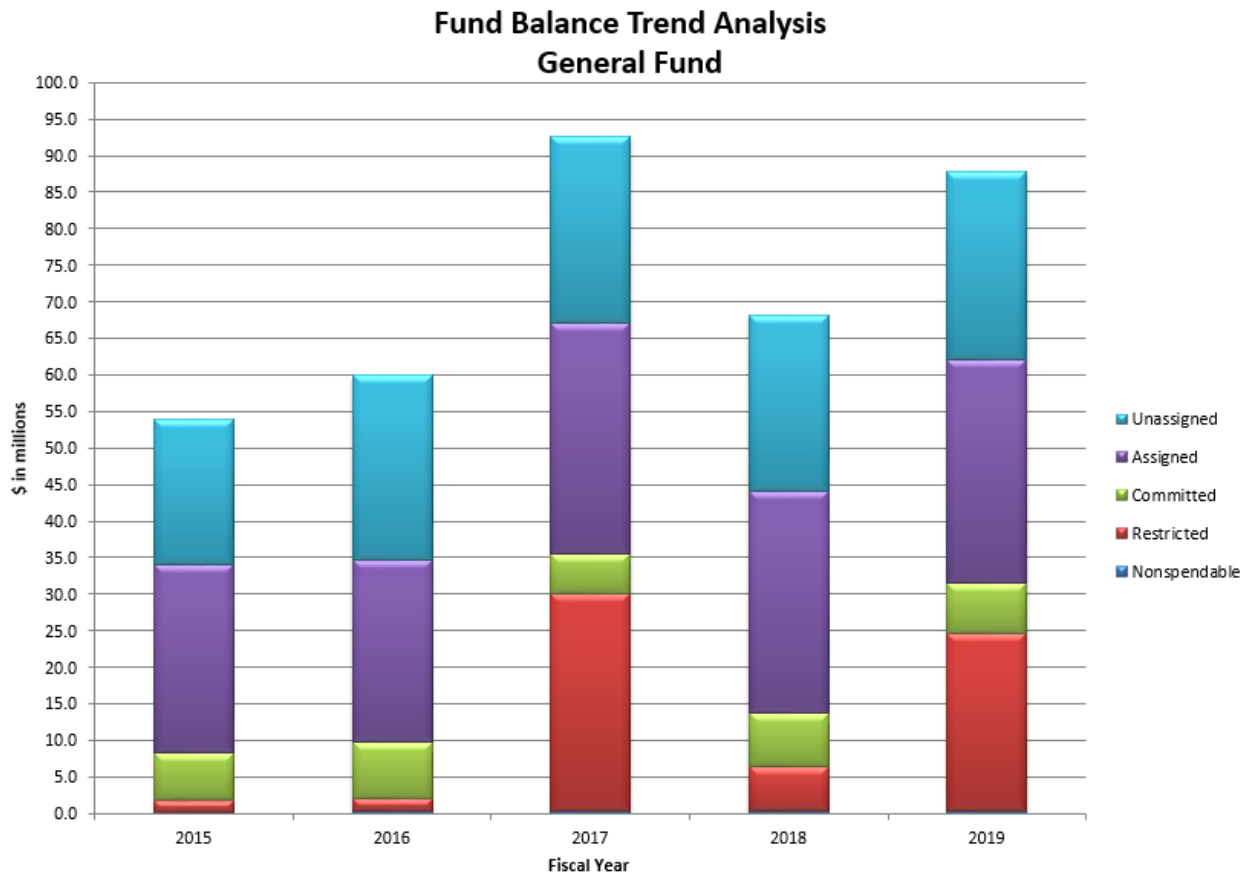
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the County's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In addition, the County's fund balance classifications are useful to identify the extent to which the County's fund balances are constrained and how binding those constraints are.

As of the end of fiscal year 2019, the County's General Fund reported combined ending fund balances of \$87.8 million (Exhibit 3), as compared to \$68.2 million at June 30, 2018, an increase of \$19.6 million. Of the \$87.8 million fiscal year 2019 fund balance, \$0.3 million is classified as *nonspendable* because it is invested in inventories and prepaid expenditures and, therefore, is not in spendable form; \$24.4 million is classified as *restricted* to indicate that it can only be spent for specific purposes as stipulated by external resource providers (for example, debt covenants, grant agreements, and volunteer fire and rescue length of service program), \$6.8 million is classified as *committed* to indicate that it has been set aside for specific purposes by resolution of the County's Board of Supervisors, \$30.7 million is assigned to indicate that County administration has identified specific purposes for the use of those funds, and the remaining \$25.6 million is *unassigned*. Unassigned fund balances are technically available for any purpose, but are maintained at targeted levels in accordance with sound financial management practices.

Additional information can be found in Note 16.

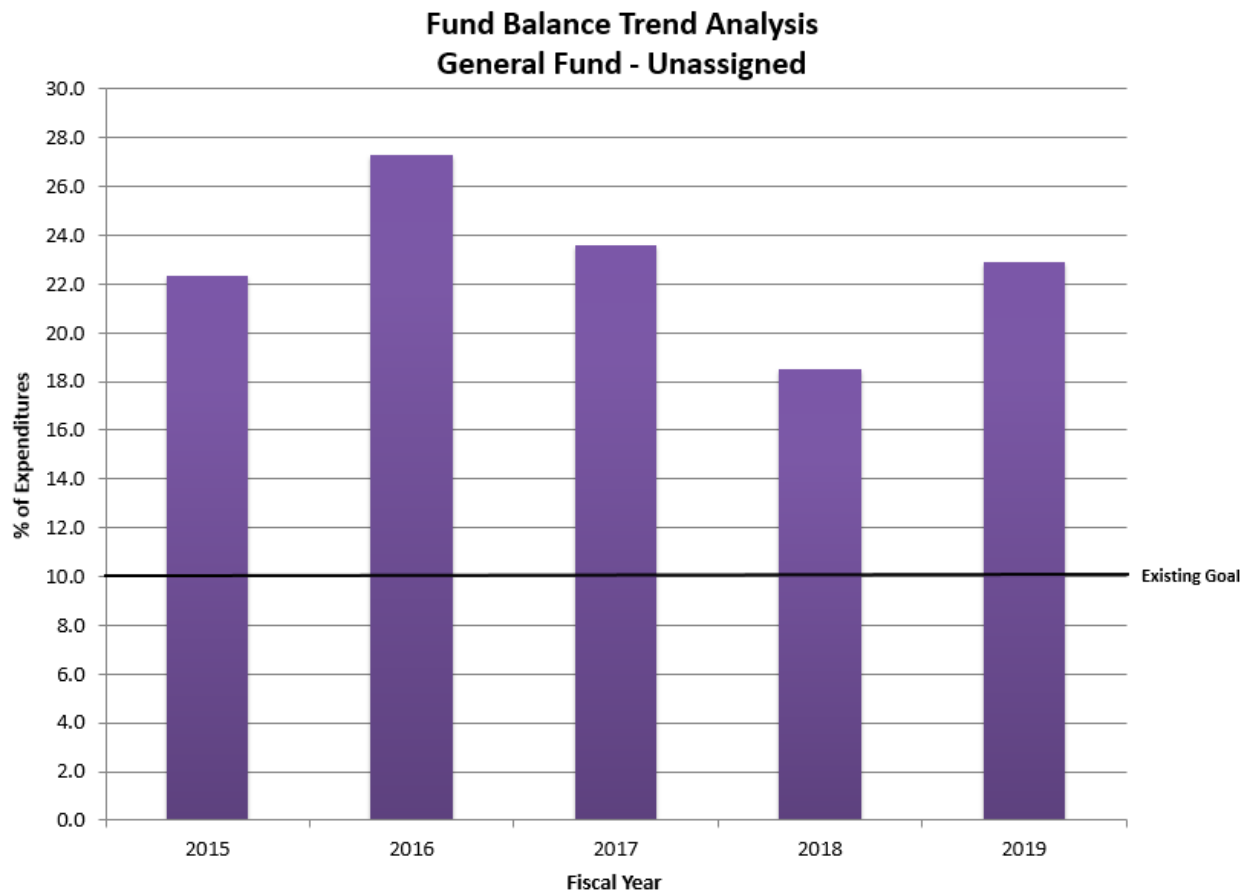
The following graphs illustrate fund balance trends for the County's general fund for fiscal years 2015 through 2019.



(Continued)

The increase in restricted fund balance in fiscal 2019 was due to the issuance of bonds for the Forest Middle School expansion and renovation. The unspent proceeds of the issuance are classified as restricted.

The General Fund’s liquidity can be measured by comparing unassigned fund balance to total fund expenditures. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$25.6 million. This represents 22.9% of total fiscal year 2019 General Fund expenditures. The Board adopted a resolution setting a minimum unassigned fund balance target for the General Fund of 10.0% of the General Fund expenditures. The total fund balance represents 78.4% of that same amount. This positive liquidity primarily results from the County receiving the first half of the 2019 real estate taxes in June. The semi-annual real estate collection dates allow the County to avoid borrowing funds to support operations during the early part of the following fiscal year.



The County’s proprietary funds financial statement provide the same type of information presented in the business-type activities on the government-wide financial statements, as their basis of accounting is the same, but in more detail. Factors relating to the financial position and results of operations of the County’s Nursing Home and Solid Waste have been addressed in the discussion of the County’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4 provides a comparison of the original budget, amended budget, and actual revenues and expenditures in the General Fund (Exhibit 5).

**Budgetary Comparison
General Fund
For the Fiscal Year Ended June 30, 2019
(\$ in millions)**

Table 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues & Other Financing Sources:			
General Property Taxes	\$ 64.1	\$ 64.1	\$ 66.4
Other Local Taxes	12.7	12.7	13.5
Intergovernmental	21.2	25.4	22.1
Other Revenue	4.1	4.2	7.6
Other Sources	-	22.6	22.6
Total	<u>102.1</u>	<u>129.0</u>	<u>132.2</u>
Expenditures & Other Financing Uses:			
Expenditures	84.7	113.7	79.2
Other Uses	35.6	37.0	36.7
Total	<u>120.3</u>	<u>150.7</u>	<u>115.9</u>
Changes in Fund Balance	<u>\$ (18.2)</u>	<u>\$ (21.7)</u>	<u>\$ 16.3</u>

The original budget includes rollover capital improvement program appropriations of \$14.8 million and a planned use of fund balance for capital projects and debt service of \$0.2 million and \$3.7 million, respectively. Additionally, the Board did not appropriate \$0.5 million of the budget as it is reserved for a new landfill cell.

General Fund budget amendments resulted in an increase of \$30.4 million between the originally adopted budget and the final budget. Significant amendments included:

- \$22.6 million for the Forest Middle School expansion and renovation
- \$ 4.1 million for Internet Crime against Children grants.
- \$ 1.3 million School Division’s Health Insurance reserves and maintenance projects
- \$ 1.2 million for Children Service Act expenditures
- \$ 0.3 million for Emergency Services vehicles
- \$ 0.2 million for Litigation settlement and attorney fees
- \$ 0.1 million for Courthouse elevator repairs

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

The County's investment in capital assets as of June 30, 2019, totals \$53.1 million, net of accumulated depreciation. Capital assets, net of accumulated depreciation, are illustrated in the following table.

**Summary of Capital Assets
as of June 30, 2019
(\$ in millions)**

Table 5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	Land	\$ 4.2	\$ 4.2	\$ 1.2	\$ 1.2	\$ 5.4
Building and improvements	53.2	48.8	20.0	19.8	73.2	68.6
Machinery and equipment	24.6	23.6	5.6	5.0	30.2	28.6
Construction in progress	2.8	3.6	0.9	0.3	3.7	3.9
Subtotal	84.8	80.2	27.7	26.3	112.5	106.5
Accumulated depreciation	(42.5)	(39.6)	(16.9)	(16.0)	(59.4)	(55.6)
Total	<u>\$42.3</u>	<u>\$ 40.6</u>	<u>\$10.8</u>	<u>\$ 10.3</u>	<u>\$53.1</u>	<u>\$ 50.9</u>

Major capital asset activity during fiscal year 2019 included the following:

- Completion of the Falling Creek Center renovation for a total cost of \$3.5 million. This project was considered construction in progress at the close of fiscal year 2018.
- Completion of access control upgrades at the Courthouse, Burks-Scott building, and Falling Creek Center.
- Completion of the roof replacement at the Courthouse.
- Work began on the construction of the broadband towers.

Additional information on the County's capital assets can be found in Note 6 to the financial statements.

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BASIC FINANCIAL STATEMENTS

COUNTY OF BEDFORD, VIRGINIA

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	\$ 72,528,727	\$ 14,512,189	\$ 87,040,916
Receivables, net	27,392,775	1,103,979	28,496,754
Internal balances	(133,578)	133,578	-
Due from primary government	-	-	-
Prepays	241,818	45,824	287,642
Inventories	42,680	-	42,680
Restricted assets:			
Cash, cash equivalents, and investments	25,173,185	16,217	25,189,402
Net pension asset	-	-	-
Capital assets:			
Nondepreciable	6,953,258	2,111,446	9,064,704
Depreciable, net	35,299,190	8,690,499	43,989,689
Total assets	167,498,055	26,613,732	194,111,787
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	2,219,278	-	2,219,278
Deferred outflows related to pensions (Notes 9, 10, 11, and 12)	3,182,626	517,650	3,700,276
Deferred outflows related to other postemployment benefits (Notes 13 and 14)	855,147	159,453	1,014,600
Total deferred outflows of resources	6,257,051	677,103	6,934,154
LIABILITIES			
Accounts payable and accrued expenses	2,056,909	499,391	2,556,300
Accrued payroll and related liabilities	641,458	250,300	891,758
Accrued interest payable	1,347,143	-	1,347,143
Self insurance (Note 17)	-	-	-
Incentives and performance grants payable	-	-	-
Due to component units	9,230,515	-	9,230,515
Liabilities payable from restricted assets	-	16,217	16,217
Noncurrent liabilities:			
Due within one year (Note 7)	7,768,164	451,702	8,219,866
Due in more than one year	94,099,322	7,421,821	101,521,143
Net pension liability (Notes 9, 10, 11, and 12)	5,887,280	499,367	6,386,647
Net other postemployment benefit liability (Notes 13 and 14)	2,049,362	415,964	2,465,326
Total liabilities	123,080,153	9,554,762	132,634,915
DEFERRED INFLOWS OF RESOURCES			
Property taxes	22,244,330	-	22,244,330
Deferred inflows related to pensions (Notes 9, 10, 11, and 12)	1,415,042	203,886	1,618,928
Deferred inflows related to other postemployment benefits (Notes 13 and 14)	232,388	38,959	271,347
Lease income	-	-	-
Total deferred inflows of resources	23,891,760	242,845	24,134,605
NET POSITION			
Net investment in capital assets	39,730,712	10,801,945	50,532,657
Restricted for:			
Donor requests	-	-	-
Unrestricted (deficit)	(12,947,519)	6,691,283	(6,256,236)
Total net position	\$ 26,783,193	\$ 17,493,228	\$ 44,276,421

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 1

Component Units				
School Board	Public Library	Economic Development Authority	Reclassifications (See Note 1)	Total
\$ 11,046,714	\$ 410,863	\$ 1,633,516	\$ -	\$ 100,132,009
3,255,898	42,805	1,222,091	-	33,017,548
-	-	-	-	-
8,877,803	2,712	350,000	-	9,230,515
143,834	36,972	-	-	468,448
108,767	-	8,660,282	-	8,811,729
-	48,421	14,397	-	25,252,220
1,083,310	342,519	-	-	1,425,829
4,206,850	-	733,659	-	14,005,213
119,473,413	590,110	1,199,107	-	165,252,319
<u>148,196,589</u>	<u>1,474,402</u>	<u>13,813,052</u>	<u>-</u>	<u>357,595,830</u>
-	-	-	-	2,219,278
11,027,316	22,775	-	-	14,750,367
2,666,052	6,366	-	-	3,687,018
<u>13,693,368</u>	<u>29,141</u>	<u>-</u>	<u>-</u>	<u>20,656,663</u>
1,584,249	29,320	188,988	-	4,358,857
11,121,399	60,544	-	-	12,073,701
75,223	-	-	-	1,422,366
1,225,624	-	-	-	1,225,624
-	-	470,000	-	470,000
-	-	-	-	9,230,515
-	-	-	-	16,217
2,215,693	67,194	11,199	-	10,513,952
3,248,943	32,486	669,285	-	105,471,857
72,970,000	-	-	-	79,356,647
15,188,937	53,000	-	-	17,707,263
<u>107,630,068</u>	<u>242,544</u>	<u>1,339,472</u>	<u>-</u>	<u>241,846,999</u>
-	-	-	-	22,244,330
11,323,074	50,976	-	-	12,992,978
6,277,431	5,000	-	-	6,553,778
-	-	128,232	-	128,232
<u>17,600,505</u>	<u>55,976</u>	<u>128,232</u>	<u>-</u>	<u>41,919,318</u>
119,753,017	557,075	1,932,766	(72,893,973)	99,881,542
-	45,312	14,397	-	59,709
(83,093,633)	602,636	10,398,185	72,893,973	(5,455,075)
<u>\$ 36,659,384</u>	<u>\$ 1,205,023</u>	<u>\$ 12,345,348</u>	<u>\$ -</u>	<u>\$ 94,486,176</u>

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Function	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 5,020,465	\$ 667,251	\$ 555,737	\$ -
Judicial administration	2,683,103	58,928	1,373,969	-
Public safety	21,460,096	2,713,928	5,859,582	12,500
Public works	5,823,881	307,298	299,979	-
Health and welfare	14,123,419	167,992	9,414,715	-
Education	41,340,447	-	-	-
Parks, recreational, and cultural	3,563,515	117,413	4,999	-
Community development	5,988,002	267,484	500,910	-
Interest on long-term debt	2,841,510	-	-	-
Total governmental activities	<u>102,844,438</u>	<u>4,300,294</u>	<u>18,009,891</u>	<u>12,500</u>
Business-type activities:				
Nursing home	7,158,320	7,742,767	13,888	-
Solid waste	4,599,966	2,887,895	318,845	-
Total business-type activities	<u>11,758,286</u>	<u>10,630,662</u>	<u>332,733</u>	<u>-</u>
Total primary government	<u>\$ 114,602,724</u>	<u>\$ 14,930,956</u>	<u>\$ 18,342,624</u>	<u>\$ 12,500</u>
Component Units:				
School Board	\$ 104,774,662	\$ 2,646,055	\$ 24,858,468	\$ -
Public Library	1,955,571	54,779	284,681	-
Economic Development Authority	462,456	-	345,832	350,000
Total component units	<u>\$ 107,192,689</u>	<u>\$ 2,700,834</u>	<u>\$ 25,488,981</u>	<u>\$ 350,000</u>

General Revenues:
 Property taxes
 Other local taxes
 Payments from Bedford County
 Noncategorical state aid
 Investment earnings, unrestricted
 Investment earnings, restricted for capital projects and debt service
 Miscellaneous
 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.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	School Board	Public Library	Economic Development Authority	Total
\$ (3,797,477)	\$ -	\$ (3,797,477)	\$ -	\$ -	\$ -	\$ (3,797,477)
(1,250,206)	-	(1,250,206)	-	-	-	(1,250,206)
(12,874,086)	-	(12,874,086)	-	-	-	(12,874,086)
(5,216,604)	-	(5,216,604)	-	-	-	(5,216,604)
(4,540,712)	-	(4,540,712)	-	-	-	(4,540,712)
(41,340,447)	-	(41,340,447)	-	-	-	(41,340,447)
(3,441,103)	-	(3,441,103)	-	-	-	(3,441,103)
(5,219,608)	-	(5,219,608)	-	-	-	(5,219,608)
(2,841,510)	-	(2,841,510)	-	-	-	(2,841,510)
<u>(80,521,753)</u>	<u>-</u>	<u>(80,521,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,521,753)</u>
-	598,335	598,335	-	-	-	598,335
-	(1,393,226)	(1,393,226)	-	-	-	(1,393,226)
-	(794,891)	(794,891)	-	-	-	(794,891)
<u>(80,521,753)</u>	<u>(794,891)</u>	<u>(81,316,644)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,316,644)</u>
-	-	-	(77,270,139)	-	-	(77,270,139)
-	-	-	-	(1,616,111)	-	(1,616,111)
-	-	-	-	-	233,376	233,376
-	-	-	<u>(77,270,139)</u>	<u>(1,616,111)</u>	<u>233,376</u>	<u>(78,652,874)</u>
66,324,332	-	66,324,332	-	-	-	66,324,332
13,522,591	-	13,522,591	-	-	-	13,522,591
-	-	-	41,339,555	1,622,616	163,055	43,125,226
6,783,138	-	6,783,138	42,222,047	-	-	49,005,185
396,118	97,692	493,810	14,708	2,101	5,554	516,173
215,960	-	215,960	-	-	-	215,960
137,797	4,167	141,964	134,574	22,195	110,000	408,733
<u>87,379,936</u>	<u>101,859</u>	<u>87,481,795</u>	<u>83,710,884</u>	<u>1,646,912</u>	<u>278,609</u>	<u>173,118,200</u>
6,858,183	(693,032)	6,165,151	6,440,745	30,801	511,985	13,148,682
19,925,010	18,186,260	38,111,270	30,218,639	1,174,222	11,833,363	81,337,494
<u>\$ 26,783,193</u>	<u>\$ 17,493,228</u>	<u>\$ 44,276,421</u>	<u>\$ 36,659,384</u>	<u>\$ 1,205,023</u>	<u>\$ 12,345,348</u>	<u>\$ 94,486,176</u>

COUNTY OF BEDFORD, VIRGINIA

**BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2019**

	General Fund
Assets	
Cash, cash equivalents, and investments	\$ 72,528,727
Receivables, net	27,392,775
Prepays	241,818
Inventories	42,680
Restricted cash, cash equivalents, and investments	25,173,185
Total assets	\$ 125,379,185
Liabilities	
Accounts payable and accrued expenses	\$ 2,056,909
Accrued payroll and related liabilities	641,458
Due to other funds	133,578
Due to component units	8,895,683
Total liabilities	11,727,628
Deferred Inflows of Resources	
Unavailable revenue	25,845,908
Total deferred inflows of resources	25,845,908
Fund Balances	
Nonspendable	284,498
Restricted	24,385,995
Committed	6,836,238
Assigned	30,658,140
Unassigned	25,640,778
Total fund balances	87,805,649
Total liabilities, deferred inflows of resources and fund balances	\$ 125,379,185

(Continued)

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2019

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

Total Fund Balance, Governmental Funds		\$ 87,805,649
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 84,769,179	
Accumulated depreciation	<u>(42,516,731)</u>	42,252,448
Receivables on the statement of net position that do not provide current financial resources are not reported in the governmental funds.		3,601,578
Financial statement elements related to pension and other postemployment benefits are applicable to future periods, and therefore, are not reported in the funds.		
Pension related deferred outflows	3,182,626	
OPEB related deferred outflows	855,147	
Pension related deferred inflows	(1,415,042)	
OPEB related deferred inflows	<u>(232,388)</u>	2,390,343
Other liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Operating settlement-School Board		(334,832)
Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Accrued interest payable	(1,347,143)	
General obligation and lease revenue bonds	(85,828,552)	
Premium on debt issued	(8,331,356)	
Deferred charges on refunding	2,219,278	
Equipment leases	(5,776,671)	
Compensated absences	(1,930,907)	
Other post-employment benefits	(2,049,362)	
Net pension liability	<u>(5,887,280)</u>	<u>(108,931,993)</u>
Net position of Governmental Activities		<u>\$ 26,783,193</u>

COUNTY OF BEDFORD, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2019

	General Fund
Revenues	
General property taxes	\$ 66,303,730
Other local taxes	13,463,926
Permits, privilege fees, and regulatory licenses	611,793
Fines and forfeitures	129,851
Revenue from use of money and property	809,401
Charges for services	2,448,328
Other	631,471
Recovered costs	634,755
Intergovernmental	23,989,020
Total revenues	109,022,275
Expenditures	
Current operating	
General government administration	4,522,841
Judicial administration	2,388,617
Public safety	20,941,980
Public works	5,052,857
Health and welfare	14,709,600
Education	36,098,010
Parks, recreation, and cultural	3,130,561
Community development	3,487,754
Debt service	
Principal	6,093,223
Interest and other fiscal charges	3,066,792
Capital projects	
Education	4,868,360
Other governmental activities	7,597,926
Total expenditures	111,958,521
Excess (deficiency) of revenues over expenditures	(2,936,246)
Other Financing Sources	
Bond premium	2,296,387
Bond issuance	20,275,000
Total other financing sources	22,571,387
Net change in fund balance	19,635,141
Fund balance, beginning	68,170,508
Fund balance, ending	\$ 87,805,649

(Continued)

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2019**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities:

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

Net changes in fund balance – governmental fund		\$ 19,635,141
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures that were capitalized	\$ 4,995,892	
Depreciation	<u>(3,365,355)</u>	1,630,537
The net effect of various transaction involving capital assets (sales, trade ins) is to increase net position		3,048

Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.

