

BEDFORD COUNTY

Virginia



Annual Financial Report *Fiscal*
Year Ending June 30, 2020



COUNTY OF BEDFORD, VIRGINIA

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DEPARTMENT OF FISCAL MANAGEMENT

COUNTY OF BEDFORD, VIRGINIA

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INTRODUCTORY SECTION

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

MEMBERS OF THE BOARD OF SUPERVISORS

John Sharp, Chairperson
Charla Bansley, Vice Chairperson

| | |
|----------------|--------------|
| Tommy Scott | Bob Davis |
| Edgar Tuck | Tammy Parker |
| Mickey Johnson | |

MEMBERS OF THE COUNTY SCHOOL BOARD

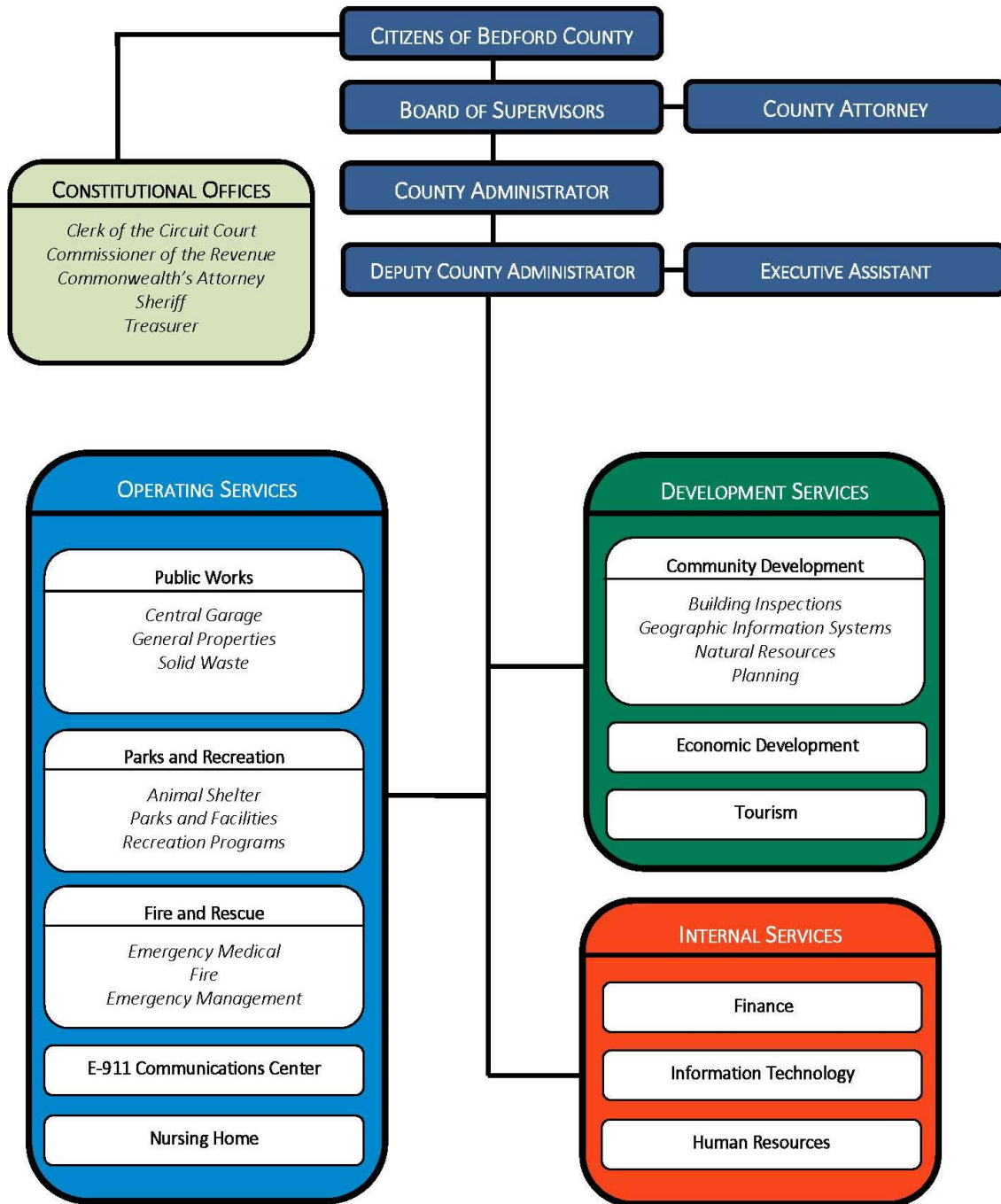
Martin F. Leamy, Chairperson
Susan F. Kirby, Vice Chairperson