Employer pension contributions	62,165	
Pension expenses	<u>946,318</u>	1,008,483

Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.

Employer other postemployment benefit contributions	450,208	
Other postemployment benefits expense	<u>(15,070)</u>	435,138

The issuance of long-term debt 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 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.

Debt proceeds	(20,275,000)	
Debt principal repayment	6,093,223	
Bond premium on debt issuance	(2,296,387)	
Change in accrued interest payable	(10,798)	
Changes in deferred charges on debt issuance costs and refundings	<u>236,080</u>	(16,252,882)

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

Changes in unavailable tax revenues	13,264	
Other revenues	<u>842,430</u>	855,694

Expenses in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in operating settlement-School Board	(374,077)	
Changes in compensated absences	<u>(82,899)</u>	(456,976)

Total changes in net position of governmental activities		<u><u>\$ 6,858,183</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
General property taxes	\$ 64,134,000	\$ 64,134,000	\$ 66,448,056	\$ 2,314,056
Other local taxes	12,712,663	12,712,663	13,505,312	792,649
Permits, privilege fees, and regulatory licenses	503,200	503,200	611,444	108,244
Fines and forfeitures	140,000	140,000	126,594	(13,406)
Revenue from use of money and property	422,756	422,871	752,997	330,126
Charges for services	2,262,204	2,263,909	2,427,932	164,023
Miscellaneous	300,700	363,698	628,300	264,602
Recovered costs	495,240	495,240	634,755	139,515
Intergovernmental	21,156,742	25,371,990	24,454,095	(917,895)
Total revenues	<u>102,127,505</u>	<u>106,407,571</u>	<u>109,589,485</u>	<u>3,181,914</u>
Expenditures				
Current operating				
General government administration	5,210,163	5,441,158	4,745,553	695,605
Judicial administration	2,393,885	2,491,427	2,376,917	114,510
Public safety	19,654,485	23,955,526	21,305,079	2,650,447
Public works	5,174,716	5,221,483	5,069,670	151,813
Health and welfare	14,321,809	15,609,834	14,639,661	970,173
Education	1,891	1,891	1,891	-
Parks, recreation, and cultural	3,184,122	3,203,563	3,126,696	76,867
Community development	3,736,843	3,802,698	3,501,537	301,161
Debt service				
Principal	6,093,224	6,093,224	6,093,224	-
Interest and other fiscal charges	2,997,300	3,068,700	3,066,200	2,500
Capital projects				
Education	9,789,973	32,294,796	8,174,091	24,120,705
Other governmental activities	12,129,417	12,528,829	7,052,802	5,476,027
Total expenditures	<u>84,687,828</u>	<u>113,713,129</u>	<u>79,153,321</u>	<u>34,559,808</u>
Excess of revenues over expenditures	<u>17,439,677</u>	<u>(7,305,558)</u>	<u>30,436,164</u>	<u>37,741,722</u>
Other Financing Sources (Uses)				
Transfers to:				
Component units	(35,649,174)	(36,974,684)	(36,711,093)	263,591
Bond issuance	-	20,275,000	20,275,000	-
Bond premium	-	2,296,387	2,296,387	-
Total other financing sources (uses)	<u>(35,649,174)</u>	<u>(14,403,297)</u>	<u>(14,139,706)</u>	<u>263,591</u>
Net change in fund balance	<u>\$ (18,209,497)</u>	<u>\$ (21,708,855)</u>	<u>\$ 16,296,458</u>	<u>\$ 38,005,313</u>

(Continued)

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
For the Year Ended June 30, 2019**

Explanation of differences between actual amounts on the budgetary basis and GAAP basis**Revenues**

Total Revenues Budgetary Basis (Exhibit 5)	\$ 109,589,485
Tax and other accruals, grant deferrals, and other transfers	<u>(567,210)</u>
Total Revenues GAAP Basis (Exhibit 4)	<u>\$ 109,022,275</u>

Expenditures

Total Expenditures Budgetary Basis (Exhibit 5)	\$ 79,153,321
Accounts payable and other accruals	(3,905,893)
Transfers to component unit are expenditures for financial reporting purposes.	<u>36,711,093</u>
Total Expenditures GAAP Basis (Exhibit 4)	<u>\$ 111,958,521</u>

Other Financing Sources (Uses)

Total Other Financing Sources and Uses Budgetary Basis (Exhibit 5)	\$ (14,139,706)
Transfers to component units are expenditures for financial reporting purposes	<u>36,711,093</u>
Total Other Financing Sources and Uses GAAP Basis (Exhibit 4)	<u>\$ 22,571,387</u>

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities – Enterprise Funds		
	Nursing Home	Solid Waste	Total
ASSETS			
Current assets:			
Cash, cash equivalents, and investments	\$ 9,190,737	\$ 5,321,452	\$ 14,512,189
Receivables, net	890,971	213,008	1,103,979
Due from other funds	-	133,578	133,578
Prepays	38,387	7,437	45,824
Total current assets	10,120,095	5,675,475	15,795,570
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	16,217	-	16,217
Capital assets, net	3,838,455	6,963,490	10,801,945
Total noncurrent assets	3,854,672	6,963,490	10,818,162
Total assets	13,974,767	12,638,965	26,613,732
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	409,372	108,278	517,650
Deferred outflows related to other postemployment benefits	137,409	22,044	159,453
Total deferred outflows of resources	546,781	130,322	677,103
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	235,196	264,195	499,391
Accrued payroll and related liabilities	202,543	47,757	250,300
Assets held in agency capacity	16,217	-	16,217
Compensated absences	115,380	38,058	153,438
Capital lease obligations	-	152,382	152,382
Landfill closure/postclosure	-	145,882	145,882
Total current liabilities	569,336	648,274	1,217,610
Noncurrent liabilities:			
Compensated absences	-	24,574	24,574
Other post-employment benefits	316,100	99,864	415,964
Net pension liability	393,112	106,255	499,367
Capital lease obligations	-	365,906	365,906
Landfill closure/postclosure	-	7,031,341	7,031,341
Total noncurrent liabilities	709,212	7,627,940	8,337,152
Total liabilities	1,278,548	8,276,214	9,554,762
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	165,409	38,477	203,886
Deferred inflows related to other postemployment benefits	29,147	9,812	38,959
Total deferred inflows of resources	194,556	48,289	242,845
NET POSITION			
Net investment in capital assets	3,838,455	6,963,490	10,801,945
Unrestricted	9,209,989	(2,518,706)	6,691,283
Total net position	\$ 13,048,444	\$ 4,444,784	\$ 17,493,228

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019**

	Business-Type Activities – Enterprise Funds		
	Nursing Home	Solid Waste	Total
Operating Revenues			
Charges for services	\$ 7,742,767	\$ 2,887,895	\$ 10,630,662
Other	13,888	318,845	332,733
Total Operating Revenues	<u>7,756,655</u>	<u>3,206,740</u>	<u>10,963,395</u>
Operating Expenses			
Personal services	2,937,880	704,166	3,642,046
Employee benefits	794,122	204,956	999,078
Purchased services	1,726,522	1,365,580	3,092,102
Continuous charges	545,784	707,264	1,253,048
Supplies and materials	653,349	559,013	1,212,362
Equipment, property, and improvements	211,888	4,389	216,277
Landfill closure/postclosure	-	442,051	442,051
Depreciation	288,775	594,330	883,105
Total Operating Expenses	<u>7,158,320</u>	<u>4,581,749</u>	<u>11,740,069</u>
Operating income (loss)	<u>598,335</u>	<u>(1,375,009)</u>	<u>(776,674)</u>
Non-Operating Revenues (Expenses)			
Interest income	71,633	26,059	97,692
Interest expense	-	(18,217)	(18,217)
Gain on disposal of capital assets	-	4,167	4,167
Total Non-Operating Revenues (Expenses)	<u>71,633</u>	<u>12,009</u>	<u>83,642</u>
Change in Net Position	669,968	(1,363,000)	(693,032)
Net Position, beginning	<u>12,378,476</u>	<u>5,807,784</u>	<u>18,186,260</u>
Net Position, ending	<u>\$ 13,048,444</u>	<u>\$ 4,444,784</u>	<u>\$ 17,493,228</u>

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019**

	<u>Nursing Home</u>	<u>Solid Waste</u>	<u>Total</u>
Operating Activities			
Receipts from customers	\$ 7,506,813	\$ 2,877,741	\$ 10,384,554
Other cash receipts	17,719	317,875	335,594
Payments to employees	(3,002,497)	(695,605)	(3,698,102)
Payments for employee benefits	(975,158)	(240,457)	(1,215,615)
Payments to suppliers	(3,011,163)	(2,699,817)	(5,710,980)
Net Cash Provided by (Used in) Operating Activities	<u>535,714</u>	<u>(440,263)</u>	<u>95,451</u>
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(350,908)	(632,043)	(982,951)
Proceeds from sale of capital assets	-	4,167	4,167
Principal paid on debt	-	(123,327)	(123,327)
Interest paid on debt	-	(18,217)	(18,217)
Net Cash Used in Capital and Related Financing Activities	<u>(350,908)</u>	<u>(769,420)</u>	<u>(1,120,328)</u>
Investing Activities			
Interest received	71,633	26,060	97,693
Net Increase (Decrease) in Cash and Cash Equivalents	256,439	(1,183,623)	(927,184)
Cash and Cash Equivalents Beginning of Year	<u>8,950,515</u>	<u>6,505,075</u>	<u>15,455,590</u>
Cash and Cash Equivalents End of Year	<u>\$ 9,206,954</u>	<u>\$ 5,321,452</u>	<u>\$ 14,528,406</u>
Reconciliation to Exhibit 6			
Cash and Cash Equivalents	\$ 9,190,737	\$ 5,321,452	\$ 14,512,189
Restricted Cash and Cash Equivalents	16,217	-	16,217
	<u>\$ 9,206,954</u>	<u>\$ 5,321,452</u>	<u>\$ 14,528,406</u>

(Continued)

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019**

	<u>Nursing Home</u>	<u>Solid Waste</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 598,335	\$ (1,375,009)	\$ (776,674)
Adjustments Not Affecting Cash			
Depreciation	288,775	594,330	883,105
Landfill closure/postclosure	-	442,051	442,051
(Increase) Decrease in Assets			
Accounts receivable	(234,967)	(25,648)	(260,615)
Due from other funds	-	13,873	13,873
Prepays	(1,944)	2,392	448
(Increase) Decrease in Deferred Outflows of Resources			
Pension deferrals	(242,746)	(63,323)	(306,069)
Other postemployment benefit deferrals	(96,730)	(15,761)	(112,491)
Increase (Decrease) in Liabilities			
Accounts payable and accrued expenses	55,023	(77,603)	(22,580)
Accrued payroll and related liabilities	75,735	15,142	90,877
Assets held in agency capacity	3,453	-	3,453
Compensated absences	(74,125)	8,374	(65,751)
Other post-employment benefits	75,336	15,686	91,022
Net pension liability	239,346	63,586	302,932
Increase (Decrease) in Deferred Inflows of Resources			
Pension deferrals	(154,707)	(41,100)	(195,807)
Other postemployment benefit deferrals	4,930	2,747	7,677
Net Cash Provided by Operating Activities	<u>\$ 535,714</u>	<u>\$ (440,263)</u>	<u>\$ 95,451</u>
Schedule of Noncash Activities			
Capital asset additions financed by accounts payable	<u>\$ -</u>	<u>\$ 97,402</u>	<u>\$ 97,402</u>

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 1,066,903
Security deposits	900
Receivables, net	7,922
Total assets	\$ 1,075,725
 LIABILITIES	
Accounts payable	\$ 7,011
Accrued payroll and related liabilities	5,820
Amounts held for clients/others	1,062,894
Total liabilities	\$ 1,075,725

The Notes to the Financial Statements are an integral part of this statement.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting and reporting policies are described below.

A. Reporting Entity

The County's financial reporting entity is defined by and its financial statements are presented in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These statements define the distinction between the County as a primary government and its related entities.

The financial reporting entity consists of the primary government and its blended and discretely presented component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board; the primary government having the ability to impose its will on the component unit; the component unit having fiscal dependency on the primary government; or a financial benefit or burden relationship existing between the component unit and the primary government.

A blended component unit is an entity, that while legally separate, is in substance, part of the County's operations, and so its financial information is combined with the financial statements of the County. The County can impose its will over this entity and is financially accountable for it.

The primary government may also be financially accountable if the component unit is fiscally dependent on the primary government regardless of whether the component unit has a separately elected governing board.

The Bedford County Broadband Authority is a blended component unit of the County and the Bedford County School Board, Bedford Public Library System, and Bedford County Economic Development Authority are reported as separate and discretely presented component units in the County's comprehensive annual financial report. The primary government is hereafter referred to as the "County" and the reporting entity, which includes the County and its component units, is hereafter referred to as the "Reporting Entity."

As required by GAAP, the accompanying basic financial statements include all activities of the County. The component unit columns in the basic financial statements include the financial data of the County's three discretely presented component units.

The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary government. All of the component units have a June 30 year end. A description of the blended and discretely presented component units follows:

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Blended Component Unit:

Bedford County Broadband Authority

The Bedford County Broadband Authority (the “Authority”) is organized to bring reliable, affordable broadband internet services to all parts of the County through partnerships with private service providers. The members of the County Board of Supervisors also serve as members of the Board of the Authority. The County has operational responsibility for the component unit.

Discretely Presented Component Units:

Bedford County School Board

The County provides education through its own public school system administered by the Bedford County School Board (the “School Board”). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate, but financially dependent through appropriations. The Board of Supervisors administers the School Board’s appropriation of funds at the category level, approves transfers between categories, and authorizes school debt issuances. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

Bedford Public Library System

The Bedford Public Library System (the “Library”) is a regional library system created by an agreement between the County of Bedford and the City of Bedford (now the Town of Bedford). The Library has been classified as a discretely presented component unit in the financial statements because it is legally separate, but financially dependent through appropriations. The Board of Supervisors appoints Library Board members. Financial statements of the Library are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete financial statements for the Library may be obtained by writing the Library at 321 North Bridge St., Bedford, Virginia 24523.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units:

Bedford County Economic Development Authority

The Bedford County Economic Development Authority (the “EDA”) was created to promote industry and develop trade by encouraging enterprises to locate and remain in Virginia. The EDA is governed by seven directors appointed by the Board and the County is financially accountable for the EDA. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. Financial statements of the EDA are included in a discretely presented component unit column and/or row of the government-wide financial statements. Complete financial statements for the EDA may be obtained by writing the EDA at 122 East Main St., Suite 202, Bedford, Virginia 24523.

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 nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary* government is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds are custodial in nature and do not involve the measurement of results of operations. In agency fund financial statements, assets equal liabilities, and are reported using the accrual basis of accounting.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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*. Revenues are recognized when they become both measurable and available. Accordingly, real and personal property taxes are recorded as deferred inflows and receivables when billed, net of allowances of 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. 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this rule include: (1) accumulated unpaid vacation leave, sick leave, and other employee amounts, which are recorded as compensated absences, and are recognized when payable, and (2) principal and interest payments on general long-term debt, both of which are recognized when paid.

The County reports the following major governmental fund:

General Fund – the County’s primary operating fund. It accounts for all financial resources of the general government.

Proprietary Funds are used to account for the County’s ongoing organizations and activities similar to those often found in the private sector. The County reports the following major proprietary funds:

Nursing Home Fund – accounts for the activities of the nursing home operations.

Solid Waste Fund – accounts for the activities of the solid waste operations.

Additionally, the County reports the following fund category:

Fiduciary Funds – Accounts for assets held by the government in a trustee capacity or as an agent or custodian for individuals, private organizations, or other governmental units. Agency funds include the Tri-County Lake Administrative Commission, Bedford Community Coalition, Bedford Wine Trail, Special Welfare, Road Escrow, Land Disturbing Bonds, and Asset Seizure Funds.

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 proprietary funds 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

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

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs, and other revenues not meeting the definition of program revenues.

Operating revenues and expenses in the proprietary funds result from providing goods and services in connection with their principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, contractual services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating.

The solid waste tipping fee includes both capital recovery and operating components. The capital recovery charge is used to finance current and future capital improvements, whereas the operating charge recovers the cost of operations.

D. Assets, Liabilities, and Net Position or Fund Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value based on quoted market prices.

2. Receivables and Payables

Accounts and property taxes receivable are shown net of an allowance for uncollectibles. The allowance is calculated using historical collection data, specific account analysis, and management's judgment. The allowance is comprised of the following:

General Fund – Property tax receivables	\$ 2,237,437
General Fund – EMS transport fees	<u>132,155</u>
	<u>\$ 2,369,592</u>

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. Real estate is assessed at 100 percent of fair market value and reassessed every four years as of January 1. On January 1, the real estate taxes become an enforceable lien on the property and payment is due in two equal installments on June 5 and December 5. The real estate taxes reported as current year revenue are the second installment (December 5) of the levy on assessed value at January 1, 2018, and the first installment (June 5) of the levy on assessed value at January 1, 2019. The installment due on June 5, 2019 is shown as an assignment of fund balance as it is used to fund the subsequent year's budget. The installment due on December 5, 2019 is included as deferred inflows since these taxes are restricted for use until fiscal year 2020.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

2. Receivables and Payables (Continued)

The County levies personal property taxes on motor vehicles, boats, mobile homes, aircraft, and other tangible business property. Personal property taxes are based on the estimated market value as of January 1, with payment due the following December 5. The tax on a vehicle may be prorated for the length of time the vehicle is kept in the County.

The 1998 Virginia General Assembly enacted legislation providing property tax relief to citizens. The Personal Property Tax Relief Act (PPTRA) was intended to be phased in over five years on the first \$20,000 of value for motor vehicles not used for business purposes. In 2005 the General Assembly capped PPTRA relief at \$950 million statewide beginning with the 2006 tax year. The County receives \$6,086,051 annually. County 2018 tax bills, payable in fiscal year 2019, included a forty-four and half (44.5) percent reduction on qualifying vehicles. All PPTRA payments received are classified as non-categorical State aid in the general fund.

3. Inventories and Prepaids

Inventory is valued using the first-in/first-out (FIFO) method except for commodities received from the Federal Government, which are valued at market. Inventories of governmental funds and component units consist of expendable supplies held for consumption or items purchased for resale. Reported inventories for governmental funds and component units are reflected as non-spendable fund balance as inventories do not constitute expendable resources.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaids in both government-wide and fund financial statements. Prepaids are also reflected as non-spendable fund balance.

4. Restricted Cash, Cash Equivalents, and Investments

In accordance with applicable bond covenants and other agreements, governmental activities report restricted cash, cash equivalents, and investments at June 30, 2019 of \$25,173,185, which consists of unspent bond proceeds and accumulated interest of \$23,066,581 restricted for School capital projects, \$170,014 restricted for water and sewer projects, and \$1,936,590 for the Volunteer Length of Service Awards Program. Business-type activities report restricted cash, cash equivalents, and investments of \$16,217 for Nursing Home resident funds. Restricted cash, cash equivalents, and investments of the component unit – Library consists of donations restricted as to purpose or time by donors.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

5. Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as items with an initial, individual cost of more than \$2,500 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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

	<u>Years</u>
Buildings	10 – 50
Improvements	10 – 40
Machinery and equipment	3 – 25

Depreciation is charged as an expense in the statement of activities and accumulated depreciation is reported in the statement of net position. The Proprietary Funds also record depreciation expense and accumulated depreciation and capitalize interest, when material in amount. No significant construction projects were in progress during the year, therefore no interest was capitalized.

6. Compensated Absences

County, School Board, and Library policies permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits (compensated absences), subject to certain limitations. All such pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated based on historical leave usage. A liability for these amounts is reported in governmental funds only to the extent the liability has matured, for example, as a result of employee resignations or retirements.

7. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial elements to the pension and OPEB plans information about the fiduciary net position of the County's and Schools Plans' and the additions to/deductions from the County's and Schools Plans' 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements that present financial position report a separate section for *deferred inflows of resources*. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The County and Schools have the following items that qualify for reporting as deferred inflows or outflows:

- The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five year period and may be reported as a deferred outflow of inflow as appropriate.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool or OPEB cost sharing pool plans. This difference is deferred and recognize in the expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.
- *Unavailable revenue* is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 60 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- At the government-wide level, the County reports deferred inflows for unearned property taxes which are billed and/or collected but are intended to fund future years.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Costs associated with the issuance of debt, other than certain bond insurances, are expensed when debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Costs associated with the issuance of debt are expensed in the period debt is issued.

10. Net Position/Fund Equity

Net position is comprised of three categories: net investment in capital assets; restricted; and unrestricted. The first category reflects the portion of net position associated with capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the unspent bond proceeds and any associated unamortized items. Restricted net position is assets whose use is subject to constraints that are either externally imposed by grantors, creditors, or other external parties, or imposed by law. Net position which is neither restricted nor related to capital assets is reported as unrestricted net position.

11. School Board Debt/Capital Assets Reporting

The County issues debt to finance the construction of school facilities because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit 1), the debt reduces *unrestricted net position* of the primary government, while the capital assets are reported in *net investment in capital assets* of the School Board.

Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$72,893,973 is reclassified as shown on Exhibit 1 to present the total reporting entity column.

12. Estimates

Management uses estimates and assumptions that 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity (Continued)

13. Revenue Recognition – Nursing Home

The Nursing Home is a qualified provider under the Medicaid program. Prior to July 1, 2014, Medicaid reimbursed all nursing facilities for operating costs utilizing a facility-specific per diem rate that was set prospectively based on prior year costs. Effective for claims with dates of service on or after July 1, 2014, the Virginia Department of Medical Assistance Services began paying nursing facilities using a new price-based payment methodology. This was implemented over a four year transition period.

Beginning July 1, 2014, after approval from Centers for Medicare and Medicaid Services (CMS), the Nursing Home and four other government owned facilities began receiving payments to supplement the interim payments for Medicaid days. The additional payments totaled \$1,133,155 for fiscal year 2019.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

- ◆ Prior to March 30, the County Administrator submits to the Board a proposed operating and capital budget for the County and School Board 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.
- ◆ The Appropriations Resolution places legal restrictions on expenditures at the department level for the General Fund and at the category level for the School Funds. The County Administrator is authorized to transfer budgeted amounts within departments. Only the Board can revise the appropriation for each department or school category.
- ◆ Formal budgetary integration is employed as a management control device during the year.
- ◆ All budgets are adopted on a cash basis.
- ◆ Appropriations lapse on June 30 except for capital projects which carry unexpended balances into the following year on a continuing appropriation basis.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 3. Significant Transactions of the County and Discretely Presented Component Unit – School Board

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

1. The School Board can neither levy taxes nor incur bonded debt under Virginia law. Therefore, the County issues bonded 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 are recorded in the County’s General Fund. Funds in an amount equal to expenditures are provided to the School Board to pay for capital expenditures. Unspent funds at year end are reported as deposits and investments of the County’s General Fund.
2. The County’s budgeting process provides funding to the School Board for debt service payments. The School Board is responsible for appropriating debt service payments for debt issued by the County on its behalf. These transactions are reported as transfers on the County’s Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual and as transfers and debt service payments on the School Board’s Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual. GAAP requires that debt issued “on behalf” of the School Board and related debt service payments be reported by the primary government for financial reporting purposes. Therefore, debt service payments for school bonded debt are reported as part of the primary government for financial reporting purposes in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.
3. 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	\$ 110,221,981
Principal and other debt service expenditures included in primary government	<u>7,934,169</u>
Total expenditures for school activities	<u><u>\$ 118,156,150</u></u>

Note 4. 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 amount from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 4. Deposits and Investments (Continued)

Investment Policy

In accordance with the *Code of Virginia* and other applicable law, including regulations, the County's investment policy (Policy) permits investments in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or its political subdivisions, repurchase agreements, certificates of deposit, bankers' acceptances, commercial paper, corporate notes and bonds, the Virginia State Non-Arbitrage Program (SNAP), and the State Treasurer's Local Government Investment Pool (LGIP). At year end, the County had the following deposits and investments:

<u>Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Percent of Portfolio</u>
Demand deposits	\$ 87,227,147	NA	77.72%
Virginia SNAP	23,066,581	AAAm	20.55
Guaranteed interest account	<u>1,936,590</u>	NA	<u>1.73</u>
Total deposits and investments	<u>\$ 112,230,318</u>		<u>100.00%</u>

Credit Risk

The Policy requires that obligations of the Commonwealth of Virginia and its political subdivisions have a debt rating of at least AA by Standard & Poor's (S&P) or equivalent by Moody's Investors Service (Moody's). Repurchase agreements are collateralized by Treasury or Agency obligations of which the market value is at least 102% of the purchase price of the agreement. Commercial paper must be issued by an entity incorporated in the U.S. and rated at least A-1 by S&P and P-1 by Moody's. Corporate notes and bonds have a rating of at least AA by S&P and Aa by Moody's. Money market mutual funds must trade on a constant net asset value and invest solely in securities otherwise eligible for investment under these guidelines.

External Investment Pools

The Virginia SNAP fund is an open-end management investment company and is overseen by the Treasurer of Virginia and State Treasury Board.

Concentration of Credit Risk

The Policy also establishes limitations on portfolio composition, both by investment type and by issuer, in order to control concentration of credit risk. The Policy provides that a maximum of 35% of the portfolio may be invested in commercial paper, with a limit of 5% of the portfolio invested in any one issuer.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy requires that at least 50% of the investment portfolio mature in less than one year. At June 30, 77.9% of the portfolio will mature in less than one year.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 4. Deposits and Investments (Continued)

The above items are reflected in the statements as follows:

	Primary Government	School Board Component Unit
Deposits and investments:		
Cash on hand	\$ 10,680	\$ -
Deposits	87,216,467	11,046,714
Investments	25,003,171	-
	\$ 112,230,318	\$ 11,046,714
Statement of net position:		
Cash and cash equivalents	\$ 87,040,916	\$ 11,046,714
Restricted cash, cash equivalents, and investments	25,189,402	-
	\$ 112,230,318	\$ 11,046,714

All investments were in compliance with the Policy.

Note 5. Receivables

Receivables are as follows:

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities			
	General Fund	Nursing Home	Solid Waste	Total	
Receivables					
Taxes	\$ 23,552,351	\$ -	\$ -	\$ -	\$ -
Accounts	1,571,296	896,927	213,008	1,109,935	79,930
Intergovernmental	4,638,720	-	-	-	3,175,968
	29,762,367	896,927	213,008	1,109,935	3,255,898
Gross receivables					
Less: allowance for uncollectibles	(2,369,592)	(5,956)	-	(5,956)	-
	\$ 27,392,775	\$ 890,971	\$ 213,008	\$ 1,103,979	\$ 3,255,898

Taxes receivable represent the current and past four years of uncollected levies for personal property taxes and the current and past nineteen years for real property. The allowance for estimated uncollectible taxes receivable is 9.50% of the total taxes receivable and is based on historical collection rates.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 5. Receivables (Continued)

The Nursing Home mix of receivables from residents and third-party payers is Medicaid (95.14%) and private pay (4.86%). The allowance for uncollectible accounts is 0.66% and is based on specific account identification.

Unavailable/Unearned Revenue

The General fund reports unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The General fund also defers revenue recognition in connection with resources that have been received, but not yet earned. On the government-wide statements, property taxes intended for a future period are considered unearned. The various components of unavailable and unearned revenue are as follows:

	Deferred Inflows	
	Unavailable/ Unearned	Unearned
Property taxes	\$ 23,989,648	\$ 22,244,330
Other receivables not available to liquidate liabilities of current period	1,856,260	-
Total unavailable/unearned revenue	\$ 25,845,908	\$ 22,244,330

Note 6. Capital Assets

Capital asset activity was as follows:

Primary Government

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 4,174,265	\$ -	\$ -	\$ 4,174,265
Construction in progress	3,640,627	3,516,193	4,377,827	2,778,993
Total capital assets, not depreciated	7,814,892	3,516,193	4,377,827	6,953,258
Capital assets, depreciated:				
Buildings and improvements	48,741,297	4,430,844	-	53,172,141
Machinery and equipment	23,644,304	1,434,510	435,034	24,643,780
Total capital assets, depreciated	72,385,601	5,865,354	435,034	77,815,921
Less accumulated depreciation for:				
Buildings and improvements	25,041,022	1,358,313	-	26,399,335
Machinery and equipment	14,540,608	2,007,042	430,254	16,117,396
Total accumulated depreciation	39,581,630	3,365,355	430,254	42,516,731
Net capital assets, depreciated	32,803,971	2,499,999	4,780	35,299,190
Governmental activities net capital assets	\$ 40,618,863	\$ 6,016,192	\$ 4,382,607	\$ 42,252,448

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6. Capital Assets (Continued)

Primary Government (Continued)

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 1,220,571	\$ -	\$ -	\$ 1,220,571
Construction in progress	274,764	616,111	-	890,875
Total capital assets, not depreciated	1,495,335	616,111	-	2,111,446
Capital assets, depreciated:				
Buildings and improvements	19,860,500	122,676	-	19,983,176
Machinery and equipment	4,971,578	652,216	20,000	5,603,794
Total capital assets, depreciated	24,832,078	774,892	20,000	25,586,970
Less accumulated depreciation for:				
Buildings and improvements	12,434,861	596,145	-	13,031,006
Machinery and equipment	3,598,505	286,960	20,000	3,865,465
Total accumulated depreciation	16,033,366	883,105	20,000	16,896,471
Net capital assets, depreciated	8,798,712	(108,213)	-	8,690,499
Business-type activities net capital assets	<u>\$ 10,294,047</u>	<u>\$ 507,898</u>	<u>\$ -</u>	<u>\$ 10,801,945</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6. Capital Assets (Continued)

Primary Government (Continued)

<u>Component Unit – School Board</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated:				
Land	\$ 2,087,837	\$ -	\$ -	\$ 2,087,837
Construction in progress	38,195,322	4,819,778	40,896,087	2,119,013
Total capital assets, not depreciated	40,283,159	4,819,778	40,896,087	4,206,850
Capital assets, depreciated:				
Buildings and improvements	200,130,034	38,443,729	-	238,573,763
Machinery and equipment	27,892,379	4,304,511	966,939	31,229,951
Total capital assets, depreciated	228,022,413	42,748,240	966,939	269,803,714
Less accumulated depreciation for:				
Buildings and improvements	126,660,306	5,180,930	-	131,841,236
Machinery and equipment	17,387,471	2,067,613	966,019	18,489,065
Total accumulated depreciation	144,047,777	7,248,543	966,019	150,330,301
Net capital assets, depreciated	83,974,636	35,499,697	920	119,473,413
School Board net capital assets	<u>\$ 124,257,795</u>	<u>\$ 40,319,475</u>	<u>\$ 40,897,007</u>	<u>\$ 123,680,263</u>

Depreciation expense was charged to functions/programs as follows:

Primary Government – Governmental Activities	
General government administration	\$ 238,680
Judicial administration	405,807
Public safety	1,746,734
Public works	217,911
Health and welfare	231,925
Parks, recreation, and cultural	483,936
Community development	40,362
Total governmental activities	<u>\$ 3,365,355</u>
Primary Government – Business-Type Activities	
Nursing home	\$ 288,775
Solid waste	594,330
Total business-type activities	<u>\$ 883,105</u>
Component Unit – School Board	<u>\$ 7,248,543</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 7. Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Primary Government					
Governmental activities:					
General obligation and lease revenue bonds					
County projects	\$ 3,134,000	\$ -	\$ 1,038,000	\$ 2,096,000	\$ 1,048,000
School projects	68,047,932	20,275,000	4,590,380	83,732,552	4,494,392
Bond premium	6,464,444	2,296,387	429,475	8,331,356	429,745
Total general obligation and revenue bonds	77,646,376	22,571,387	6,057,855	94,159,908	5,972,137
Capital Leases:					
County projects	507,155	-	37,771	469,384	39,996
School projects	5,734,359	-	427,072	5,307,287	452,230
Compensated absences	1,848,008	1,330,724	1,247,825	1,930,907	1,303,801
Other post-employment benefits	1,854,141	327,905	132,684	2,049,362	-
Net pension liability	3,897,615	3,284,832	1,295,167	5,887,280	-
Total long-term liabilities	<u>\$ 91,487,654</u>	<u>\$ 27,514,848</u>	<u>\$ 9,198,374</u>	<u>\$ 109,804,128</u>	<u>\$ 7,768,164</u>
Business-type activities:					
Capital leases	\$ 330,964	\$ 310,651	\$ 123,327	\$ 518,288	\$ 152,382
Compensated absences	243,763	220,166	285,917	178,012	153,438
Other post-employment benefits	324,942	113,911	22,889	415,964	-
Net pension liability	196,435	478,744	175,812	499,367	-
Landfill closure/postclosure costs	6,735,171	442,052	-	7,177,223	145,882
Total long-term liabilities	<u>\$ 7,831,275</u>	<u>\$ 1,565,524</u>	<u>\$ 607,945</u>	<u>\$ 8,788,854</u>	<u>\$ 451,702</u>
Component Unit					
School Board					
Capital leases	\$ 3,677,558	\$ 1,340,532	\$ 1,090,844	\$ 3,927,246	\$ 1,071,768
Compensated absences	1,528,398	1,146,226	1,137,234	1,537,390	1,143,925
Other post-employment benefits	19,203,814	1,689,892	5,704,769	15,188,937	-
Net pension liability	75,240,000	2,869,000	5,139,000	72,970,000	-
Total long-term liabilities	<u>\$ 99,649,770</u>	<u>\$ 7,045,650</u>	<u>\$ 13,071,847</u>	<u>\$ 93,623,573</u>	<u>\$ 2,215,693</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Primary Government				Component Unit	
	Governmental Activities				School Board	
	General Obligation and Lease Revenue Bonds		Capital Leases		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,542,392	\$ 3,165,284	\$ 492,226	\$ 149,939	\$ 1,071,768	\$ 84,078
2021	5,596,160	3,163,519	525,000	136,659	927,385	62,770
2022	4,035,000	2,933,984	540,000	122,680	754,474	44,225
2023	4,225,000	2,729,497	565,235	108,172	576,349	28,689
2024	4,425,000	2,515,244	602,497	92,938	394,194	16,194
2025-2029	25,395,000	9,080,285	3,051,713	207,909	203,076	6,236
2030-2034	21,245,000	4,068,854	-	-	-	-
2035-2039	13,935,000	1,129,733	-	-	-	-
2040	1,430,000	22,702	-	-	-	-
	<u>\$ 85,828,552</u>	<u>\$ 28,809,102</u>	<u>\$ 5,776,671</u>	<u>\$ 818,297</u>	<u>\$ 3,927,246</u>	<u>\$ 242,192</u>

The County's outstanding debt consists of General Obligation Bonds (including Virginia Public School Authority Bonds), Lease Revenue Bonds, and capitalized leases. The debt was issued to provide funds for the acquisition, construction, and improvement of major capital facilities for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. Lease revenue bonds and capital leases are backed by the general credit and faith of the County. Governmental activities compensated absences are generally liquidated by the General fund.

On May 21, 2019, the County participated in the Virginia Public School Authority Bonds Series 2019 Spring Pool sale. Bonds were issued in the amount of \$20,275,000 with interest rates ranging from 3.175% to 5.05% with final maturity in June 2040. Net bond proceeds of \$22,571,387 (after premium of \$2,296,387) are being used for capital projects for the School Board.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

Details of long-term liabilities are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	
PRIMARY GOVERNMENT						
Governmental Activities:						
General Obligation Bonds						
County:						
VPSA Bonds	3.05-5.05%	2013	2021	187,000	\$ 96,000	
Total governmental activities-County					<u>96,000</u>	
Schools:						
VPSA Bonds	5.10-6.10%	1999	2019	12,030,340	738,720	
VPSA Bonds	5.10-6.35	2000	2020	4,200,000	655,000	
VPSA Bonds	4.98-5.85	2000	2020	6,285,526	734,832	
VPSA Bonds	4.10-5.10	2008	2029	5,420,000	2,700,000	
VPSA Bonds	3.05-5.05	2013	2031	23,788,000	21,004,000	
VPSA Bonds	2.80-5.05	2017	2037	36,865,000	34,740,000	
VPSA Bonds	3.05-5.05	2019	2040	20,275,000	20,275,000	
Total general obligation bonds-Schools					<u>80,847,552</u>	
Total general obligation bonds					<u>\$ 80,943,552</u>	
Lease Revenue Bonds						
County:						
Bedford County EDA-Courthouse and Social Services Refunding	2.05%	2015	2020	\$ 7,875,000	\$ 1,480,000	
Bedford County EDA Refunding-Group Home	2.81	2015	2021	1,525,000	520,000	
Total lease revenue bonds-County					2,000,000	
Schools:						
Bedford County EDA Refunding-Jefferson Forest High School	2.81%	2015	2031	\$ 5,700,000	2,885,000	
Total lease revenue bonds					<u>\$ 4,885,000</u>	
Capital Leases						
Capital One-Energy Conservation Measures						
County	2.65%	2012	2029	\$ 650,042	\$ 469,384	
Schools	2.65	2012	2029	7,349,958	5,307,287	
Total capital leases					<u>\$ 5,776,671</u>	
Business-Type Activities:						
Capital Leases						
John Deere-Solid Waste equipment	3.25%	2017	2022	\$ 138,894	\$ 79,172	
John Deere-Solid Waste equipment	3.25	2017	2022	300,015	171,014	
Caterpillar-Solid Waste equipment	4.20	2018	2024	310,651	268,102	
Total capital leases-business-type activities					<u>\$ 518,288</u>	
COMPONENT UNIT						
School Board						
Capital leases:						
SunTrust	13 buses	1.94%	2013	2019	\$ 1,095,679	\$ 162,538
Wachovia Bank, N.A.	14 buses	1.78	2014	2020	1,271,888	372,924
First Citizens Bank & Trust	14 buses	1.75	2015	2021	1,287,652	561,227
U.S. Bancorp Gov't Leasing	14 buses	1.456	2016	2022	1,305,270	751,063
U.S. Bancorp Gov't Leasing	14 buses	1.456	2017	2023	1,328,096	948,275
Bank of America, N.A.	14 buses	3.071	2018	2024	1,340,532	1,131,219
Total capital leases-School Board					<u>\$ 3,927,246</u>	

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 7. Long-Term Liabilities (Continued)

The Schools lease buses under various capital leases expiring at various dates through 2024.

The assets acquired through capital leases are as follows:

	Component Unit
	School Board
Machinery and equipment	\$ 7,629,117
Less: accumulated depreciation	1,664,985
	\$ 5,964,132

Note 8. Interfund Receivables and Payables and Transfers

The \$133,578 due from the General Fund to the Solid Waste Fund represents revenues collected in the General Fund to finance solid waste programs in accordance with budgetary authorization.

Note 9. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the County of Bedford, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

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

	County
Inactive members or their beneficiaries currently receiving benefits	197
Inactive members:	
Vested	69
Non-vested	256
Active elsewhere in VRS	133
Inactive members	458
Active members	463
Covered employees	1,118

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 political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 7.39% 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 political subdivision were \$1,480,062 and \$1,394,763 for the years ended June 30, 2019 and 2018, respectively.

Net Pension Liability

The net pension liability 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. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision’s Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, 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 rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit 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:

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

*Expected arithmetic nominal return

- * The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is greater. From July 1, 2018 on, participating employers 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2017	\$ 66,351,744	\$ 65,056,162	\$ 1,295,582
Changes for the year:			
Service cost	2,006,400	-	2,006,400
Interest	4,534,182	-	4,534,182
Differences between expected and actual experience	2,720,519	-	2,720,519
Contributions – employer	-	1,339,030	(1,339,030)
Contributions – employee	-	957,613	(957,613)
Net investment income	-	4,805,143	(4,805,143)
Benefit payments, including refunds of employee contributions	(3,155,426)	(3,155,426)	-
Administrative expenses	-	(41,325)	41,325
Other changes	-	132,140	(132,140)
Net changes	6,105,675	4,037,175	2,068,500
Balances at June 30, 2018	\$ 72,457,419	\$ 69,093,337	\$ 3,364,082

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit Pension Plan (Continued)

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

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

<u>Net Pension Liability (Asset)</u>	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Bedford County	\$ 13,232,267	\$ 3,364,082	\$ (4,775,673)

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

For the year ended June 30, 2019, the political subdivision recognized pension expense of \$138,541. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Bedford County</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,931,963	\$ 533,672
Net difference between projected and actual earnings on pension plan investments	-	566,308
Changes in assumptions	-	190,588
Employer contributions subsequent to the measurement date	1,480,062	-
	<u>\$ 3,412,025</u>	<u>\$ 1,290,568</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. Defined Benefit Pension Plan (Continued)

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

The \$1,480,062 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	County Increase (Reduction) to Pension Expense
2020	\$ 386,864
2021	619,219
2022	(310,024)
2023	(54,664)
2024	-
Thereafter	-

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2019, approximately \$122,780 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 10. Defined Benefit Pension Plan – School Nonprofessionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Bedford County School Board, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced in Note 9.

Employees Covered by Benefit Terms

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

	School Board Non- Professional
Inactive members or their beneficiaries currently receiving benefits	181
Inactive members:	
Vested	23
Non-vested	69
Active elsewhere in VRS	28
Inactive members	120
Active members	249
Covered employees	550

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2019 was 4.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

Contributions to the pension plan from the school division were \$260,351 and \$248,907 for the years ended June 30, 2019 and 2018, respectively.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 10. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2017	\$ 21,848,113	\$ 22,949,036	\$ (1,100,923)
Changes for the year:			
Service cost	538,823	-	538,823
Interest	1,491,579	-	1,491,579
Differences between expected and actual experience	158,901	-	158,901
Contributions – employer	-	237,168	(237,168)
Contributions – employee	-	264,009	(264,009)
Net investment income	-	1,686,767	(1,686,767)
Benefit payments, including refunds of employee contributions	(1,079,678)	(1,079,678)	-
Administrative expenses	-	(14,762)	14,762
Other changes	-	(1,492)	1,492
Net changes	1,109,625	1,092,012	17,613
Balances at June 30, 2018	\$ 22,957,738	\$ 24,041,048	\$ (1,083,310)

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

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

<u>Net Pension Liability (Asset)</u>	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
School Board Non-Professional	\$ 1,482,927	\$ (1,083,310)	\$ (3,260,707)

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 10. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

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

For the year ended June 30, 2019, the school division recognized a pension benefit of \$296,575. At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Non-Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,482	\$ 91,369
Net difference between projected and actual earnings on pension plan investments	-	199,073
Changes in assumptions	-	67,632
Employer contributions subsequent to the measurement date	260,351	-
	\$ 358,833	\$ 358,074

The \$260,351 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 year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	School Board Non- Professional Increase (Reduction) to Pension Expense
2020	\$ (20,542)
2021	18,890
2022	(237,710)
2023	(20,230)
2024	-
Thereafter	-

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 10. Defined Benefit Pension Plan – School Nonprofessionals (Continued)

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2019, approximately \$42,869 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including Bedford County School Board, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is 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 employers 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.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those referenced in Note 9.

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 contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$8,128,483 and \$8,147,789 for the years ended June 30, 2019 and June 30, 2018, respectively.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2019, the school division reported a liability of \$72,970,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.62% as compared to 0.61% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$4,023,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,240,000
Net difference between projected and actual earnings on pension plan investments	-	1,547,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,669,000	3,178,000
Changes in assumptions	871,000	-
Employer contributions subsequent to the measurement date	8,128,483	-
	<u>\$ 10,668,483</u>	<u>\$ 10,965,000</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$8,128,483 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 year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	School Board Professional Increase (Reduction) to Pension Expense
2020	\$ (1,687,000)
2021	(2,221,000)
2022	(3,393,000)
2023	(973,000)
2024	(151,000)
Thereafter	-

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, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	34,919,563
Employers’ Net Pension Liability	\$ 11,759,992
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 11. Defined Benefit Pension Plan – Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Net Pension Liability (Continued)

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.