| | |
|------------------------|---------------------|
| Dr. Susan C. Mele | Jason W. Johnson |
| Dr. John H. Hicks, Jr. | Georgia W. Hairston |
| Marcus S. Hill | |

OTHER OFFICIALS

| | |
|-----------------------------|-------------------------------|
| Robert Hiss | County Administrator |
| Patrick J. Skelley, II..... | County Attorney |
| Ashley Anderson, CPA | Director of Fiscal Management |
| Dr. Douglas Schuch..... | Superintendent of Schools |
| Randy Hagler | Schools Director of Finance |
| Andrew L. Crawford | Director of Social Services |
| Judy E. Reynolds | Clerk of the Circuit Court |
| Wes Nance | Commonwealth's Attorney |
| Julie Creasy..... | Commissioner of the Revenue |
| Kim J. Snow..... | Treasurer |
| Michael W. Miller | Sheriff |
| Barbara J. Gunter | Registrar |

Bedford County Organizational Chart



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

Management's Responsibility for the Financial Statements

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

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, 2020, 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.

Prior Period Adjustments

As described in Note 23 to the financial statements, the June 30, 2019 net position has been restated to adjust for the County's change in the capital asset capitalization threshold. Our opinion is not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

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

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.

Other Matters (Continued)

Other Information (Continued)

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.

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 September 13, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
September 13, 2021

**BASIC FINANCIAL
STATEMENTS**

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF NET POSITION
June 30, 2020**

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash, cash equivalents, and investments | \$ 80,618,743 | \$ 16,010,855 | \$ 96,629,598 |
| Receivables, net | 30,924,066 | 661,924 | 31,585,990 |
| Internal balances | (164,872) | 164,872 | - |
| Due from other governments | - | - | - |
| Due from primary government | - | - | - |
| Prepays | 269,986 | 63,319 | 333,305 |
| Inventories | 40,675 | - | 40,675 |
| Restricted assets: | | | |
| Cash, cash equivalents, and investments | 6,456,421 | 37,248 | 6,493,669 |
| Net pension asset | - | - | - |
| Capital assets: | | | |
| Nondepreciable | 8,033,704 | 1,725,467 | 9,759,171 |
| Depreciable, net | 32,773,482 | 9,051,573 | 41,825,055 |
| Total assets | 158,952,205 | 27,715,258 | 186,667,463 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 2,025,884 | - | 2,025,884 |
| Deferred outflows related to pensions (Notes 9, 10, 11, and 12) | 4,497,452 | 803,430 | 5,300,882 |
| Deferred outflows related to other postemployment benefits (Notes 13 and 14) | 501,131 | 148,862 | 649,993 |
| Total deferred outflows of resources | 7,024,467 | 952,292 | 7,976,759 |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 4,899,769 | 445,159 | 5,344,928 |
| Accrued payroll and related liabilities | 409,816 | 453,949 | 863,765 |
| Accrued interest payable | 1,495,927 | - | 1,495,927 |
| Self insurance (Note 17) | - | - | - |
| Incentives and performance grants payable | - | - | - |
| Escrow payable | - | - | - |
| Unearned revenues | 6,729,892 | 374,780 | 7,104,672 |
| Due to component units | 11,208,688 | - | 11,208,688 |
| Liabilities payable from restricted assets | - | 37,248 | 37,248 |
| Noncurrent liabilities: | | | |
| Due within one year (Note 7) | 7,645,448 | 474,538 | 8,119,986 |
| Due in more than one year | 87,747,893 | 8,037,565 | 95,785,458 |
| Net pension liability (Notes 9, 10, 11, and 12) | 8,585,962 | 1,062,120 | 9,648,082 |
| Net other postemployment benefit liability (Notes 13 and 14) | 2,110,723 | 468,863 | 2,579,586 |
| Total liabilities | 130,834,118 | 11,354,222 | 142,188,340 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes | 22,570,425 | - | 22,570,425 |
| Deferred inflows related to pensions (Notes 9, 10, 11, and 12) | 914,668 | 126,182 | 1,040,850 |
| Deferred inflows related to other postemployment benefits (Notes 13 and 14) | 228,814 | 40,315 | 269,129 |
| Lease income | - | - | - |
| Total deferred inflows of resources | 23,713,907 | 166,497 | 23,880,404 |
| NET POSITION | | | |
| Net investment in capital assets | 39,341,946 | 10,406,135 | 49,748,081 |
| Restricted for: | | | |
| Donor requests | - | - | - |
| Capital projects and debt service | 387,285 | - | 387,285 |
| Pension | - | - | - |
| Unrestricted (deficit) | (28,300,584) | 6,740,696 | (21,559,888) |
| Total net position | \$ 11,428,647 | \$ 17,146,831 | \$ 28,575,478 |