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 of the school division using the discount rate of 7.00%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Net Pension Liability (Asset)	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division’s proportionate share of the VRS teacher employee retirement plan net pension liability	<u>\$ 111,463,000</u>	<u>\$ 72,970,000</u>	<u>\$ 41,108,000</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2019, approximately \$1,358,553 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. Fire and Rescue Length of Service Awards Program

A. Plan Description

The County established a Length of Service Awards Program (LOSAP) on July 1, 2006, for the Bedford County Fire and Rescue Association members to recognize the service provided by the volunteers. The LOSAP is accounted for as a single employer defined benefit pension plan. The plan is administered by the Volunteer Fireman's Insurance Services, Inc (the VFIS); amendments to the plan may be made at the discretion of the County Board of Supervisors.

The plan is open to any volunteer over the age of sixteen. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits amortize on a level dollar basis, and are recognized when due and payable in accordance with the terms of the plan. Benefits accrue at the rate of \$12 per month for each month of active service with a maximum of \$300 per month. Since the County fully funds the benefit, refunds are not paid. The plan does not provide for post-retirement increases. The contribution rate is determined using an entry age Normal-Frozen Initial Liability Cost Method. The actuarial value of the plan assets is equal to the market value of the assets. Present and future assets in the plan are assumed to earn an investment rate of return of 4.75% compounded annually. There is no inflation factor or salary increase factor used since there is no covered payroll.

As of the most recent actuarial valuation date, the program membership consisted of the following:

Active Participants	119
Vested-terminated	110
Retired and beneficiaries	<u>2</u>
	<u><u>231</u></u>

Although the County's Guaranteed Interest account is intended to fund the plan, this account consists of a "rabbi" trust, which is not a trust or equivalent arrangement where:

- Contributions to the pension plan and earning on those contributions are irrevocable.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator.

Therefore, the assets of the guaranteed interest account are not considered assets of the plan.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. Fire and Rescue Length of Service Awards Program (Continued)

B. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2019 using the actuarial assumptions applied to all periods included in the measurement.

Inflation	0.0%
Salary increases	Not Applicable
Investment rate of return	3.13%, net of pension plan investment expense, including inflation
Mortality	No pre-retirement; post retirement RP2000 projected to 2030
Retirement	First eligible
Turnover	T5
Disability	None

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the July 1, 2018 actuarial valuation report. Calculations assume the plan remains unfunded and uses a discount rate of 3.13% which is based on the 20-year AA general obligation bond rate as of June 30, 2018.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. Fire and Rescue Length of Service Awards Program (Continued)

C. Changes in Net Pension Liability

	Bedford County – LOSAP		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2017	\$ 2,810,405	\$ -	\$ 2,810,405
Changes for the year:			
Service cost	95,314	-	95,314
Interest	86,214	-	86,214
Differences between expected and actual experience	(182,357)	-	(182,357)
Benefit payments, including refunds of employee contributions	(116,441)	-	(116,441)
Changes in assumptions	329,430	-	329,430
Net changes	212,160	-	212,160
Balances at June 30, 2018	\$ 3,022,565	\$ -	\$ 3,022,565

D. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the LOSAP using the discount rate of 3.13%, as well as what the LOSAP's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current rate:

Net Pension Liability	1.00% Decrease (2.13%)	Current Discount Rate (3.13%)	1.00% Increase (4.13%)
Bedford County – LOSAP	\$ 3,241,182	\$ 3,022,565	\$ 2,799,082

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. Fire and Rescue Length of Service Awards Program (Continued)

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

For the year ended June 30, 2019, the LOSAP recognized pension expense of \$173,307. At June 30, 2019, the LOSAP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Bedford County – LOSAP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 198,156
Changes in assumptions	288,251	130,204
	\$ 288,251	\$ 328,360

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2020	\$ (8,221)
2021	(8,221)
2022	(8,221)
2023	(8,221)
2024	(8,221)
Thereafter	996

Note 13. Other Postemployment Benefits Liability – Local Plan

Plan Description and Benefits Provided

The County and School Board provide post-employment 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 or School Board respectively. The plan does not grant retirees vested health benefits.

A retiree, eligible for post-employment medical coverage, is defined as a full-time employee who retires directly from the County or School Board who 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 School Board until the month the retiree turns 65. Retirees are responsible for the full cost of the plan.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. Other Postemployment Benefits Liability – Local 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 plan:

	County	School Board
Retirees currently receiving benefits	4	57
Active employees	395	1,019
	399	1,076

Total OPEB Liability

The County's and School Board's total OPEB liability of \$882,326 and \$2,874,937, respectively was measured as of June 30, 2018 and was determined based on an actuarial valuation performed as of June 30, 2018.

Actuarial Assumptions and other inputs

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

	County	School Board
Inflation	2.40%	2.40%
Healthcare cost trend rates	4.00	4.10

Mortality rates: RP 2000 Combined Healthy Table, fully generational with Scale AA.

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, 2016 through June 30, 2018.

There have been no changes in benefit terms.

Changes in County and School Board assumptions and other inputs reflect change in discount rate from 3.58% to 3.62% based on GASB 75 rules. Additionally, the School Board election rate has increased from 20 percent to 35 percent.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

Changes in the Total OPEB Liability

	<u>Bedford County</u>			<u>School Board</u>		
	<u>Increase (Decrease)</u>			<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) – (b)</u>	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) – (b)</u>
Balance at June 30, 2017	\$ 667,758	\$ -	\$ 667,758	\$ 7,083,814	\$ -	\$ 7,083,814
Changes for the year:						
Service cost	42,428	-	42,428	432,439	-	432,439
Interest	23,759	-	23,759	242,932	-	242,932
Changes in assumptions	(90,532)	-	(90,532)	1,436,739	-	1,436,739
Differences between expected and actual experience	252,668	-	252,668	(6,085,371)	-	(6,085,371)
Contributions – employer						
Benefit payments, including refunds of employee contributions	-	(13,755)	13,755	-	(235,616)	(235,616)
	(13,755)	13,755	(27,510)	(235,616)	235,616	-
Net changes	214,568	-	214,568	(4,208,877)	-	(4,208,877)
Balance at June 30, 2018	<u>\$ 882,326</u>	<u>\$ -</u>	<u>\$ 882,326</u>	<u>\$ 2,874,937</u>	<u>\$ -</u>	<u>\$ 2,874,937</u>

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

The following presents the total OPEB liability of the County and School Board, as well as what the County and School Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	<u>1.00% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1.00% Increase (4.62%)</u>
Bedford County	<u>\$ 963,643</u>	<u>\$ 882,326</u>	<u>\$ 807,746</u>
Bedford County School Board	<u>\$ 3,071,918</u>	<u>\$ 2,874,937</u>	<u>\$ 2,690,050</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

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

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

	1.00% Decrease (3.00%)	Current Healthcare Cost Trend Rates (4.00%)	1.00% Increase (5.00%)
Bedford County	\$ 778,501	\$ 882,326	\$ 1,005,262
	1.00% Decrease (3.10%)	Current Healthcare Cost Trend Rates (4.10%)	1.00% Increase (5.10%)
Bedford County School Board	\$ 2,587,428	\$ 2,874,937	\$ 3,213,236

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$83,281 and the School Board recognized an OPEB benefit of \$41,800. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	County Local OPEB		School Board Local OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 233,980	\$ 17,407	\$ -	\$ 5,216,032
Change in assumptions	-	107,940	1,231,491	265,399
Employer contributions subsequent to the measurement date	471,580	-	156,196	-
	\$ 705,560	\$ 125,347	\$ 1,387,687	\$ 5,481,431

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. Other Postemployment Benefits Liability – Local Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$471,580 and \$156,196 reported as deferred outflows of resources related to OPEB resulting from the retiree’s contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to Local OPEB Expense	
	County	Schools
2020	\$ 17,094	\$ (717,171)
2021	17,094	(717,171)
2022	17,094	(717,171)
2023	17,094	(717,171)
2024	17,094	(717,171)
Thereafter	23,164	(664,086)

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the County of Bedford and the Bedford County School Board also participate in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan Descriptions (Continued)

Teacher Employee Health Insurance Credit Program

All full time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. 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 health insurance credit 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.

Specific information about the Teacher HIC is available at <https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

The GLI and Teacher HIC are administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program-Bedford County

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$105,040
June 30, 2018 Contribution	\$103,829

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions (Continued)

Group Life Insurance Program-Bedford County School Board-Teachers

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$271,777
June 30, 2018 Contribution	\$261,711

Group Life Insurance Program-Bedford County School Board-Nonprofessional

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$29,198
June 30, 2018 Contribution	\$29,372

Teacher Health Insurance Credit Program-Bedford County School Board

Governed by:	<i>Code of Virginia</i> 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.
Total rate:	1.20% of covered employee compensation.
June 30, 2019 Contribution	\$622,390
June 30, 2018 Contribution	\$614,318

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-Bedford County

June 30, 2019 proportionate share of liability	\$	1,583,000
June 30, 2018 proportion		0.10%
June 30, 2017 proportion		0.10%
June 30, 2019 expense	\$	38,000

Group Life Insurance Program-Bedford County School Board-Teachers

June 30, 2019 proportionate share of liability	\$	4,014,000
June 30, 2018 proportion		0.26%
June 30, 2017 proportion		0.26%
June 30, 2019 expense	\$	18,000

Group Life Insurance Program-Bedford County School Board-Nonprofessional

June 30, 2019 proportionate share of liability	\$	441,000
June 30, 2018 proportion		0.03%
June 30, 2017 proportion		0.03%
June 30, 2019 expense	\$	-

Teacher Health Insurance Credit Program-Bedford County School Board

June 30, 2019 proportionate share of liability	\$	7,859,000
June 30, 2018 proportion		0.62%
June 30, 2017 proportion		0.61%
June 30, 2019 expense	\$	623,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program-Bedford County

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,000	\$ 29,000
Net difference between projected and actual earnings on pension plan investments	-	51,000
Change in assumptions	-	66,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,000	-
Employer contributions subsequent to the measurement date	105,040	-
	\$ 309,040	\$ 146,000

Group Life Insurance Program-Bedford County School Board-Teachers

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,000	\$ 72,000
Net difference between projected and actual earnings on pension plan investments	-	131,000
Change in assumptions	-	167,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,000	73,000
Employer contributions subsequent to the measurement date	271,777	-
	\$ 504,777	\$ 443,000

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Group Life Insurance Program-Bedford County School Board-Nonprofessional

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 22,000	\$ 9,000
Net difference between projected and actual earnings on pension plan investments	-	14,000
Change in assumptions	-	18,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	14,000
Employer contributions subsequent to the measurement date	<u>29,198</u>	<u>-</u>
	<u>\$ 51,198</u>	<u>\$ 55,000</u>

Teacher Health Insurance Credit Program-Bedford County School Board

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 39,000
Net difference between projected and actual earnings on pension plan investments	-	6,000
Change in assumptions	-	68,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,000	185,000
Employer contributions subsequent to the measurement date	<u>622,390</u>	<u>-</u>
	<u>\$ 722,390</u>	<u>\$ 298,000</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The deferred outflows of resources related to OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program-Bedford County

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2020	\$ 4,000
2021	4,000
2022	4,000
2023	18,000
2024	20,000
Thereafter	8,000

Group Life Insurance Program-Bedford County School Board-Teachers

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2020	\$ (69,000)
2021	(69,000)
2022	(69,000)
2023	(32,000)
2024	14,000
Thereafter	15,000

Group Life Insurance Program-Bedford County School Board-Nonprofessional

<u>Year Ending June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2020	\$ (10,000)
2021	(10,000)
2022	(10,000)
2023	(3,000)
2024	-
Thereafter	-

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Teacher Health Insurance Credit Program-Bedford County School Board

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2020	\$ (38,000)
2021	(38,000)
2022	(38,000)
2023	(35,000)
2024	(36,000)
Thereafter	(13,000)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 7.00%

* 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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 9.

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program	Teacher Employee HIC OPEB Plan
Total OPEB Liability	\$ 3,113,508	\$ 1,381,313
Plan fiduciary net position	1,594,773	111,639
Employers’ net OPEB liability (asset)	1,518,735	1,269,674
Plan fiduciary net position as a percentage of total OPEB liability	51.22%	8.08%

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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:

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return (Continued)

Group Life Insurance and Health Insurance Credit Programs (Continued)

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

* The above allocation provides for a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS 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 ending June 30, 2018, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
GLI Net OPEB Liability			
Bedford County	\$ 2,068,000	\$ 1,583,000	\$ 1,188,000
School Board – Teachers	5,246,000	4,014,000	3,014,000
School Board – Nonprofessional	576,000	441,000	331,000
Teacher HIC Net OPEB liability			
School Board – Teachers	8,778,000	7,859,000	7,078,000

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

Group Life Insurance – Bedford County	\$ 8,718
Group Life Insurance – Bedford County School Board – Teachers	45,405
Group Life Insurance – Bedford County School Board – Nonprofessional	4,663
Teacher Health Insurance Credit Program-Bedford County School Board	103,981

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 15. Landfill Closure and Postclosure Costs

Permit #30

The County stopped accepting waste at its old landfill site, permit #30, on October 8, 1993. In accordance with federal and state laws, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions for ten years after closure. The site was certified as closed by the Virginia Department of Environmental Quality (DEQ) on July 2, 1996. The cumulative amount of estimated postclosure care costs to date for this site, less amounts expended for such costs to date, totals \$1,544,390.

The presence of certain contaminants in the groundwater extends the monitoring period in excess of the initial requirement. The estimated liability is based on the DEQ continuing to accept the current remedy enacted as discussed below and documented in the Corrective Action Permit dated November 21, 2006. If groundwater conditions change significantly prompting DEQ to require a change to the current remedy the actual costs will likely increase. Also, actual costs may be higher due to inflation, changes in technology, changes in regulations, or other unforeseen circumstances. This amount is included in the long-term liabilities of the primary government.

The County's current plan of remediation consists of existing engineering and institutional controls (closure, capping, and site access restriction) coupled with groundwater remediation by monitored natural attenuation. This remedy consists of conducting groundwater and surface water monitoring at wells and springs on the site. It is the opinion of the County and its external engineer, based upon data observed to date, that during the next ten (10) years, the groundwater contaminants will decrease to an acceptable level and the County will be released from requirements of corrective action, and will petition DEQ to suspend all postclosure care activities including groundwater and gas monitoring.

Permit #560

The County's active landfill site, permit #560, began accepting waste on October 9, 1993. State and federal laws and regulations require the County to place a final cover on this landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions for thirty (30) years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used, as of each balance sheet date. The \$5,632,833 reported as landfill closure and postclosure care liability as of June 30, 2019 represents the cumulative amount reported to date based on the use of approximately 81.1% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,534,720 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects its disposal area to reach capacity in 2024.

The County uses the financial test method for demonstrating assurance for postclosure care.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 16. Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County classifies governmental fund balances as follows:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that have constraints placed on the use by external sources such as creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority – the Board. Formal Board action includes the annual adoption of the County’s Budget and Appropriation Resolutions, budget amendments appropriating funds and resources, and budget amendments to carry forward appropriations that were unexpended at fiscal year end.
- **Assigned** fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed. Fund balance may be assigned either through the encumbrance process as a result of normal purchasing activity or by the Board or an official delegated that authority.
- **Unassigned** fund balance is the positive fund balance within the General Fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

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

The General Fund reserve target is 10% of current year budgeted appropriations. For the purpose of determining if the target has been met, the unassigned fund balance is compared with the annual appropriations budget.

A schedule of the County fund balances is on the following page.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 16. Fund Balances (Continued)

	<u>General Fund</u>	<u>School Board</u>
Nonspendable:		
Prepays	\$ 241,818	\$ 143,834
Inventories	42,680	108,767
	<u>284,498</u>	<u>252,601</u>
Total nonspendable	<u>284,498</u>	<u>252,601</u>
Restricted for:		
Public safety	2,064,421	-
Education	22,301,592	-
Other purposes	19,982	-
	<u>24,385,995</u>	<u>-</u>
Total restricted	<u>24,385,995</u>	<u>-</u>
Committed to:		
Public works	181,015	-
Health self insurance	-	4,261,735
Education-operating	-	13,771
Community development	262,897	3,185
Capital projects	6,392,326	-
	<u>6,836,238</u>	<u>4,278,691</u>
Total committed	<u>6,836,238</u>	<u>4,278,691</u>
Assigned to:		
Judicial administration	44,096	-
Public safety	1,511,703	-
Public works-landfill cell construction	2,500,000	-
Health and welfare	25,243	-
Education-health self insurance	130,831	-
Education-nutrition	-	1,597,458
Education-textbooks	-	1,239,903
Education-maintenance projects	130,830	1,295,575
Education-capital projects	-	29,427
Funding of subsequent year budget	25,913,436	-
Subsequent year appropriation of fund balance	402,001	-
	<u>30,658,140</u>	<u>4,162,363</u>
Total assigned	<u>30,658,140</u>	<u>4,162,363</u>
Unassigned	<u>25,640,778</u>	<u>(721,795)</u>
Total fund balances	<u><u>\$ 87,805,649</u></u>	<u><u>\$ 7,971,860</u></u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 17. Risk Management

The risk management programs of the County and School Board are as follows:

Worker's Compensation

Worker's Compensation Insurance is provided through VaCorp for both the County and the School Division. Benefits are those afforded through the Commonwealth of Virginia as outlined in *Code of Virginia* §65.2-100. Premiums are based on covered payroll, job rates, and claims experience. Total premiums paid for the current year were \$429,768 and \$323,835 for the County and School Division, respectively.

General Liability and Other

The County provides general liability and other insurance through VaCorp. General liability and business automobile have a \$2,000,000 limit. Boiler and machinery insurance has a \$50,000,000 limit and all other property insurance is covered as per the statement of values. Furthermore, public officials' liability insurance has a \$1,000,000 limit and line of duty coverage is provided pursuant to *Code of Virginia* §9.1-400. Total premiums for the current fiscal year were \$338,387.

The Bedford County Nursing Home has a separate policy for general liability insurance through GuideOne Mutual Insurance. The policy limit is \$3,000,000. Total premiums for the current fiscal year were \$45,250. Other Nursing Home insurance (i.e., worker's compensation, business auto, etc.) is included in the VaCorp policy and premiums noted in the preceding paragraph.

The School Division provides general liability and other insurance through the VaCorp. General liability and business automobile have a \$5,000,000 limit. Boiler and machinery insurance has a \$50,000,000 limit and property insurance is covered as per the statement of values. Total premiums for the current fiscal year were \$443,090.

Health Care

The County carried commercial insurance for employee health insurance plans for the year ended June 30, 2019.

The School Board's professionally administered self-insured health program provides healthcare coverage for employees, retirees, and their dependents. Risk management activities are accounted for in the School Operating Fund. Monthly premiums are based upon estimates from the School Board's benefit consultant that should cover administrative expenses, stop loss insurance premiums, and claims. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$275,000 per covered individual per contract year. For the year ended June 30, total claims expense was \$6,626,719. Administrative fees and stop loss premiums for the year ended June 30 totaled \$1,757,864. Estimated incurred but not reported (IBNR) claims at June 30 based on prior experience totaled \$860,000. Changes in the balance of claims payable liability during the past year is as follows:

	Health Insurance
Unpaid Claims at July 1	\$ 1,514,814
Incurred claims	
(including IBNR and changes in estimates)	6,626,719
Claim payments	(6,921,287)
Unpaid claims at June 30	\$ 1,220,246

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 18. Related Organizations, Jointly Governed Organizations, and Joint Ventures

The following organizations are excluded from the accompanying financial statements:

Related Organizations:

Bedford Regional Water Authority (BRWA)

The BRWA (formerly the Bedford County Public Service Authority) was created pursuant to the Water and Sewer Authorities Act Chapter 28, Title 15.1 *Code of Virginia* of 1950, as amended, and in accordance with the Reversion Agreement executed in August 2012 between the Bedford County Board of Supervisors and the Bedford City Council. The BRWA operates on a Board-Administrator form of government. Its Board consists of a chairman and six other board members.

The BRWA serves the water and sewer needs of the Smith Mountain Lake, Forest, New London, and Boonsboro areas of the County as well as the Town of Bedford. The County contributes funding annually to the BRWA to assist in the payment of debt service for water and sewer lines and plant expansion.

Jointly Governed Organizations:

Horizon Behavioral Health (HBH)

The County, in conjunction with the Counties of Amherst, Appomattox, and Campbell, and the City of Lynchburg, participates in HBH, whose board is composed of two members from each of the participating localities. The County contributed \$116,000 for operations to HBH for 2019.

Blue Ridge Regional Jail Authority (BRRJA)

The County, in conjunction with the Counties of Amherst, Appomattox, Campbell, and Halifax, and the City of Lynchburg, participates in the BRRJA. 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 operating and debt service components. 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.

Joint Ventures:

Region 2000 Radio Communications Board

The County, along with the County of Amherst and City of Lynchburg, is a participant in the development and operation of a regional radio communication system, the Region 2000 Radio Communications Board (the "Board"). Each participant agreed to contribute its pro rata share for annual capital and operational costs, as well as any annual deficit. The Board issued debt of \$13.1 million in May 2012 for the upgrade and replacement of the existing system. Each participant agreed to contribute its pro rata share towards debt service payments of the Board. The County's share will be 41.90%, and annual contributions for debt service will approximate \$465,000 through May 2027. Should the Board fail to make the debt service payments, the member jurisdictions have a moral non-binding obligation to pay the debt service. During fiscal year 2019, the County paid the Board \$464,838 for debt service and \$534,434 for other operational costs.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 18. Related Organizations, Jointly Governed Organizations, and Joint Ventures (Continued)

Joint Ventures: (Continued)

Tri-County Lake Administrative Commission (TLAC)

The County, in conjunction with the Counties of Franklin and Pittsylvania, created TLAC, which is composed of an eight-member board of directors appointed by the participating localities to carry out lake planning duties as may be assigned by the respective Boards of Supervisors. Such duties may include, but are not limited to, navigation marker issues, debris cleanup, and coordination with American Electric Power on lake-related issues. The County is responsible for annual contributions to TLAC, which equaled \$98,829 for 2019. Separate financial statements for TLAC are not available.

Note 19. Commitments and Contingencies

Litigation

The County and School Board, in the normal course of conducting affairs, are each involved in various claims, judgements, and litigation. Officials estimate that any ultimate liability not covered by insurance will have an immaterial effect on financial position.

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.

Note 20. Tax Incentives

The County and EDA have performance based tax incentive agreements with three local businesses. The agreements provide for a partial refund of Machinery and Tools tax paid for five years. The refund is based on the performance agreement investment of business machinery and tools. The refund percentage steps down by 10 percent during each year of the performance agreement (see schedule below).

Year 1	70%
Year 2	60
Year 3	50
Year 4	40
Year 5	30

During fiscal year 2019, \$49,796 was refunded to businesses in accordance with the above mentioned agreements.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 21. Subsequent Event

Subsequent to year end, the School Board entered into a master equipment lease-purchase agreement in the amount of \$1,368,583 to fund the purchase of 12 new 71 passenger school buses and two passenger special education school buses. The agreement requires annual payments of principal and interest of approximately \$207,754 through August 2025.

Note 22. Other Matters

On July 1, 2013, the City of Bedford, Virginia reverted to Town status. The reversion agreement provided for certain capital assets with a value of \$2,132,737 to be transferred to the County from the Town, including the Library and an elementary school. Due to the reversion, the School Board receives an increase in state education funding for 15 years. In consideration for the assets received from the Town, the County agreed to pay the Town \$500,000 annually for a period of 15 years. For any year in which the additional state education funding exceeds \$4 million, the County will pay the Town an additional \$250,000. For any year in which the additional state education funding is less than \$4 million, the payment to the Town will be reduced by a formula described in the reversion agreement. For the year ended June 30, 2019, the County paid the Town \$750,000, which was the Town's share of additional funding for the year.

Note 23. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 84, *Fiduciary Activities*** in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87, *Leases*** in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*** in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 23. New Accounting Standards (Continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

The GASB issued **Statement No. 91, *Conduit Debt Obligations*** in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTAL INFORMATION

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT
June 30, 2019

	Plan Year				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 2,006,400	\$ 1,898,498	\$ 1,804,637	\$ 1,919,057	\$ 1,936,109
Interest on total pension liability	4,534,182	4,339,811	4,238,485	4,072,090	3,827,724
Changes in benefit terms	-	517,512	-	-	-
Difference between expected and actual experience	2,720,519	(451,977)	(1,711,831)	(1,101,052)	-
Changes in assumptions	-	(459,022)	-	-	-
Benefit payments, including refunds of employee contributions	(3,155,426)	(2,980,765)	(2,786,780)	(2,239,267)	(2,306,520)
Net change in total pension liability	6,105,675	2,864,057	1,544,511	2,650,828	3,457,313
Total pension liability – beginning	66,351,744	63,487,687	61,943,176	59,292,348	55,835,035
Total pension liability – ending	72,457,419	66,351,744	63,487,687	61,943,176	59,292,348
Plan Fiduciary Net Position					
Contributions – employer	1,339,030	1,272,940	1,481,732	1,451,172	1,751,158
Contributions – employee	957,613	909,120	826,393	812,546	860,090
Net investment income	4,805,143	7,135,145	1,023,046	2,558,667	7,596,167
Benefit payments, including refunds of employee contributions	(3,155,426)	(2,980,765)	(2,786,780)	(2,239,267)	(2,306,520)
Administrative expenses	(41,325)	(41,144)	(36,107)	(34,521)	(40,277)
Other	132,140	(6,358)	(430)	(546)	400
Net change in plan fiduciary net position	4,037,175	6,288,938	507,854	2,548,051	7,861,018
Plan fiduciary net position – beginning	65,056,162	58,767,224	58,259,370	55,711,319	47,850,301
Plan fiduciary net position – ending	69,093,337	65,056,162	58,767,224	58,259,370	55,711,319
Net pension liability – ending	\$ 3,364,082	\$ 1,295,582	\$ 4,720,463	\$ 3,683,806	\$ 3,581,029
Plan fiduciary net position as a percentage of total pension liability	95%	98%	93%	94%	94%
Covered employee payroll	\$ 21,353,372	\$ 19,852,664	\$ 18,450,608	\$ 17,522,239	\$ 18,233,530
Net pension liability as a percentage of covered employee payroll	16%	7%	26%	21%	20%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e. plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

Schedule is intended to show information for 10 years. Since the 2015 fiscal year (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of these statements.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
SCHOOLS – NONPROFESSIONAL EMPLOYEES
June 30, 2019

	Plan Year				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 538,823	\$ 547,567	\$ 558,668	\$ 601,405	\$ 582,857
Interest on total pension liability	1,491,579	1,454,802	1,431,511	1,351,849	1,277,059
Difference between expected and actual experience	158,901	(164,960)	(638,390)	80,427	-
Changes in assumptions	-	(224,914)	-	-	-
Benefit payments, including refunds of employee contributions	(1,079,678)	(1,094,549)	(943,544)	(847,770)	(735,199)
Net change in total pension liability	1,109,625	517,946	408,245	1,185,911	1,124,717
Total pension liability – beginning	<u>21,848,113</u>	<u>21,330,167</u>	<u>20,921,922</u>	<u>19,736,011</u>	<u>18,611,294</u>
Total pension liability – ending	<u>22,957,738</u>	<u>21,848,113</u>	<u>21,330,167</u>	<u>20,921,922</u>	<u>19,736,011</u>
Plan Fiduciary Net Position					
Contributions – employer	237,168	236,702	390,587	404,699	475,727
Contributions – employee	264,009	261,842	262,489	272,628	286,798
Net investment income	1,686,767	2,537,662	364,171	923,208	2,759,864
Benefit payments, including refunds of employee contributions	(1,079,678)	(1,094,549)	(943,544)	(847,770)	(735,199)
Administrative expenses	(14,762)	(14,951)	(13,042)	(12,637)	(14,693)
Other	(1,492)	(2,243)	(154)	(196)	146
Net change in plan fiduciary net position	1,092,012	1,924,463	60,507	739,932	2,772,643
Plan fiduciary net position – beginning	<u>22,949,036</u>	<u>21,024,573</u>	<u>20,964,066</u>	<u>20,224,134</u>	<u>17,451,491</u>
Plan fiduciary net position – ending	<u>24,041,048</u>	<u>22,949,036</u>	<u>21,024,573</u>	<u>20,964,066</u>	<u>20,224,134</u>
Net pension liability (asset) – ending	<u>\$ (1,083,310)</u>	<u>\$ (1,100,923)</u>	<u>\$ 305,594</u>	<u>\$ (42,144)</u>	<u>\$ (488,123)</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	<u>105%</u>	<u>105%</u>	<u>99%</u>	<u>100%</u>	<u>102%</u>
Covered employee payroll	<u>\$ 6,239,209</u>	<u>\$ 6,134,885</u>	<u>\$ 6,058,761</u>	<u>\$ 5,777,679</u>	<u>\$ 6,064,075</u>
Net pension liability (asset) as a percentage of covered employee payroll	<u>-17%</u>	<u>-18%</u>	<u>5%</u>	<u>-1%</u>	<u>-8%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e. plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

Schedule is intended to show information for 10 years. Since the 2015 fiscal year (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplemental Information are an integral part of these statements.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT – LENGTH OF SERVICE AWARDS PROGRAM
June 30, 2019

	Plan Year		
	2019	2018	2017
Total Pension Liability			
Service cost	\$ 95,314	\$ 97,910	\$ 104,705
Interest on total pension liability	86,214	98,590	98,942
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(182,357)	(49,620)	-
Changes in assumptions	329,430	(32,874)	(156,953)
Benefit payments, including refunds of employee contributions	(116,441)	(64,755)	(118,545)
Net change in total pension liability	212,160	49,251	(71,851)
Total pension liability – beginning	2,810,405	2,761,154	2,833,005
Total pension liability – ending	3,022,565	2,810,405	2,761,154
Plan Fiduciary Net Position			
Contributions – employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expenses	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position – beginning	-	-	-
Plan fiduciary net position – ending	-	-	-
Net pension liability – ending	\$ 3,022,565	\$ 2,810,405	\$ 2,761,154
Plan fiduciary net position as a percentage of total pension liability	0%	0%	0%
Covered employee payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered employee payroll	0%	0%	0%

Schedule is intended to show information for 10 years. Since the 2017 fiscal year was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplemental Information are an integral part of these statements.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2019

<u>Entity Fiscal Year</u> <u>Ended June 30,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Contributions in Relation</u> <u>to Actuarially Determined</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a</u> <u>Percentage of Covered</u> <u>Payroll</u>
Primary Government-All Employees					
2019	\$ 1,480,062	\$ 1,480,062	\$ -	\$ 21,781,710	6.79 %
2018	1,394,763	1,394,763	-	21,353,372	6.53
2017	1,308,922	1,308,922	-	19,852,664	6.59
2016	1,504,339	1,504,339	-	18,450,608	8.15
2015	1,461,696	1,461,696	-	17,522,239	8.34
Schools – Nonprofessional Employees					
2019	\$ 260,351	\$ 260,351	\$ -	\$ 6,232,346	4.18 %
2018	248,907	248,907	-	6,239,209	3.99
2017	253,457	253,457	-	6,134,885	4.13
2016	394,983	394,983	-	6,058,761	6.52
2015	403,169	403,169	-	5,777,679	6.98
Primary Government-Length of Service Awards Program					
2019	\$ 93,369	\$ 93,369	\$ -	N/A	N/A
2018	96,350	96,350	-	N/A	N/A
2017	105,469	105,469	-	N/A	N/A

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplemental Information are an integral part of these statements.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY –
 VRS TEACHER RETIREMENT PLAN
 June 30, 2019

School Division Plan Year Ended June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.62 %	\$ 72,970,000	\$ 48,371,493	150.85 %	74.81 %
2017	0.61	75,240,000	47,412,845	158.69	72.92
2016	0.63	88,270,000	48,619,400	181.55	68.28
2015	0.62	78,504,000	47,022,390	166.95	70.68
2014	0.67	80,535,000	49,087,777	164.06	70.88

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the school division's fiscal year.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS –
 VRS TEACHER RETIREMENT PLAN
 June 30, 2019

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer’s Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 8,128,483	\$ 8,128,483	\$ -	\$ 49,842,942	16.31 %
2018	8,147,789	8,147,789	-	48,371,493	16.84
2017	6,950,571	6,950,571	-	47,412,846	14.66
2016	6,672,491	6,672,491	-	48,619,400	13.72
2015	6,677,180	6,677,180	-	47,022,390	14.20

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the school division’s fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND
 RELATED RATIOS – LOCAL PLANS
 June 30, 2019

	Plan Year			
	Primary Government		Schools	
	2018	2017	2018	2017
Total OPEB Liability				
Service cost	\$ 42,428	\$ 45,868	\$ 432,439	\$ 460,509
Interest on total OPEB liability	23,759	18,053	242,932	196,367
Difference between expected and actual experience	252,668	-	(6,085,371)	-
Changes in assumptions	(90,532)	(42,476)	1,436,739	(371,559)
Benefit payments	(13,755)	25,799	(235,616)	(183,114)
Net change in total OPEB liability	214,568	47,244	(4,208,877)	102,203
Total OPEB liability – beginning	667,758	620,514	7,083,814	6,981,611
Total OPEB liability – ending	882,326	667,758	2,874,937	7,083,814
Plan Fiduciary Net Position				
Contributions – employer	(13,755)	(25,799)	235,616	183,114
Benefit payments	13,755	25,799	(235,616)	(183,114)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position – beginning	-	-	-	-
Plan fiduciary net position – ending	-	-	-	-
Net OPEB liability – ending	\$ 882,326	\$ 667,758	\$ 2,874,937	\$ 7,083,814
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%
Covered payroll	\$ 21,353,372	\$ 19,852,664	\$ 54,610,702	\$ 53,547,731
Net OPEB liability as a percentage of covered payroll	4.13%	3.36%	5.26%	13.23%

The plan years above are reported in the entity’s financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity’s fiscal year 2018 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

COUNTY OF BEDFORD, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
– LOCAL PLANS
June 30, 2019**

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
County Local Plan					
2019	\$ 471,580	\$ 471,580	\$ -	\$ 21,781,710	2.17 %
2018	13,755	13,755	-	21,353,372	0.06
Schools Local Plan					
2019	156,196	156,196	-	56,075,288	0.28
2018	235,616	235,616	-	54,610,702	0.43

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
- VRS PLANS
June 30, 2019

Entity Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Health Insurance Credit – Schools – Teachers					
2019	0.62 %	\$ 7,859,000	\$ 48,371,493	16.25 %	8.08 %
2018	0.61	7,739,000	47,412,846	16.32	7.04
Virginia Retirement System – Group Life Insurance – Primary Government					
2019	0.10	1,583,000	21,353,372	7.41	51.22
2018	0.10	1,516,000	19,852,664	7.64	48.86
Virginia Retirement System – Group Life Insurance – Schools-Nonprofessional Employees					
2019	0.03	441,000	6,239,209	7.07	51.22
2018	0.03	443,000	6,134,885	7.22	48.86
Virginia Retirement System – Group Life Insurance – Schools-Teachers					
2019	0.26	4,014,000	48,371,493	8.30	51.22
2018	0.26	3,938,000	48,619,400	8.10	48.86

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB CONTRIBUTIONS
 – VRS PLANS
 June 30, 2019

<u>Entity Fiscal Year</u> <u>Ended June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions</u> <u>in Relation to</u> <u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Employer's</u> <u>Covered</u> <u>Payroll</u>	<u>Contributions</u> <u>as a Percentage</u> <u>of Covered</u> <u>Payroll</u>
Virginia Retirement System – Health Insurance Credit – Schools – Teachers					
2019	\$ 622,390	\$ 622,390	\$ -	\$ 49,842,942	1.25 %
2018	614,318	614,318	-	48,371,493	1.27
Virginia Retirement System – Group Life Insurance – Primary Government					
2019	105,040	105,040	-	21,781,710	0.48
2018	103,829	103,829	-	21,353,372	0.49
Virginia Retirement System – Group Life Insurance – Schools- Nonprofessional Employees					
2019	29,198	29,198	-	6,232,346	0.47
2018	29,372	29,372	-	6,239,209	0.47
Virginia Retirement System – Group Life Insurance – Schools- Teachers					
2019	271,777	271,777	-	49,842,942	0.55
2018	261,711	261,711	-	48,371,493	0.54

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity’s fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

COUNTY OF BEDFORD, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2019**

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. 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 ended June 30, 2016:

Largest 10 – Non-Hazardous Duty:

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2019**

Note 2. Changes of Assumptions (Continued)

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty disability rates
- Applicable to: Pension, GLI OPEB, and LODA OPEB

Teacher cost-sharing pool

- Update mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Update Line of Duty disability rates to better fit experience
- No changes to salary rates
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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OTHER SUPPLEMENTAL INFORMATION

COUNTY OF BEDFORD, VIRGINIA

AGENCY FUNDS –
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2019

	Tri-County Lake Administrative Commission	Bedford Community Coalition	Bedford Wine Trail	Special Welfare Fund	Road Escrow Accounts	Land Disturbing Bonds	Sheriff Asset Seizures	Total
ASSETS								
Cash and cash equivalents	\$ 791,668	\$ 1,230	\$ 3,993	\$ 37,734	\$ 69,889	\$ 107,591	\$ 54,798	\$ 1,066,903
Security deposits	900	-	-	-	-	-	-	900
Accounts receivable	7,922	-	-	-	-	-	-	7,922
Total assets	<u>\$ 800,490</u>	<u>\$ 1,230</u>	<u>\$ 3,993</u>	<u>\$ 37,734</u>	<u>\$ 69,889</u>	<u>\$ 107,591</u>	<u>\$ 54,798</u>	<u>\$ 1,075,725</u>
LIABILITIES								
Accounts payable	\$ 7,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,011
Accrued liabilities	5,820	-	-	-	-	-	-	5,820
Amounts held for others	787,659	1,230	3,993	37,734	69,889	107,591	54,798	1,062,894
Total liabilities	<u>\$ 800,490</u>	<u>\$ 1,230</u>	<u>\$ 3,993</u>	<u>\$ 37,734</u>	<u>\$ 69,889</u>	<u>\$ 107,591</u>	<u>\$ 54,798</u>	<u>\$ 1,075,725</u>

COUNTY OF BEDFORD, VIRGINIA

**AGENCY FUNDS –
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AND LIABILITIES
Year Ended June 30, 2019**

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Tri-County Lake Administrative Commission				
Assets:				
Cash and cash equivalents	\$ 804,255	\$ 194,360	\$ 206,947	\$ 791,668
Security deposits	900	-	-	900
Accounts receivable	11,900	190,382	194,360	7,922
	<u>\$ 817,055</u>	<u>\$ 384,742</u>	<u>\$ 401,307</u>	<u>\$ 800,490</u>
Liabilities:				
Accounts payable	\$ 1,416	\$ 85,639	\$ 80,044	\$ 7,011
Accrued liabilities	585	132,138	126,903	5,820
Amounts held for others	815,054	-	27,395	787,659
	<u>\$ 817,055</u>	<u>\$ 217,777</u>	<u>\$ 234,342</u>	<u>\$ 800,490</u>
Bedford Community Coalition				
Assets:				
Cash and cash equivalents	<u>\$ 1,225</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 1,230</u>
Liabilities:				
Amounts held for others	<u>\$ 1,225</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 1,230</u>
Bedford Wine Trail				
Assets:				
Cash and cash equivalents	<u>\$ 4,076</u>	<u>\$ 1,200</u>	<u>\$ 1,283</u>	<u>\$ 3,993</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,283	\$ 1,283	\$ -
Amounts held for others	4,076	-	83	3,993
	<u>\$ 4,076</u>	<u>\$ 1,283</u>	<u>\$ 1,366</u>	<u>\$ 3,993</u>
Special Welfare Fund				
Assets:				
Cash and cash equivalents	<u>\$ 28,517</u>	<u>\$ 141,970</u>	<u>\$ 132,753</u>	<u>\$ 37,734</u>
Liabilities:				
Amounts held for others	<u>\$ 28,517</u>	<u>\$ 141,970</u>	<u>\$ 132,753</u>	<u>\$ 37,734</u>
Road Escrow Accounts				
Assets:				
Cash and cash equivalents	<u>\$ 69,820</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 69,889</u>
Liabilities:				
Amounts held for others	<u>\$ 69,820</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ 69,889</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

AGENCY FUNDS –
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AND LIABILITIES
 Year Ended June 30, 2019

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Land Disturbing Bonds				
Assets:				
Cash and cash equivalents	\$ 57,120	\$ 56,458	\$ 5,987	\$ 107,591
Liabilities:				
Amounts held for others	\$ 57,120	\$ 56,458	\$ 5,987	\$ 107,591
Sheriff Asset Seizures				
Assets:				
Cash and cash equivalents	\$ 55,152	\$ 8,480	\$ 8,834	\$ 54,798
Liabilities:				
Amounts held for others	\$ 55,152	\$ 8,480	\$ 8,834	\$ 54,798
Total Fiduciary Funds				
Assets:				
Cash and cash equivalents	\$ 1,020,165	\$ 402,542	\$ 355,804	\$ 1,066,903
Security deposits	900	-	-	900
Accounts receivable	11,900	190,382	194,360	7,922
Total assets	<u>\$ 1,032,965</u>	<u>\$ 592,924</u>	<u>\$ 550,164</u>	<u>\$ 1,075,725</u>
Liabilities:				
Accounts payable	\$ 1,416	\$ 86,922	\$ 81,327	\$ 7,011
Accrued liabilities	585	132,138	126,903	5,820
Amounts held for others	1,030,964	206,982	175,052	1,062,894
Total liabilities	<u>\$ 1,032,965</u>	<u>\$ 426,042</u>	<u>\$ 383,282</u>	<u>\$ 1,075,725</u>

DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD

SPECIAL REVENUE FUNDS – Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The component unit – School Board has the following special revenue funds.

School Operating Fund – Accounts for the primary operating activities of the public school system.

School Nutrition Fund – Accounts for revenues and expenditures associated with the food services within the school system.

School Textbook Fund – Accounts for the state and local funds provided for the purchase of textbooks.

CAPITAL PROJECTS FUNDS – Capital projects funds are used to account for revenues and expenditures related to major construction and renovation. The component unit – School Board has the following capital projects fund.

School Capital Projects Fund – Accounts for revenues and expenditures related to major construction and renovation projects of the school system.

COUNTY OF BEDFORD, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
 COMBINING BALANCE SHEET
 Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects	Total Governmental Funds
	Operating	Nutrition	Textbooks		
ASSETS					
Cash and cash equivalents	\$ 7,880,637	\$ 1,891,050	\$ 1,245,600	\$ 29,427	\$ 11,046,714
Receivables, net	3,228,686	27,212	-	-	3,255,898
Due from primary government	7,777,982	-	-	764,989	8,542,971
Prepays	116,526	27,308	-	-	143,834
Inventories	-	108,767	-	-	108,767
Total assets	<u>\$ 19,003,831</u>	<u>\$ 2,054,337</u>	<u>\$ 1,245,600</u>	<u>\$ 794,416</u>	<u>\$ 23,098,184</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 806,765	\$ 6,798	\$ 5,697	\$ 764,989	\$ 1,584,249
Accrued payroll and related liabilities	10,810,578	310,821	-	-	11,121,399
Self insurance	1,225,624	-	-	-	1,225,624
Deferred revenue	1,195,052	-	-	-	1,195,052
Total liabilities	<u>14,038,019</u>	<u>317,619</u>	<u>5,697</u>	<u>764,989</u>	<u>15,126,324</u>
FUND BALANCES					
Fund balances:					
Nonspendable	116,526	136,075	-	-	252,601
Committed	4,275,506	3,185	-	-	4,278,691
Assigned	1,295,575	1,597,458	1,239,903	29,427	4,162,363
Unassigned	(721,795)	-	-	-	(721,795)
Total fund balances	<u>4,965,812</u>	<u>1,736,718</u>	<u>1,239,903</u>	<u>29,427</u>	<u>7,971,860</u>
Total liabilities and fund balances	<u>\$ 19,003,831</u>	<u>\$ 2,054,337</u>	<u>\$ 1,245,600</u>	<u>\$ 794,416</u>	

(Continued)

COUNTY OF BEDFORD, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
 COMBINING BALANCE SHEET
 Year Ended June 30, 2019

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

Total Fund Balance, Governmental Funds		\$ 7,971,860
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 274,010,564	
Accumulated depreciation	<u>(150,330,301)</u>	123,680,263
Other long-term assets not available to pay for current period expenditures and therefore are deferred in the funds.		
		1,529,884
Financial statement elements related to pension and other postemployment benefits are applicable to future period and therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	11,027,316	
Other postemployment benefits	2,666,052	
Deferred inflows related to:		
Pensions	(11,323,074)	
Other postemployment benefits	(6,277,431)	
Net pension asset	1,083,310	
Net pension liability	(72,970,000)	
Net other postemployment benefit liability	<u>(15,188,937)</u>	(90,982,764)
Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in governmental funds.		
Accrued interest	(75,223)	
Capital leases	(3,927,246)	
Compensated absences	<u>(1,537,390)</u>	<u>(5,539,859)</u>
Net position of Governmental Activities		<u>\$ 36,659,384</u>

COUNTY OF BEDFORD, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
Year Ended June 30, 2019**

	<u>Special Revenue Funds</u>				Total Governmental Funds
	<u>Operating</u>	<u>Nutrition</u>	<u>Textbooks</u>	<u>Capital Projects</u>	
REVENUES					
Revenue from use of money and property	\$ 69,941	\$ 10,624	\$ 5,286	\$ 11	\$ 85,862
Charges for services	702,166	1,888,645	-	-	2,590,811
Other	455,617	-	2,817	-	458,434
Intergovernmental:					
County of Bedford	36,096,119	-	-	4,868,359	40,964,478
Commonwealth of Virginia	59,194,238	46,642	650,486	-	59,891,366
Federal government	4,885,619	2,266,865	-	-	7,152,484
Total revenues	<u>101,403,700</u>	<u>4,212,776</u>	<u>658,589</u>	<u>4,868,370</u>	<u>111,143,435</u>
EXPENDITURES					
Current:					
Instructional	70,838,994	-	1,447,532	-	72,286,526
Administration, attendance, and health	4,000,536	-	-	-	4,000,536
Pupil transportation services	8,485,124	-	-	-	8,485,124
Operations and maintenance services	9,062,023	-	-	-	9,062,023
Nutrition services	-	4,180,189	-	-	4,180,189
Technology	6,184,594	-	-	-	6,184,594
Debt Service:					
Principal	1,090,844	-	-	-	1,090,844
Interest and other fiscal charges	65,002	-	-	-	65,002
Capital projects	-	-	-	4,867,143	4,867,143
Total expenditures	<u>99,727,117</u>	<u>4,180,189</u>	<u>1,447,532</u>	<u>4,867,143</u>	<u>110,221,981</u>
Excess (deficiency) of revenues over expenditures	<u>1,676,583</u>	<u>32,587</u>	<u>(788,943)</u>	<u>1,227</u>	<u>921,454</u>
OTHER FINANCING SOURCES					
Capital lease proceeds	1,340,532	-	-	-	1,340,532
Transfers in	59,629	-	-	-	59,629
Transfers out	-	(59,629)	-	-	(59,629)
Total other financing sources	<u>1,400,161</u>	<u>(59,629)</u>	<u>-</u>	<u>-</u>	<u>1,340,532</u>
Net change in fund balances	<u>3,076,744</u>	<u>(27,042)</u>	<u>(788,943)</u>	<u>1,227</u>	<u>2,261,986</u>
Fund balance, beginning	<u>1,889,068</u>	<u>1,763,760</u>	<u>2,028,846</u>	<u>28,200</u>	
Fund balance, ending	<u>\$ 4,965,812</u>	<u>\$ 1,736,718</u>	<u>\$ 1,239,903</u>	<u>\$ 29,427</u>	

(Continued)

COUNTY OF BEDFORD, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds \$ 2,261,986

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

Capital outlay expenditures that were capitalized	\$ 6,631,490	
Depreciation expense for governmental assets	<u>(7,248,543)</u>	(617,053)

The net effect of various transaction involving capital assets (sales, trade ins) is to decrease net position		39,521
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned, net of employee contributions is reported as pension expense

Employer pension contributions		(7,862)
Pension expense		4,533,743

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned, net of employee contributions is reported as pension expense

Employer other postemployment benefit contributions		(61,456)
Other postemployment expense		539,416

The issuance of long-term debt 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 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.