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

| Component Units | | | | |
|------------------------|-----------------------|---------------------------------------|---------------------------------------|----------------------|
| School Board | Public Library | Economic Development Authority | Reclassifications (See Note 1) | Total |
| \$ 10,609,790 | \$ 496,413 | \$ 1,493,343 | \$ - | \$ 109,229,144 |
| 3,512,498 | 20,314 | 670,886 | - | 35,789,688 |
| - | - | - | - | - |
| - | - | 461,758 | - | 461,758 |
| 11,206,100 | 2,588 | - | - | 11,208,688 |
| 147,308 | 36,177 | - | - | 516,790 |
| 184,794 | - | 8,660,282 | - | 8,885,751 |
| - | 65,796 | 29,230 | - | 6,588,695 |
| 74,805 | 174,410 | - | - | 249,215 |
| 23,716,118 | - | 3,115,850 | - | 36,591,139 |
| 114,136,511 | 553,763 | 1,195,302 | - | 157,710,631 |
| <u>163,587,924</u> | <u>1,349,461</u> | <u>15,626,651</u> | <u>-</u> | <u>367,231,499</u> |
| - | - | - | - | 2,025,884 |
| 17,984,604 | 137,056 | - | - | 23,422,542 |
| 3,084,437 | 10,382 | - | - | 3,744,812 |
| <u>21,069,041</u> | <u>147,438</u> | <u>-</u> | <u>-</u> | <u>29,193,238</u> |
| 2,291,645 | 47,382 | 489,376 | - | 8,173,331 |
| 11,884,989 | 57,293 | - | - | 12,806,047 |
| 80,030 | - | - | - | 1,575,957 |
| 907,326 | - | - | - | 907,326 |
| - | - | 460,000 | - | 460,000 |
| - | - | 88,000 | - | 88,000 |
| - | - | - | - | 7,104,672 |
| - | - | - | - | 11,208,688 |
| - | - | - | - | 37,248 |
| 2,085,596 | 64,377 | 11,841 | - | 10,281,800 |
| 3,787,627 | 37,660 | 657,438 | - | 100,268,183 |
| 81,823,201 | - | - | - | 91,471,283 |
| 15,863,515 | 53,375 | - | - | 18,496,476 |
| <u>118,723,929</u> | <u>260,087</u> | <u>1,706,655</u> | <u>-</u> | <u>262,879,011</u> |
| - | - | - | - | 22,570,425 |
| 8,906,093 | 29,547 | - | - | 9,976,490 |
| 5,273,803 | 5,934 | - | - | 5,548,866 |
| - | - | 142,296 | - | 142,296 |
| <u>14,179,896</u> | <u>35,481</u> | <u>142,296</u> | <u>-</u> | <u>38,238,077</u> |
| 133,836,321 | 527,597 | 4,311,152 | (89,981,362) | 98,441,789 |
| - | 62,165 | 29,230 | - | 91,395 |
| - | - | - | - | 387,285 |
| 74,805 | 174,410 | - | - | 249,215 |
| (82,157,986) | 437,159 | 9,437,318 | 89,981,362 | (3,862,035) |
| <u>\$ 51,753,140</u> | <u>\$ 1,201,331</u> | <u>\$ 13,777,700</u> | <u>\$ -</u> | <u>\$ 95,307,649</u> |