New long-term debt issued	(1,340,532)	
Principal payments on long-term debt	1,090,844	
Increase in accrued interest payable	<u>(20,401)</u>	(270,089)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Other revenues		31,531
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Expenses in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		<u>(8,992)</u>
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Total changes in net position of governmental activities		<u><u>\$ 6,440,745</u></u>
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COUNTY OF BEDFORD, VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – CASH BASIS
Year Ended June 30, 2019**

	Operating			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ -	\$ 60,000	\$ 102,134	\$ 42,134
Charges for services	735,000	814,000	821,357	7,357
Other	85,000	135,000	164,442	29,442
Intergovernmental:				
County of Bedford	35,649,174	36,974,684	36,711,093	(263,591)
Commonwealth of Virginia	58,352,134	59,199,689	59,193,238	(6,451)
Federal government	4,817,611	4,969,203	4,904,832	(64,371)
 Total revenues	 <u>99,638,919</u>	 <u>102,152,576</u>	 <u>101,897,096</u>	 <u>(255,480)</u>
EXPENDITURES				
Current:				
Instructional	72,457,020	72,887,612	72,883,061	4,551
Administration, attendance, and health	4,071,574	4,101,574	4,065,712	35,862
Pupil transportation services	8,151,500	8,641,500	8,468,960	172,540
Operations and maintenance services	9,665,843	10,566,153	9,266,547	1,299,606
Nutrition services	-	-	-	-
Technology	5,925,802	5,925,802	5,893,340	32,462
 Total expenditures	 <u>100,271,739</u>	 <u>102,122,641</u>	 <u>100,577,620</u>	 <u>1,545,021</u>
 Excess (deficiency) of revenues over expenditures	 <u>(632,820)</u>	 <u>29,935</u>	 <u>1,319,476</u>	 <u>1,289,541</u>
 Net change in fund balances	 <u>\$ (632,820)</u>	 <u>\$ 29,935</u>	 <u>\$ 1,319,476</u>	 <u>\$ 1,289,541</u>

Nutrition				Textbooks			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 7,000	\$ 7,000	\$ 10,624	\$ 3,624	\$ -	\$ -	\$ 5,286	\$ 5,286
2,283,930	2,283,930	1,888,484	(395,446)	-	-	-	-
-	-	-	-	-	-	3,141	3,141
-	-	-	-	-	-	-	-
50,243	50,243	46,642	(3,601)	644,998	644,998	650,486	5,488
2,231,623	2,231,623	2,275,092	43,469	-	-	-	-
<u>4,572,796</u>	<u>4,572,796</u>	<u>4,220,842</u>	<u>(351,954)</u>	<u>644,998</u>	<u>644,998</u>	<u>658,913</u>	<u>13,915</u>
-	-	-	-	2,687,605	2,687,605	1,455,921	1,231,684
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,572,796	4,572,796	4,267,207	305,589	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,572,796</u>	<u>4,572,796</u>	<u>4,267,207</u>	<u>305,589</u>	<u>2,687,605</u>	<u>2,687,605</u>	<u>1,455,921</u>	<u>1,231,684</u>
-	-	(46,365)	(46,365)	(2,042,607)	(2,042,607)	(797,008)	1,245,599
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,365)</u>	<u>\$ (46,365)</u>	<u>\$ (2,042,607)</u>	<u>\$ (2,042,607)</u>	<u>\$ (797,008)</u>	<u>\$ 1,245,599</u>

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SUPPORTING SCHEDULES

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 43,300,000	\$ 43,300,000	\$ 44,406,230	\$ 1,106,230
Real and personal public service corporation property taxes	1,650,000	1,650,000	1,692,607	42,607
Personal property taxes (local remittance)	14,480,000	14,480,000	15,510,068	1,030,068
Machinery and tools taxes	3,730,000	3,730,000	3,867,331	137,331
Mobile home taxes	124,000	124,000	128,940	4,940
Penalties and interest	850,000	850,000	842,880	(7,120)
Total general property taxes	<u>64,134,000</u>	<u>64,134,000</u>	<u>66,448,056</u>	<u>2,314,056</u>
Other local taxes:				
Local sales and use taxes	5,885,163	5,885,163	6,185,971	300,808
Consumer utility taxes	1,220,500	1,220,500	1,264,995	44,495
Utility license tax	80,000	80,000	81,434	1,434
Bank stock taxes	320,000	320,000	461,579	141,579
Taxes on recordations and wills	1,032,000	1,032,000	1,084,001	52,001
Transient occupancy tax	875,000	875,000	904,220	29,220
Meals tax	1,575,000	1,575,000	1,876,790	301,790
Communications sales tax	1,725,000	1,725,000	1,646,322	(78,678)
Total other local taxes	<u>12,712,663</u>	<u>12,712,663</u>	<u>13,505,312</u>	<u>792,649</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	40,000	40,000	46,852	6,852
Building permits	250,000	250,000	315,894	65,894
Other permits and licenses	23,200	23,200	86,546	63,346
Planning permits and fees	190,000	190,000	162,152	(27,848)
Total permits, privilege fees, and regulatory licenses	<u>503,200</u>	<u>503,200</u>	<u>611,444</u>	<u>108,244</u>
Fines and forfeitures	<u>140,000</u>	<u>140,000</u>	<u>126,594</u>	<u>(13,406)</u>
Revenue from use of money and property:				
Revenue from use of money	225,050	225,165	550,382	325,217
Revenue from use of property	197,706	197,706	202,615	4,909
Total revenue from use of money and property	<u>422,756</u>	<u>422,871</u>	<u>752,997</u>	<u>330,126</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for services:				
Court costs	\$ 211,204	\$ 212,909	\$ 192,121	\$ (20,788)
Commonwealth attorney	5,000	5,000	5,598	598
Law enforcement and traffic control	180,000	180,000	185,016	5,016
County attorney	-	-	411	411
Welfare and social services	-	-	29,727	29,727
Comprehensive services	46,000	46,000	74,027	28,027
Recreation fees	67,500	67,500	84,802	17,302
EMS cost recoveries	1,750,000	1,750,000	1,853,408	103,408
Other	2,500	2,500	2,822	322
Total charges for services	<u>2,262,204</u>	<u>2,263,909</u>	<u>2,427,932</u>	<u>164,023</u>
Miscellaneous	<u>300,700</u>	<u>363,698</u>	<u>628,300</u>	<u>264,602</u>
Recovered costs:				
Town of Bedford-Communications	40,000	40,000	54,053	14,053
Social Services	18,240	18,240	-	(18,240)
Bedford County School Board	30,000	30,000	29,890	(110)
Corporate Park Drive	-	-	55,000	55,000
Bedford Public Library	35,000	35,000	35,000	-
Tri-County Lake Administrative Commission	10,000	10,000	10,000	-
Central Garage	160,000	160,000	178,396	18,396
Prisoner Extradition	2,000	2,000	-	(2,000)
Nursing Home	200,000	200,000	272,416	72,416
Total recovered costs	<u>495,240</u>	<u>495,240</u>	<u>634,755</u>	<u>139,515</u>
Total revenue from local sources	<u>80,970,763</u>	<u>81,035,581</u>	<u>85,135,390</u>	<u>4,099,809</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Personal property taxes (state remittance)	6,086,051	6,086,051	6,086,051	-
Rental taxes	92,000	92,000	108,896	16,896
Mobile home titling taxes	90,000	90,000	96,808	6,808
Recordation taxes	260,000	260,000	274,118	14,118
Railroad rolling stock taxes	160,000	160,000	163,730	3,730
Total non-categorical aid	<u>6,688,051</u>	<u>6,688,051</u>	<u>6,729,603</u>	<u>41,552</u>
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	582,485	582,485	581,190	(1,295)
Sheriff	2,412,195	2,412,195	2,407,108	(5,087)
Commissioner of the Revenue	242,679	242,679	239,218	(3,461)
Treasurer	225,855	225,855	223,189	(2,666)
Registrar and Electoral board	46,600	46,600	47,586	986
Clerk of the Circuit Court	489,385	489,385	488,098	(1,287)
Communications	148,700	148,700	152,559	3,859
Total shared expenses	<u>4,147,899</u>	<u>4,147,899</u>	<u>4,138,948</u>	<u>(8,951)</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other:				
Social services	\$ 2,734,889	\$ 2,734,889	\$ 2,214,128	\$ (520,761)
Comprehensive services	2,197,683	3,070,873	2,821,889	(248,984)
Forfeited asset seizure proceeds	-	4,915	4,915	-
State internet crimes	-	2,250,085	1,936,798	(313,287)
EMS Four for Life	80,000	80,000	173,349	93,349
Fire funds	230,000	230,000	244,932	14,932
Victim witness coordinator	37,287	37,287	28,205	(9,082)
Domestic violence grants	150,000	219,261	172,692	(46,569)
VJCCCA	70,751	70,751	70,751	-
Wireless E-911 grant	220,000	222,000	222,929	929
Tourism grants	-	42,000	-	(42,000)
Record preservation grant	-	-	10,375	10,375
VA Commission of Arts	5,000	5,000	-	(5,000)
Juror and witness reimbursement	29,000	29,000	30,670	1,670
Virginia Tobacco Commission grants	-	32,500	469,970	437,470
Other	34,666	34,666	37,480	2,814
Total other categorical aid	<u>5,789,276</u>	<u>9,063,227</u>	<u>8,439,083</u>	<u>(624,144)</u>
Total categorical aid	<u>9,937,175</u>	<u>13,211,126</u>	<u>12,578,031</u>	<u>(633,095)</u>
Total revenue from the Commonwealth	<u>16,625,226</u>	<u>19,899,177</u>	<u>19,307,634</u>	<u>(591,543)</u>
Revenue from the federal government:				
Payments in lieu of taxes	-	-	75,767	75,767
Categorical aid:				
Social services	4,134,843	4,165,509	3,914,540	(250,969)
Sheriff – DMV grants	-	19,871	18,794	(1,077)
Justice assistance grants	-	30,426	1,161	(29,265)
Federal Agency overtime reimbursement	-	-	610	610
Internet crimes grant	-	854,841	778,838	(76,003)
Bulletproof vest grant	-	-	4,733	4,733
Forfeited asset seizure proceeds	-	5,493	5,493	-
Victim witness coordinator	111,862	111,862	84,615	(27,247)
Domestic violence grants	142,417	142,417	93,071	(49,346)
Other	142,394	142,394	168,839	26,445
Total categorical aid	<u>4,531,516</u>	<u>5,472,813</u>	<u>5,070,694</u>	<u>(402,119)</u>
Total revenue from the federal government	<u>4,531,516</u>	<u>5,472,813</u>	<u>5,146,461</u>	<u>(326,352)</u>
Total intergovernmental revenues	<u>21,156,742</u>	<u>25,371,990</u>	<u>24,454,095</u>	<u>(917,895)</u>
Total general fund	<u>\$ 102,127,505</u>	<u>\$ 106,407,571</u>	<u>\$ 109,589,485</u>	<u>\$ 3,181,914</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government administration:				
Legislative:				
Board of Supervisors	\$ 132,037	\$ 132,037	\$ 124,666	\$ 7,371
General and financial administration:				
County administration	458,784	443,458	323,358	120,100
County attorney	137,425	344,051	328,853	15,198
Independent auditor	68,000	68,000	66,610	1,390
Commissioner of the Revenue	644,911	603,611	557,228	46,383
Assessor	819,147	819,147	711,058	108,089
Treasurer	687,863	687,863	683,257	4,606
Fiscal management	698,659	730,659	584,043	146,616
Information technology	882,719	930,429	789,584	140,845
Human resources	276,426	277,711	259,793	17,918
Electoral board	195,622	195,622	119,342	76,280
Registrar	208,570	208,570	197,761	10,809
Total general and financial administration	5,078,126	5,309,121	4,620,887	688,234
Total general government administration	5,210,163	5,441,158	4,745,553	695,605
Judicial administration:				
Courts:				
Circuit Court	92,150	92,150	86,369	5,781
District Court	18,100	18,100	16,971	1,129
Magistrates	2,800	2,800	1,968	832
Juvenile and Domestic Relations District Court	16,178	17,883	17,563	320
Clerk of the Circuit Court	1,038,727	1,090,505	1,073,982	16,523
Victim Witness Coordinator	218,933	218,933	206,245	12,688
Law Library	14,050	14,050	10,337	3,713
Other court services	12,000	12,000	12,000	-
Total courts	1,412,938	1,466,421	1,425,435	40,986
Commonwealth's Attorney	980,947	1,025,006	951,482	73,524
Total judicial administration	2,393,885	2,491,427	2,376,917	114,510
Public safety:				
Law enforcement and traffic control:				
Sheriff	7,375,073	7,399,168	7,023,991	375,177
Internet Crimes Grant	-	4,104,926	2,586,222	1,518,704
Law enforcement grants	-	50,688	49,087	1,601
Total law enforcement and traffic control	7,375,073	11,554,782	9,659,300	1,895,482
Fire and rescue services:				
Volunteer fire companies	1,522,561	1,522,561	1,389,576	132,985
Volunteer rescue squads	951,522	1,022,630	1,007,232	15,398
Other fire and rescue services	74,200	74,200	72,039	2,161
Total fire and rescue services	2,548,283	2,619,391	2,468,847	150,544

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Correction and detention:				
Blue Ridge Regional Jail	\$ 1,975,000	\$ 2,020,000	\$ 2,018,363	\$ 1,637
VJCCCA	160,290	170,590	170,587	3
Juvenile secure detention	300,000	289,700	172,068	117,632
Total correction and detention	<u>2,435,290</u>	<u>2,480,290</u>	<u>2,361,018</u>	<u>119,272</u>
Building Inspections	<u>510,126</u>	<u>513,350</u>	<u>504,467</u>	<u>8,883</u>
Other protection:				
Animal shelter	212,013	212,013	200,505	11,508
Animal control	300,201	300,201	288,875	11,326
Emergency services	3,417,918	3,417,918	3,361,117	56,801
Communications center	2,854,536	2,854,536	2,460,153	394,383
Communications grants	-	2,000	-	2,000
Transportation Safety Committee	1,045	1,045	797	248
Total other protection	<u>6,785,713</u>	<u>6,787,713</u>	<u>6,311,447</u>	<u>476,266</u>
Total public safety	<u>19,654,485</u>	<u>23,955,526</u>	<u>21,305,079</u>	<u>2,650,447</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	<u>3,101,044</u>	<u>3,129,489</u>	<u>3,129,485</u>	<u>4</u>
Total sanitation and waste removal	<u>3,101,044</u>	<u>3,129,489</u>	<u>3,129,485</u>	<u>4</u>
Maintenance – buildings and grounds:				
Housekeeping	431,997	431,997	420,533	11,464
General properties	1,273,102	1,291,424	1,163,010	128,414
Central garage	368,573	368,573	356,642	11,931
Total maintenance – buildings and grounds	<u>2,073,672</u>	<u>2,091,994</u>	<u>1,940,185</u>	<u>151,809</u>
Total public works	<u>5,174,716</u>	<u>5,221,483</u>	<u>5,069,670</u>	<u>151,813</u>
Health and welfare:				
Health:				
Supplement to local health department	<u>488,509</u>	<u>488,509</u>	<u>488,509</u>	<u>-</u>
Welfare:				
Social services	9,478,687	9,509,353	8,670,489	838,864
Comprehensive services	3,629,000	4,854,000	4,809,576	44,424
Domestic violence	506,613	538,972	452,087	86,885
Other health and welfare	219,000	219,000	219,000	-
Total welfare	<u>13,833,300</u>	<u>15,121,325</u>	<u>14,151,152</u>	<u>970,173</u>
Total health and welfare	<u>14,321,809</u>	<u>15,609,834</u>	<u>14,639,661</u>	<u>970,173</u>
Education:				
Community college	<u>1,891</u>	<u>1,891</u>	<u>1,891</u>	<u>-</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Parks, recreation, and cultural:				
Recreation department	\$ 1,392,756	\$ 1,412,197	\$ 1,355,330	\$ 56,867
Cultural enrichment	168,750	168,750	148,750	20,000
Contribution to Regional Library	1,622,616	1,622,616	1,622,616	-
Total parks, recreation, and cultural	<u>3,184,122</u>	<u>3,203,563</u>	<u>3,126,696</u>	<u>76,867</u>
Community development:				
Planning and community development:				
Planning commission	60,270	60,270	48,242	12,028
Community development	710,831	709,731	646,708	63,023
GIS	319,096	321,796	257,745	64,051
Board of appeals	4,608	4,608	1,144	3,464
Economic development	627,737	627,737	583,349	44,388
Joint City/County Economic development	750,000	750,000	750,000	-
Broadband Authority	-	1,560	1,556	4
Tourism	778,670	830,570	742,473	88,097
Tourism grants	-	9,695	87	9,608
Total planning and community development	<u>3,251,212</u>	<u>3,315,967</u>	<u>3,031,304</u>	<u>284,663</u>
Environmental management:				
Natural Resources	305,129	306,229	306,130	99
Soil and Water Conservation District	14,250	14,250	14,250	-
Tri-County Lake Administrative Commission	60,690	60,690	60,690	-
Total environmental management	<u>380,069</u>	<u>381,169</u>	<u>381,070</u>	<u>99</u>
Cooperative Extension Program:				
VPI & SU Extension Office	78,530	78,530	71,143	7,387
Cannery	27,032	27,032	18,020	9,012
Total cooperative extension program	<u>105,562</u>	<u>105,562</u>	<u>89,163</u>	<u>16,399</u>
Total community development	<u>3,736,843</u>	<u>3,802,698</u>	<u>3,501,537</u>	<u>301,161</u>
Debt Service:				
Principal retirement	6,093,224	6,093,224	6,093,224	-
Interest and other fiscal charges	2,997,300	3,068,700	3,066,200	2,500
Total debt service	<u>9,090,524</u>	<u>9,161,924</u>	<u>9,159,424</u>	<u>2,500</u>

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – CASH BASIS –
GOVERNMENTAL FUND
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital projects:				
General governmental	1,177,949	1,177,949	455,776	722,173
Judicial administration	8,855	8,855	-	8,855
Public safety	2,040,835	2,290,835	983,120	1,307,715
Public works	4,197,061	4,313,938	2,755,801	1,558,137
Health and welfare	55	55	-	55
Education	9,789,973	32,294,796	8,174,091	24,120,705
Parks, recreation, and cultural	322,203	322,238	23,616	298,622
Community and economic development	4,382,459	4,414,959	2,834,489	1,580,470
Total capital projects	<u>21,919,390</u>	<u>44,823,625</u>	<u>15,226,893</u>	<u>29,596,732</u>
Total expenditures	<u>84,687,828</u>	<u>113,713,129</u>	<u>79,153,321</u>	<u>34,559,808</u>
Excess of Revenues over Expenditures	<u>17,439,677</u>	<u>(7,305,558)</u>	<u>30,436,164</u>	<u>37,741,722</u>
Other Financing Sources (Uses):				
Transfers to:				
Component units	\$ (35,649,174)	\$ (36,974,684)	\$ (36,711,093)	\$ 263,591
VPSA bonds	-	20,275,000	20,275,000	-
Bond premium	-	2,296,387	2,296,387	-
Total other financing sources and uses	<u>(35,649,174)</u>	<u>(14,403,297)</u>	<u>(14,139,706)</u>	<u>263,591</u>
Net change in fund balance	<u>\$ (18,209,497)</u>	<u>\$ (21,708,855)</u>	<u>\$ 16,296,458</u>	<u>\$ 38,005,313</u>

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Agriculture:</u>		
<u>Pass-Through Payments:</u>		
<u>Department of Social Services:</u>		
Supplemental Nutrition Assistance Program	10.561	\$ 872,600
<u>Department of the Agriculture and Consumer Services:</u>		
Child Nutrition Cluster – National School Lunch Program (Commodities)	10.555	261,547
Emergency Food Assistance Program (Food Commodities)	10.569	1,546
<u>Department of Education:</u>		
Child Nutrition Cluster – National School Breakfast Program	10.553	591,129
Child Nutrition Cluster – National School Lunch Program	10.555	1,629,873
Summer Food Service for Children	10.559	45,863
<u>Department of Justice:</u>		
<u>Direct Payments:</u>		
Missing Children’s Assistance	16.543	784,378
Bulletproof Vest Partnership Program	16.607	5,980
<u>Pass-Through Payments:</u>		
<u>Department of Criminal Justice Services:</u>		
Crime Victim Assistance	16.575	218,911
Violence Against Women Formula Grants	16.588	12,624
<u>Department of Transportation:</u>		
<u>Pass-Through Payments:</u>		
<u>Department of Motor Vehicles:</u>		
State and Community Highway Safety (Section 402)	20.600	7,161
National Priority Safety Programs	20.616	7,574
<u>Department of Education:</u>		
Twenty-First Century Community Learning Centers	84.287	445,560
<u>Department of Education:</u>		
Adult Education Grants to States	84.002	90,855
Title I, Part A Cluster – Title I: Grants to Local Educational Agencies	84.010	1,360,086
Special Education Cluster – Special Education – Grants to States	84.027	2,409,812
Vocational Education – Basic Grants to States	84.048	153,938
Special Education Cluster – Special Education – Preschool Grants	84.173	83,984

(Continued)

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor (Commonwealth of Virginia)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>Department of Education:</u>		
English Language Acquisition Grants	84.365	\$ 7,246
No Child Left Behind Act Improving Teacher Quality State Grants	84.367	233,579
Student Support and Academic Enrichment Program	84.424	43,944
<u>Department of Health and Human Services:</u>		
<u>Pass-through Payments:</u>		
<u>Department of Social Services:</u>		
Promoting Safe and Stable Families	93.556	44,690
TANF Block Grant	93.558	419,267
Refugee and Entrant Assistance – State Administered Program	93.566	254
Low Income Home Energy Assistance	93.568	50,801
CCDF Cluster – Payments to States for Child Care Assistance	93.575	(80)
CCDF Cluster – Child Care Development Fund	93.596	67,405
Chafee Education & Training Vouchers Program	93.599	2,278
Adoption Incentives Payment Program	93.603	1,465
Child Welfare Services – State Grants	93.645	335
Foster Care – Title IV-E	93.658	720,659
Adoption Assistance	93.659	640,243
Social Service Block Grant	93.667	497,795
Family Violence Prevention and Services/Grants for Battered Women’s Shelters	93.671	9,348
Independent Living	93.674	9,559
Virginia Children’s Medical Insurance Plan	93.767	21,680
Medical Assistance Program (Medicaid; Title XIX)	93.778	968,885
Total Expenditures of Federal Awards		<u>\$ 12,722,774</u>

Note 1. Basis of Accounting

This schedule was prepared on the budgetary (cash) basis.

Note 2. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the food commodities or food stamps disbursed.

Note 3. Indirect Costs

The County has not elected to use the de minimis 10% indirect cost rate.

Note 4. Outstanding Loan Balances

At June 30, 2019, the County had no outstanding loan balances requiring continuing disclosure.

STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents

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

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

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 additional debt in the future.

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.

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

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

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 22,587,976	\$ 23,428,803	\$ 23,524,890	\$ 24,869,124	\$ 26,704,166	\$ 28,334,835	\$ 30,177,071	\$ 33,534,872	\$ 37,032,856	\$ 39,730,712
Restricted	20	3	648,562	127,265	18,033	1,079	1,778,497	-	-	-
Unrestricted	(29,263,886)	(20,875,025)	(12,143,308)	(15,860,897)	(13,795,499)	(6,360,819)	5,347,098	1,390,438	(17,107,846)	(12,947,519)
Total governmental activities net position	\$ (6,675,890)	\$ 2,553,781	\$ 12,030,144	\$ 9,135,492	\$ 12,926,700	\$ 21,975,095	\$ 37,302,666	\$ 34,925,310	\$ 19,925,010	\$ 26,783,193
Business-type activities										
Net investment in capital assets	\$ 16,206,826	\$ 15,617,382	\$ 14,816,621	\$ 13,012,464	\$ 12,464,508	\$ 11,690,734	\$ 10,903,022	\$ 11,032,423	\$ 10,294,047	\$ 10,801,945
Restricted	19	4	3	-	-	-	-	-	-	-
Unrestricted	2,557,009	3,152,150	2,792,561	3,078,850	2,819,835	3,656,443	5,412,132	6,526,534	7,892,213	6,691,283
Total business-type activities net position	\$ 18,763,854	\$ 18,769,536	\$ 17,609,185	\$ 16,091,314	\$ 15,284,343	\$ 15,347,177	\$ 16,315,154	\$ 17,558,957	\$ 18,186,260	\$ 17,493,228
Primary government										
Net investment in capital assets	\$ 38,794,802	\$ 39,046,185	\$ 38,341,511	\$ 37,881,588	\$ 39,168,674	\$ 40,025,569	\$ 41,080,093	\$ 44,567,295	\$ 47,326,903	\$ 50,532,657
Restricted	39	7	648,565	127,265	18,033	1,079	1,778,497	-	-	-
Unrestricted	(26,706,877)	(17,722,875)	(9,350,747)	(12,782,047)	(10,975,664)	(2,704,376)	10,759,230	7,916,972	(9,215,633)	(6,256,236)
Total primary government net position	\$ 12,087,964	\$ 21,323,317	\$ 29,639,329	\$ 25,226,806	\$ 28,211,043	\$ 37,322,272	\$ 53,617,820	\$ 52,484,267	\$ 38,111,270	\$ 44,276,421
Component Unit-School Board (1)										
Net investment in capital assets	\$ 103,254,031	\$ 101,059,369	\$ 97,278,860	\$ 96,063,553	\$ 94,486,617	\$ 91,638,957	\$ 89,284,475	\$ 99,440,616	\$ 120,580,237	\$ 119,753,017
Restricted	20	4	763,216	4	6	6	-	-	-	-
Unrestricted	5,407,005	5,346,181	3,962,736	3,915,714	3,727,386	(80,768,278)	(76,737,675)	(75,767,336)	(90,361,598)	(83,093,633)
Total component unit-School Board net position	\$ 108,661,056	\$ 106,405,554	\$ 102,004,812	\$ 99,979,271	\$ 98,214,009	\$ 10,870,685	\$ 12,546,800	\$ 23,673,280	\$ 30,218,639	\$ 36,659,384

(1) School Board component unit, net position components are included in this table due to Public Schools being a significant portion of the County. In Virginia, the County issues debt to finance the construction of school facilities for the Public Schools because Public Schools do not have borrowing or taxing authority.

(2) GASB Statement No. 68 was adopted in fiscal year 2015.

(3) GASB Statement No. 75 was adopted in fiscal year 2018.

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Primary Government:										
Expenses										
Governmental activities:										
General government	\$ 3,735,551	\$ 4,084,722	\$ 3,623,380	\$ 3,691,404	\$ 4,032,123	\$ 3,903,841	\$ 3,686,970	\$ 4,135,945	\$ 4,324,995	\$ 5,020,465
Judicial administration	2,365,312	2,323,836	2,236,346	2,328,645	2,434,093	2,339,469	2,419,173	2,588,187	2,621,336	2,683,103
Public safety	14,860,554	14,908,199	16,052,649	17,641,751	19,756,848	18,263,579	18,985,844	20,680,112	21,976,031	21,460,096
Public works	4,665,741	4,085,930	3,966,475	4,688,457	4,963,878	4,569,759	4,523,662	4,736,339	4,996,039	5,823,881
Health and welfare	10,445,685	10,441,003	9,782,800	9,706,770	9,868,303	9,929,076	10,643,689	11,668,977	13,154,429	14,123,419
Education	27,959,531	28,843,332	27,870,369	40,154,179	34,743,918	29,271,434	33,713,688	48,102,859	60,391,126	41,340,447
Parks, recreational, and cultural	3,011,340	2,870,815	2,763,383	2,838,982	3,312,492	3,116,385	3,753,755	3,344,715	3,448,466	3,563,515
Community development	5,032,293	5,255,719	5,220,060	5,703,012	6,341,152	7,308,128	5,114,090	5,254,616	5,444,352	5,988,002
Interest on long-term debt	4,002,134	3,849,961	3,473,234	3,674,625	2,709,301	2,484,060	2,201,911	2,989,864	2,911,990	2,841,510
Total governmental activities expenses	<u>76,078,141</u>	<u>76,663,517</u>	<u>74,988,696</u>	<u>90,427,825</u>	<u>88,162,108</u>	<u>81,185,731</u>	<u>85,042,782</u>	<u>103,501,614</u>	<u>119,268,764</u>	<u>102,844,438</u>
Business-type activities:										
Group homes	1,929,560	1,993,131	2,023,174	1,452,772	-	-	-	-	-	-
Nursing home	5,082,479	5,538,976	5,383,423	5,226,464	5,491,294	5,279,264	5,323,100	5,752,404	5,958,786	7,158,320
Solid waste	2,325,292	2,279,669	3,208,084	3,700,318	3,456,334	3,127,530	3,360,369	3,324,130	3,528,516	4,599,966
Total business-type activities expenses	<u>9,337,331</u>	<u>9,811,776</u>	<u>10,614,681</u>	<u>10,379,554</u>	<u>8,947,628</u>	<u>8,406,794</u>	<u>8,683,469</u>	<u>9,076,534</u>	<u>9,487,302</u>	<u>11,758,286</u>
Total primary government expenses	<u>\$ 85,415,472</u>	<u>\$ 86,475,293</u>	<u>\$ 85,603,377</u>	<u>\$ 100,807,379</u>	<u>\$ 97,109,736</u>	<u>\$ 89,592,525</u>	<u>\$ 93,726,251</u>	<u>\$ 112,578,148</u>	<u>\$ 128,756,066</u>	<u>\$ 114,602,724</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 2,262,367	\$ 2,339,436	\$ 2,287,544	\$ 2,780,427	\$ 2,229,697	\$ 2,237,790	\$ 2,322,194	\$ 2,190,308	\$ 3,316,833	\$ 2,713,928
Health and welfare	1,044,637	814,513	822,149	846,663	324,979	119,175	132,634	141,947	121,645	167,992
Community development	394,042	326,217	262,608	190,748	243,713	247,451	241,294	255,561	293,703	267,484
Other activities	926,581	908,164	794,555	854,456	605,163	747,100	824,510	958,722	998,692	1,150,890
Operating grants and contributions	12,213,856	11,616,928	10,956,576	11,475,946	12,958,689	12,680,711	13,479,122	14,505,883	14,894,113	18,009,891
Capital grants and contributions	125,180	572,784	53,965	218,081	278,842	104,082	346,027	239,004	53,637	12,500
Total governmental activities program revenues	<u>16,966,663</u>	<u>16,578,042</u>	<u>15,177,397</u>	<u>16,366,321</u>	<u>16,641,083</u>	<u>16,136,309</u>	<u>17,345,781</u>	<u>18,291,425</u>	<u>19,678,623</u>	<u>22,322,685</u>
Business-type activities:										
Charges for services:										
Group Homes	1,959,366	2,049,762	1,765,617	1,067,380	-	-	-	-	-	-
Nursing Home	5,280,011	5,223,478	5,130,089	5,543,359	5,645,133	6,737,547	6,802,536	7,244,858	7,209,455	7,742,767
Solid Waste	1,940,554	1,966,176	1,995,213	1,973,378	2,084,227	2,330,680	2,493,612	2,610,092	2,685,029	2,887,895
Operating grants and contributions	401,302	540,807	538,281	397,699	397,947	351,149	295,454	378,572	359,322	332,733
Total business-type activities program revenues	<u>9,581,233</u>	<u>9,780,223</u>	<u>9,429,200</u>	<u>8,981,816</u>	<u>8,127,307</u>	<u>9,419,376</u>	<u>9,591,602</u>	<u>10,233,522</u>	<u>10,253,806</u>	<u>10,963,395</u>
Total primary government program revenues	<u>26,547,896</u>	<u>26,358,265</u>	<u>24,606,597</u>	<u>25,348,137</u>	<u>24,768,390</u>	<u>25,555,685</u>	<u>26,937,383</u>	<u>28,524,947</u>	<u>29,932,429</u>	<u>33,286,080</u>
Net (expense) revenue (1)										
Governmental activities	(59,111,478)	(60,085,475)	(59,811,299)	(74,061,504)	(71,521,025)	(65,049,422)	(67,697,001)	(85,210,189)	(99,590,141)	(80,521,753)
Business-type activities	243,902	(31,553)	(1,185,481)	(1,397,738)	(820,321)	1,012,582	908,133	1,156,988	766,504	(794,891)
Total primary government net expense	<u>(58,867,576)</u>	<u>(60,117,028)</u>	<u>(60,996,780)</u>	<u>(75,459,242)</u>	<u>(72,341,346)</u>	<u>(64,036,840)</u>	<u>(66,788,868)</u>	<u>(84,053,201)</u>	<u>(98,823,637)</u>	<u>(81,316,644)</u>

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 52,390,092	\$ 52,096,954	\$ 51,879,533	\$ 52,749,509	\$ 56,345,681	\$ 59,963,137	\$ 61,722,532	\$ 63,956,257	\$ 65,118,037	\$ 66,324,332
Other local taxes	10,026,312	10,271,067	10,215,999	10,435,809	10,955,993	11,657,187	12,118,186	12,529,640	13,221,452	13,522,591
Noncategorical state aid	6,271,093	6,337,356	6,598,813	6,611,332	6,685,461	6,595,703	6,701,673	6,871,458	6,814,314	6,783,138
Investment earnings-unrestricted	174,192	292,420	248,974	246,068	241,059	150,908	261,818	274,992	250,275	396,118
Investment earnings-restricted for capital projects, debt service and length of service award program	6,818	3,023	7,070	14,986	1,925	1,233	55,460	263,835	337,943	215,960
Miscellaneous	227,217	314,326	337,273	946,856	229,025	205,121	573,225	1,677,067	226,623	137,797
Transfers	-	-	-	162,292	35,205	2,867	-	5,751	(50,000)	-
Special Item - contribution of capital assets	-	-	-	-	817,884	-	-	-	-	-
Total governmental activities	69,095,724	69,315,146	69,287,662	71,166,852	75,312,233	78,576,156	81,432,894	85,579,000	85,918,644	87,379,936
Business-type activities:										
Investment earnings-unrestricted and restricted	25,056	23,637	21,315	38,382	42,071	15,811	58,686	29,687	36,750	97,692
Miscellaneous	26	13,498	13	3,777	6,484	-	1,158	62,879	1,512	4,167
Transfers	-	-	3,802	(162,292)	(35,205)	(2,867)	-	(5,751)	50,000	-
Total business-type activities	25,082	37,135	25,130	(120,133)	13,350	12,944	59,844	86,815	88,262	101,859
Total primary government	\$ 69,120,806	\$ 69,352,281	\$ 69,312,792	\$ 71,046,719	\$ 75,325,583	\$ 78,589,100	\$ 81,492,738	\$ 85,665,815	\$ 86,006,906	\$ 87,481,795
Change in Net Position										
Governmental activities	\$ 9,984,246	\$ 9,229,671	\$ 9,476,363	\$ (2,894,652)	\$ 3,791,208	\$ 13,526,734	\$ 13,735,893	\$ 368,811	\$ (13,671,497)	\$ 6,858,183
Business-type activities	268,984	5,582	(1,160,351)	(1,517,871)	(806,971)	1,025,526	967,977	1,243,803	854,766	(693,032)
Total Primary Government	\$ 10,253,230	\$ 9,235,253	\$ 8,316,012	\$ (4,412,523)	\$ 2,984,237	\$ 14,552,260	\$ 14,703,870	\$ 1,612,614	\$ (12,816,731)	\$ 6,165,151
Component Unit-School Board: (2)										
Expenses										
Education	\$ 98,735,253	\$ 92,148,786	\$ 93,926,813	\$ 102,516,696	\$ 101,586,480	\$ 98,554,187	\$ 99,876,493	\$ 103,236,399	\$ 104,889,393	\$ 104,774,662
Program Revenues										
Charges for services	9,603,258	6,386,146	7,848,217	8,405,921	2,518,530	2,859,682	2,656,725	2,581,361	2,786,113	2,646,055
Operating grants and contributions	23,965,199	20,959,960	20,643,938	19,374,378	22,127,815	22,640,803	24,797,005	22,774,064	25,133,669	24,858,468
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total component unit program revenues	33,568,457	27,346,106	28,492,155	27,780,299	24,646,345	25,500,485	27,453,730	25,355,425	27,919,782	27,504,523
Net (expense)/revenue	(65,166,796)	(64,802,680)	(65,434,658)	(74,736,397)	(76,940,135)	(73,053,702)	(72,422,763)	(77,880,974)	(76,969,611)	(77,270,139)
General Revenues and Other Changes in Net Position										
Contribution from primary government	27,911,539	28,791,675	27,868,624	40,152,454	34,718,131	29,269,553	33,711,812	48,100,970	60,389,231	41,339,555
State aid	34,945,640	33,698,695	32,987,401	32,282,549	38,663,168	40,709,409	39,980,964	40,596,771	40,508,443	42,222,047
Investment earnings-unrestricted	-	2,427	-	-	-	-	791	1,073	1,110	14,708
Investment earnings-restricted for capital projects and debt service	141	62	37	1,101	968	651	-	-	-	-
Miscellaneous	67,502	54,319	177,854	274,752	471,503	109,450	405,311	308,640	114,525	134,574
Special Item - contribution of capital assets	-	-	-	-	1,321,103	-	-	-	-	-
Total general revenues and other changes in net assets	62,924,822	62,547,178	61,033,916	72,710,856	75,174,873	70,089,063	74,098,878	89,007,454	101,013,309	83,710,884
Total Component Unit-School Board Change in Net Position	\$ (2,241,974)	\$ (2,255,502)	\$ (4,400,742)	\$ (2,025,541)	\$ (1,765,262)	\$ (2,964,639)	\$ 1,676,115	\$ 11,126,480	\$ 24,043,698	\$ 6,440,745

(1) Net (expense) revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. A number in parentheses are net expenses indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

(2) Component unit change in net position is included in this table due to the School Board being a significant portion of the County.

COUNTY OF BEDFORD, VIRGINIA

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Funds										
General Fund										
Nonspendable	\$ 572,710	\$ 591,378	\$ 609,118	\$ 617,553	\$ 617,465	\$ 234,600	\$ 268,645	\$ 278,565	\$ 296,607	\$ 284,498
Restricted	248,090	246,949	8,064,388	770,552	305,038	1,657,857	1,850,461	29,704,078	6,072,001	24,385,995
Committed	5,845,833	4,471,108	4,847,144	7,710,886	9,999,808	6,366,387	7,624,489	5,570,652	7,290,318	6,836,238
Assigned	22,045,371	21,344,121	26,773,987	22,154,070	22,687,070	25,789,032	24,936,650	31,471,282	30,428,808	30,658,140
Unassigned	11,780,390	18,035,007	16,186,173	18,055,021	13,274,315	19,916,759	25,244,877	25,656,556	24,082,774	25,640,778
Total governmental funds	<u>\$ 40,492,394</u>	<u>\$ 44,688,563</u>	<u>\$ 56,480,810</u>	<u>\$ 49,308,082</u>	<u>\$ 46,883,696</u>	<u>\$ 53,964,635</u>	<u>\$ 59,925,122</u>	<u>\$ 92,681,133</u>	<u>\$ 68,170,508</u>	<u>\$ 87,805,649</u>

COUNTY OF BEDFORD, VIRGINIA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	\$ 51,970,906	\$ 51,542,750	\$ 51,962,404	\$ 52,987,699	\$ 56,556,779	\$ 60,043,733	\$ 61,700,495	\$ 63,520,537	\$ 65,013,122	\$ 66,303,730
Other local taxes	10,023,749	10,212,720	10,224,275	10,491,533	10,943,326	11,647,448	12,149,638	12,529,553	13,215,433	13,463,926
Permits, privilege fees, and regulatory licenses	469,212	520,504	403,614	491,867	535,127	540,118	512,450	515,652	530,735	611,793
Fines and forfeitures	206,289	175,543	155,453	159,438	144,501	122,821	115,017	155,382	145,480	129,851
Revenue from use of money and property	227,479	323,446	286,553	296,329	279,244	275,960	476,458	736,247	786,376	809,401
Charges for services	1,736,611	1,612,856	1,651,322	2,038,596	1,825,779	1,840,840	2,002,289	2,015,902	2,818,251	2,448,328
Other	586,216	836,223	551,202	881,022	615,778	541,357	535,437	446,039	593,612	631,471
Recovered costs	1,858,219	1,785,592	1,709,688	1,759,014	520,202	503,792	460,022	541,654	522,472	634,755
Intergovernmental	18,633,912	18,508,921	17,662,423	18,393,111	19,765,553	19,565,405	20,456,296	20,845,343	22,167,811	23,989,020
Total revenues	85,712,593	85,518,555	84,606,934	87,498,609	91,186,289	95,081,474	98,408,102	101,306,309	105,793,292	109,022,275
Expenditures										
General government administration	3,368,948	3,804,248	3,380,525	3,501,138	3,815,479	3,790,833	3,563,822	3,772,199	4,190,871	4,522,841
Judicial administration	1,968,828	1,945,473	1,854,452	1,945,807	2,075,807	2,025,961	2,132,148	2,210,515	2,314,015	2,388,617
Public safety	14,135,048	13,974,585	15,319,034	16,754,396	18,666,873	17,824,591	18,828,269	19,344,212	21,303,220	20,941,980
Public works	4,124,046	4,128,287	4,103,729	4,061,034	4,118,593	4,142,247	4,417,932	4,572,428	4,792,171	5,052,857
Health and welfare	10,293,539	10,293,677	9,426,911	9,548,473	9,769,392	9,879,615	10,729,572	11,626,797	13,281,249	14,709,600
Education	27,758,039	27,926,157	28,889,100	32,546,495	33,595,489	29,496,706	32,875,682	33,950,706	37,302,935	36,098,010
Parks, recreation, and cultural	2,729,488	2,524,712	2,556,162	2,583,097	2,883,655	2,823,541	2,849,528	2,993,734	3,165,687	3,130,561
Community development	2,942,518	2,911,920	3,017,817	3,101,816	3,189,462	3,099,227	3,098,928	3,247,165	3,393,749	3,487,754
Debt service										
Principal	6,138,043	5,988,946	5,928,101	5,788,415	6,067,408	6,048,314	5,777,279	5,701,156	6,362,167	6,093,223
Interest and other fiscal charges	4,089,104	3,794,573	3,526,435	3,619,767	2,599,921	2,684,171	2,363,660	2,175,912	3,543,651	3,066,792
Capital projects	4,469,186	4,029,808	2,812,421	10,563,835	6,828,596	7,396,780	5,866,985	19,127,991	30,604,202	12,466,286
Total expenditures	82,016,787	81,322,386	80,814,687	94,014,273	93,610,675	89,211,986	92,503,805	108,722,815	130,253,917	111,958,521
Excess of revenues over (under) expenditures	3,695,806	4,196,169	3,792,247	(6,515,664)	(2,424,386)	5,869,488	5,904,297	(7,416,506)	(24,460,625)	(2,936,246)
Other Financing Sources (Uses)										
Transfers out	-	-	-	(813,133)	-	-	-	-	(50,000)	-
Issuance of debt	-	-	-	-	-	-	-	36,865,000	-	20,275,000
Refunding bonds issued	-	-	-	23,788,000	-	-	7,225,000	-	-	-
Premiums on issuance of debt	-	-	-	4,395,064	-	-	-	3,220,678	-	2,296,387
Payment to refunded bond escrow agent	-	-	-	(28,026,995)	-	-	(7,168,810)	-	-	-
Capital lease proceeds	-	-	8,000,000	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	8,000,000	(657,064)	-	-	56,190	40,085,678	(50,000)	22,571,387
Net change in fund balances	\$ 3,695,806	\$ 4,196,169	\$ 11,792,247	\$ (7,172,728)	\$ (2,424,386)	\$ 5,869,488	\$ 5,960,487	\$ 32,669,172	\$ (24,510,625)	\$ 19,635,141

COUNTY OF BEDFORD, VIRGINIA

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)**
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Service as a Percentage of Noncapital Expenditures:										
Primary Government:										
Total debt service	\$ 10,227,147	\$ 9,783,519	\$ 9,454,536	\$ 9,408,182	\$ 8,667,329	\$ 8,732,485	\$ 8,140,939	\$ 7,877,068	\$ 9,905,818	\$ 9,160,015
Total expenditures	82,016,787	81,322,386	80,814,687	94,014,273	93,610,675	89,211,986	92,503,805	108,722,815	130,253,917	111,958,521
Capital outlay primary government only	1,543,981	1,806,521	1,113,164	1,221,496	2,178,092	3,669,703	3,097,784	3,461,038	5,352,233	5,040,542
Noncapital expenditures	80,472,806	79,515,865	79,701,523	92,792,777	91,432,583	85,542,283	89,406,021	105,261,777	124,901,684	106,917,979
Debt service as a percentage of noncapital expenditures	12.71%	12.30%	11.86%	10.14%	9.48%	10.21%	9.11%	7.48%	7.93%	8.57%
Component Unit-School Board:										
Total debt service	1,279,589	1,253,283	1,094,691	923,386	882,627	834,643	787,048	868,173	946,533	1,155,846
School expenditures excluding County contribution	67,843,266	62,835,578	61,441,387	61,962,350	65,148,912	67,289,716	66,399,289	67,688,200	69,839,335	69,256,503
Capital outlay Component Unit – School Board	2,199,985	2,870,303	657,301	3,330,385	3,044,830	3,004,319	4,025,400	16,465,629	27,492,948	6,631,490
Noncapital expenditures	65,643,281	59,965,275	60,784,086	58,631,965	62,104,082	64,285,397	62,373,889	51,222,571	42,346,387	62,625,013
Primary Government and Component Unit-Schools										
Total Debt Service	11,506,736	11,036,802	10,549,227	10,331,568	9,549,956	9,567,128	8,927,987	8,745,241	10,852,351	10,315,861
Total Noncapital Expenditure	\$ 146,116,087	\$ 139,481,140	\$ 140,485,609	\$ 151,424,742	\$ 153,536,665	\$ 149,827,680	\$ 151,779,910	\$ 156,484,348	\$ 167,248,071	\$ 169,542,992
Debt Service as a percentage of noncapital expenditures	7.88%	7.91%	7.51%	6.82%	6.22%	6.39%	5.88%	5.59%	6.49%	6.08%

(1) In Virginia, the County issues debt to finance the construction of school facilities for the Public Schools because Public Schools do not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the component unit. Debt service as a percentage of noncapital expenditures for the Primary Government and School Board more appropriately reflects the unique Virginia school debt requirements. Only School Board capital lease debt service is selected in the Component Unit-School Board.

COUNTY OF BEDFORD, VIRGINIA

Assessed Value and Estimated Actual Value of Taxable Property (1)
Last Ten Calendar Years

Calendar Year	Real Property				Less: Tax Deferred Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Agricultural Property	Public Service			
2009	\$ 6,745,894,103	\$ 328,639,600	\$ 1,800,619,100	\$ 247,559,296	\$ 1,177,476,400	\$ 7,945,235,699	\$ 0.50
2010	6,717,623,265	433,072,300	1,792,334,000	255,469,933	1,191,870,500	8,006,628,998	0.50
2011	6,392,278,090	499,300,600	1,780,976,300	259,649,263	1,199,227,400	7,732,976,853	0.50
2012	6,453,481,865	520,095,300	1,780,679,000	259,179,258	1,173,245,800	7,840,189,623	0.50
2013	6,817,604,111	642,022,000	1,780,412,600	266,427,161	1,206,268,100	8,300,197,772	0.50
2014	6,889,739,371	649,039,700	1,785,041,800	278,858,917	1,215,882,300	8,386,797,488	0.52
2015	6,952,590,383	681,652,300	1,788,524,700	294,371,167	1,211,313,400	8,505,825,150	0.52
2016	7,042,927,820	698,322,700	1,795,584,700	331,448,764	1,214,727,200	8,653,556,784	0.52
2017	7,120,334,172	705,261,700	1,795,644,600	326,010,950	1,216,871,300	8,730,380,122	0.52
2018	7,188,214,159	702,798,700	1,792,912,100	325,277,869	1,206,883,300	8,802,319,528	0.52

- (1) Property in Bedford County is reassessed once every four years at actual market value. Property is assessed at 100 percent of estimated actual value. Tax rates are per \$100 of assessed value.

Source: Bedford County Commissioner of the Revenue

COUNTY OF BEDFORD, VIRGINIA

Direct Property Tax Rates
Last Ten Calendar Years
(rate per \$100 of assessed value)

<u>Type of Tax</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Real Estate:										
General Fund	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.52

Source:

COUNTY OF BEDFORD, VIRGINIA

Principal Real Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2019 Calendar Year			2010 Calendar Year		
	Assessed Valuation	Rank	% of Total Taxable Assessed Valuation	Assessed Valuation	Rank	% of Total Taxable Assessed Valuation
Appalachian Power Co	\$ 154,204,940	1	1.75%	\$ 122,773,173	1	1.55%
Teva Pharmaceuticals Industries Ltd	47,523,500	2	0.54%	38,711,000	3	0.49%
Norfolk & Western Railway Co	43,355,292	3	0.49%	27,390,820	4	0.34%
Southside Electric Corporation	31,548,515	4	0.36%	21,079,701	5	0.27%
Verizon Virginia Inc	26,833,918	5	0.30%	50,796,957	2	0.64%
GP (Georgia Pacific) Big Island LLC	24,279,400	6	0.28%	12,819,800	7	0.16%
Gables of Jefferson Commons	13,124,000	7	0.15%	-	-	-
Carriage Square	11,931,000	8	0.14%	-	-	-
Wal-Mart	10,566,300	9	0.12%	10,051,300	10	0.13%
Boonsboro Country Club	9,603,700	10	0.11%	-	-	-
M & J Developers	-	-	-	20,437,700	6	0.26%
Sunset Cay Partners LLC	-	-	-	12,310,800	8	0.15%
W.H.M. Corp	-	-	-	10,395,900	9	0.13%
	<u>\$ 372,970,565</u>		<u>4.25%</u>	<u>\$ 326,767,151</u>		<u>4.11%</u>

Source: Bedford County Commissioner of the Revenue

COUNTY OF BEDFORD, VIRGINIA

Real Property Tax Levies and Collections
Last Ten Fiscal Years

Tax Year	Tax Levied for the Tax Year	Adjustments	Total Adjusted Levy	Collection within the Tax Year of Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2009	\$ 39,442,413	\$ 84,807	\$ 39,527,220	\$ 37,530,764	95.15%	\$ 1,988,341	\$ 39,519,105	99.98%
2010	39,794,973	88,926	39,883,899	37,517,045	94.28%	2,357,440	39,874,485	99.98%
2011	38,373,116	107,420	38,480,536	36,479,693	95.07%	1,988,136	38,467,829	99.97%
2012	38,826,705	66,544	38,893,249	37,047,971	95.42%	1,826,556	38,874,527	99.95%
2013	40,110,895	99,523	40,210,418	38,498,853	95.98%	1,685,254	40,184,107	99.93%
2014	43,252,910	109,863	43,362,773	41,430,823	95.79%	1,866,938	43,297,761	99.85%
2015	43,857,517	139,411	43,996,928	42,162,884	96.14%	1,739,982	43,902,866	99.79%
2016	44,613,788	115,607	44,729,395	42,884,139	96.12%	1,652,144	44,536,283	99.57%
2017	45,009,233	148,499	45,157,732	43,137,025	95.84%	1,646,627	44,783,652	99.17%
2018	45,388,928	174,657	45,563,585	42,947,960	94.62%	1,896,350	44,844,310	98.42%

COUNTY OF BEDFORD, VIRGINIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*The County has no overlapping debt*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Virginia Public School Authority Bonds	Lease Revenue Bonds	Capital Leases	Lease Revenue Bonds	Capital Leases			
2010	\$ 3,200,000	\$ 29,245,342	\$ 46,239,890	\$ -	\$ 2,775,000	\$ 42,369	\$ 81,502,601	2.87%	\$ 1,183
2011	2,785,000	26,084,759	43,826,527	-	2,575,000	521,497	75,792,783	2.60%	1,092
2012	2,370,000	22,893,185	41,505,000	8,000,000	2,365,000	410,371	77,543,556	2.52%	1,114
2013	1,960,000	43,704,770	16,640,000	8,000,000	-	295,291	70,600,061	2.20%	925
2014	1,555,000	40,732,362	14,125,000	7,825,000	-	176,119	64,413,481	2.04%	834
2015	1,155,000	38,024,048	11,540,000	7,470,000	-	52,708	58,241,756	1.81%	751
2016	760,000	35,408,169	9,360,000	7,093,600	-	-	52,621,769	1.60%	679
2017	375,000	69,802,952	6,925,000	6,682,661	-	413,965	84,199,578	2.41%	1,082
2018	-	65,276,932	5,905,000	6,241,515	-	330,964	77,754,411	2.11%	993
2019	-	80,943,552	4,885,000	5,776,671	-	518,288	92,123,511	*	*

(1) Bureau of Economic Analysis, includes Bedford Town and County

* Unavailable

COUNTY OF BEDFORD, VIRGINIA

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Real Property (1)	Per Capita (2)
	County General Obligation	School General Obligation	Total Primary Government		
2010	\$ 3,200,000	\$ 29,245,342	\$ 32,445,342	0.41%	\$ 471
2011	2,785,000	26,084,759	28,869,759	0.37%	416
2012	2,370,000	22,893,185	25,263,185	0.32%	363
2013	1,960,000	43,704,770	45,664,770	0.55%	598
2014	1,742,000	40,545,362	42,287,362	0.50%	548
2015	1,342,000	37,837,048	39,179,048	0.46%	505
2016	947,000	35,221,169	36,168,169	0.42%	467
2017	562,000	69,615,952	70,177,952	0.80%	902
2018	144,000	65,132,932	65,276,932	0.74%	833
2019	96,000	80,847,552	80,943,552	0.86%	*

(1) Source - Taxable Value of Assessed Real Property obtained from the Commissioner of Revenue.

(2) Source - Schedule of Demographic and Economic Statistics TABLE 12 for personal income and population data.

* Unavailable

COUNTY OF BEDFORD, VIRGINIA

County Debt Policy (1)
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net debt applicable to parameter	\$ 78,685,232	\$ 72,696,286	\$ 74,768,185	\$ 70,304,770	\$ 64,237,362	\$ 58,189,048	\$ 52,621,769	\$ 83,785,613	\$ 77,423,447	\$ 91,605,223
Net debt as a percentage of assessed value (not to exceed 3.5%)	0.98%	0.94%	0.95%	0.85%	0.77%	0.68%	0.61%	0.96%	0.88%	0.98%
Net debt per capita (not to exceed \$1,750)	\$ 1,142	\$ 1,048	\$ 1,074	\$ 921	\$ 832	\$ 751	\$ 679	\$ 1,077	\$ 988	*
Debt service as a percentage of General Governmental Expenditures (not to exceed 15%)	8.04%	8.04%	7.60%	7.27%	6.41%	6.55%	5.99%	6.21%	7.64%	6.36%

- (1) The *Code of Virginia* has no legal debt margin limit set on the Counties. However, Bedford County has established a policy with the following three parameters:
- Net Debt as a percentage of Assessed Value will not exceed 3.5%. (Net Debt is General Obligation debt and Capital Lease Obligation exclusive of debt or leases payable from Proprietary Funds)
 - Net Debt per Capita will not exceed \$1,750 per capita.
 - General Obligation Debt Service and Capital Lease payments as a percentage of General Governmental Expenditures will not exceed 15%.

* Unavailable

COUNTY OF BEDFORD, VIRGINIA

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (5) (thousands of dollars)</u>	<u>Per Capita Personal Income (2) (6)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2010	68,880	\$ 2,836,787	\$ 37,827	10,590	7.0%
2011	69,379	2,911,097	38,595	10,299	6.5%
2012	69,637	3,075,785	40,710	10,302	6.0%
2013	76,309	3,206,247	42,314	10,023	5.7%
2014	77,213	3,163,386	41,307	9,915	5.1%
2015	77,525	3,226,628	41,514	9,674	4.4%
2016	77,465	3,280,745	42,082	9,545	4.1%
2017	77,807	3,489,643	44,602	9,543	3.9%
2018	78,329	3,678,030	46,707	9,474	3.1%
2019	*	*	*	9,475	3.0%

Sources: (1) Weldon Cooper Center for Public Service, University of Virginia, intercensal estimates for FY 2010 and estimates for FY 2011 through FY 2019.

(2) Bureau of Economic Analysis, includes Bedford Town and County

(3) March 31 ADM

(4) Virginia Employment Commission calendar year data for 2010-2017. Data for 2018 was updated to reflect final calendar year figure. Data for 2019 is average for January 1, 2019 through June 30, 2019.

(5) Personal income is the income received by all persons from all sources.

(6) Per capita personal income is calculated as the personal income of residents of a given area divided by the resident population of the area.

* Unavailable

COUNTY OF BEDFORD, VIRGINIA

Principal Employers
Current Year and Nine Years Ago

Taxpayer	2019		2010	
	Employees	Rank	Employees	Rank
Bedford County School Board	1,000+	1	1,000+	1
Centra Health	500-999	2	-	-
County of Bedford	500-999	3	500-999	3
Walmart	250-499	4	250-499	6
GP (Georgia Pacific) Big Island LLC	250-499	5	250-499	5
Mail America Communications	250-499	6	250-499	7
* Elwood Staffing Services Inc	250-499	7	-	-
** Teva Pharmaceuticals Industries Ltd	250-499	8	500-999	4
Food Lion	100-249	9	100-249	9
Sentry Equipment Erectors	100-249	10	100-249	10
* Staffmark Investment LLC	-	-	500-999	2
Valtim	-	-	100-249	9
Inservice America	-	-	250-499	8

Source: Virginia Labor Market Information (LMI)

* Staffing agencies that provided temporary workers for Bedford County and surrounding locality businesses.

** Formally known as Barr Laboratories.

COUNTY OF BEDFORD, VIRGINIA

Bedford County School Board
 March 31st Average Daily Membership
 Last Ten Fiscal Years

Grade	Fiscal Year									
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
K	767	714	776	733	689	686	661	672	659	694
1	792	750	728	769	728	688	662	664	693	673
2	755	771	744	718	759	710	686	690	683	704
3	791	747	784	750	704	742	694	686	704	682
4	766	786	739	784	739	713	739	709	693	697
5	793	759	797	756	798	745	707	756	734	711
6	855	772	763	796	734	806	737	699	754	726
7	870	868	781	782	793	744	807	740	726	750
8	867	865	881	804	782	801	742	803	752	736
9	865	887	874	934	833	822	833	801	836	797
10	821	831	834	837	877	805	800	781	763	799
11	825	783	814	809	787	865	750	775	748	738
12	823	830	784	830	800	788	856	769	798	767
Total	10,590	10,363	10,299	10,302	10,023	9,915	9,674	9,545	9,543	9,474
Elementary school membership	6,389	6,167	6,112	6,088	5,944	5,834	5,693	5,616	5,646	5,637
Secondary school membership	4,201	4,196	4,187	4,214	4,079	4,081	3,981	3,929	3,897	3,837
Total	10,590	10,363	10,299	10,302	10,023	9,915	9,674	9,545	9,543	9,474

Source: Bedford County School Board

COUNTY OF BEDFORD, VIRGINIA

**Bedford County School Board
Full-Time Equivalent Employees by Type
Last Ten Fiscal Years**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Supervisory										
Instructional administrators	9	9	8	6	8	9	11	13	10	2
Noninstructional administrators	14	13	14	14	16	14	14	12	14	13
Consultants/supervisors of instruction	23	18	26	31	29	30	31	33	32	46
Principals	22	22	22	22	22	22	21	21	21	21
Assistant principals	15	14	14	15	15	14	14	13	14	14
Total supervisory	83	76	84	88	90	89	91	92	91	96
Instruction										
Elementary classroom teachers	386	355	343	350	451	448	434	416	422	437
Secondary classroom teachers	406	396	398	398	315	319	323	308	296	306
ESE teachers	3	3	3	-	3	3	4	5	6	5
Other teachers (adult)	5	5	5	-	-	-	-	-	-	-
Other professionals (instructional)	135	143	122	119	115	119	120	121	121	92
Aides	161	156	154	157	160	168	186	187	193	209
Total instruction	1,096	1,058	1,025	1,024	1,044	1,057	1,067	1,037	1,038	1,049
Student Services										
Guidance counselors	36	34	32	33	33	35	34	31	33	33
Visiting teachers/social workers	3	3	3	3	3	2	1	1	3	3
Psychologists	7	7	7	7	8	9	7	5	6	7
Librarians	30	28	26	26	23	20	20	20	19	21
Other professionals (noninstructional)	28	30	29	29	29	28	30	35	29	26
Technicians	10	11	12	13	14	15	12	16	17	18
Total student services	114	113	109	111	110	109	104	108	107	108
Support and Administration										
Clerical/secretarial	70	67	67	66	68	71	70	68	73	70
Service workers	346	336	301	290	296	308	323	335	346	350
Skilled crafts	24	22	22	24	26	24	24	24	23	24
Unskilled laborers	11	11	11	12	14	15	18	23	16	17
Total support and administration	451	436	401	392	404	418	435	450	458	461
Total employees	1,744	1,683	1,619	1,615	1,648	1,673	1,697	1,687	1,694	1,714
Teachers and administrators	883	835	833	836	859	859	852	821	815	844
Other employees	861	848	786	779	789	814	845	866	879	870
Total employees	1,744	1,683	1,619	1,615	1,648	1,673	1,697	1,687	1,694	1,714

COUNTY OF BEDFORD, VIRGINIA

**Bedford County School Board
Operating Statistics
Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2010	10,590	\$ 93,233,802	\$ 8,804	-3.03%	13.04	33%
2011	10,363	89,458,628	8,633	-1.95%	13.65	35%
2012	10,299	89,234,061	8,664	0.37%	13.75	35%
2013	10,302	92,976,273	9,025	4.16%	13.77	35%
2014	10,023	95,992,543	9,577	6.12%	13.08	35%
2015	9,915	95,893,402	9,672	0.98%	12.93	37%
2016	9,674	98,432,050	10,175	5.20%	12.78	37%
2017	9,545	96,688,413	10,130	-0.44%	13.17	37%
2018	9,543	101,495,428	10,636	4.99%	13.29	37%
2019	9,474	101,065,093	10,668	0.30%	12.75	39%

Source: Bedford County School Board

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COMPLIANCE SECTION

INDEPENDENT AUDITOR'S 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 Bedford, Virginia

We have audited, 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* and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Bedford, Virginia (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 19, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs, as item 2019-003.**

County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
February 19, 2020



**INDEPENDENT AUDITOR'S 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 Bedford, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Bedford, Virginia's (the "County") 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's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Compliance for Each Major Federal Program (Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the County 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'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'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 the 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.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

COUNTY OF BEDFORD, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2019

As more fully described in the Independent Auditor's 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*, we performed tests of the County's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Comprehensive Services Act
Sheriff Internal Controls

State Agency Requirements

Education
Social Services

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the Independent Auditor's 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*.
3. **There were no instances of noncompliance** material to the financial statements disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs were:

<u>Name of Program:</u>	<u>CFDA #</u>
Child Nutrition Cluster – National School Breakfast Program	10.553
Child Nutrition Cluster – National School Lunch Program	10.555
Child Nutrition Cluster – Summer Food Service for Children	10.559
Missing Children's Assistance	16.543
Special Education – Grants to States (Special Education Cluster)	84.027
Special Education – Preschool Grants (Special Education Cluster)	84.173

8. The **threshold** for distinguishing Type A and B programs was **\$750,000**.
9. The County of Bedford was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2019-001: Child Nutrition Cluster – CFDA# 10.553, 10.555, 10.559; Special Education Cluster – CFDA# 84.027, 84.173; Internet Crimes Against Children – Missing Children's Assistance Grant – CFDA# 16.543, Procurement Policies and Procedures

Condition:

The County does not have complete, written, updated procurement policies that are in compliance with the standards required by the Uniform Guidance (2 CFR Part 200).

(Continued)

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)

2019-001: Child Nutrition Cluster – CFDA# 10.553, 10.555, 10.559; Special Education Cluster – CFDA# 84.027, 84.173; Internet Crimes Against Children – Missing Children’s Assistance Grant – CFDA# 16.543, Procurement Policies and Procedures (Continued)

Criteria:

Under the requirements in the Uniform Guidance, all entities are required to have written procurement policies that conform to applicable Federal laws and regulations and standards. The complete procurement standards are located at 2 CFR Part 200, Sections 317 through 326.

Cause:

While the County does have procurement policies in place, the County has not updated procurement policies in accordance with the Uniform Guidance.

Effect:

The lack of complete, written updated policies could result in an improper procurement using Federal funds.

Recommendation:

Management should draft and implement updated written procurement procedures to align with the Uniform Guidance requirements for all purchases to be made with Federal funds.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs and has begun drafting written procurement procedures to comply with the Uniform Guidance.

2019-002: Child Nutrition Cluster – CFDA# 10.553, 10.555, 10.559; Special Education Cluster – CFDA# 84.027, 84.173; Internet Crimes Against Children – Missing Children’s Assistance Grant – CFDA# 16.543, Late Filing of Data Collection Form

Condition:

The County did not file the data collection form for the year ended June 30, 2018 timely.

Criteria:

Under the requirements in the Uniform Guidance and the Office of Management and Budget (OMB), all entities are required to file the annual data collection form with the Federal Audit Clearinghouse the earlier of either 30 days after the issuance of the entity’s annual audit or nine months after the entity’s fiscal year end (March 31st for the County of Bedford).

(Continued)

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)

2019-002: Child Nutrition Cluster – CFDA# 10.553, 10.555, 10.559; Special Education Cluster – CFDA# 84.027, 84.173; Internet Crimes Against Children – Missing Children’s Assistance Grant – CFDA# 16.543, Late Filing of Data Collection Form

Cause:

Management did not complete and certify auditee portion of the form before the deadline. The form was not completed until May 14, 2019.

Effect:

The entity’s form was submitted to the Federal Audit Clearinghouse late, delaying completion of all annual audit requirements for the County.

Recommendation:

Management should take steps to ensure that the form is filed timely.

Views of Responsible Officials and Planned Corrective Actions:

Management concurs and will take steps to ensure that the data collection form is filed timely going forward.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2019-003: Commonwealth of Virginia Disclosure Statements

Condition:

One County board member filed a statement of economic interest as required by the *Code of Virginia* after the February 1, 2019 deadline.

Recommendation:

Steps should be taken to ensure that these statements are filed and in a timely manner.

Management’s Response:

The auditee concurs with the recommendation.

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