COUNTY OF BEDFORD, VIRGINIA

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

| Function | Expenses | Program Revenues | | |
|-----------------------------------|-----------------------|-----------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 5,019,953 | \$ 595,853 | \$ 657,049 | \$ - |
| Judicial administration | 2,950,095 | 86,409 | 1,385,657 | - |
| Public safety | 24,496,837 | 2,708,587 | 6,847,364 | 158,779 |
| Public works | 7,347,749 | 443,415 | 1,285,729 | - |
| Health and welfare | 17,297,660 | 158,016 | 10,978,667 | - |
| Education | 58,005,165 | - | - | - |
| Parks, recreational, and cultural | 3,589,381 | 83,050 | 6,862 | - |
| Community development | 7,055,199 | 292,024 | 1,122,504 | - |
| Interest on long-term debt | 3,236,998 | - | - | - |
| Total governmental activities | <u>128,999,037</u> | <u>4,367,354</u> | <u>22,283,832</u> | <u>158,779</u> |
| Business-type activities: | | | | |
| Nursing home | 7,759,530 | 7,600,312 | - | - |
| Solid waste | 5,181,169 | 2,624,487 | - | - |
| Total business-type activities | <u>12,940,699</u> | <u>10,224,799</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 141,939,736</u> | <u>\$ 14,592,153</u> | <u>\$ 22,283,832</u> | <u>\$ 158,779</u> |
| Component Units: | | | | |
| School Board | \$ 112,878,831 | \$ 2,249,445 | \$ 27,147,572 | \$ - |
| Public Library | 2,035,977 | 38,940 | 307,166 | - |
| Economic Development Authority | 515,556 | - | 336,010 | 111,759 |
| Total component units | <u>\$ 115,430,364</u> | <u>\$ 2,288,385</u> | <u>\$ 27,790,748</u> | <u>\$ 111,759</u> |

General Revenues:

- Property taxes
- Other local taxes
- Payments from Bedford County
- Noncategorical grants and state and federal aid
- Investment earnings, unrestricted
- Investment earnings, restricted for capital projects and debt service
- Miscellaneous
- Transfers
 - Total general revenues
 - Change in net position
- Net position-beginning, as restated (Note 23)
- 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 |
| \$ (3,767,051) | \$ - | \$ (3,767,051) | \$ - | \$ - | \$ - | \$ (3,767,051) |
| (1,478,029) | - | (1,478,029) | - | - | - | (1,478,029) |
| (14,782,107) | - | (14,782,107) | - | - | - | (14,782,107) |
| (5,618,605) | - | (5,618,605) | - | - | - | (5,618,605) |
| (6,160,977) | - | (6,160,977) | - | - | - | (6,160,977) |
| (58,005,165) | - | (58,005,165) | - | - | - | (58,005,165) |
| (3,499,469) | - | (3,499,469) | - | - | - | (3,499,469) |
| (5,640,671) | - | (5,640,671) | - | - | - | (5,640,671) |
| (3,236,998) | - | (3,236,998) | - | - | - | (3,236,998) |
| <u>(102,189,072)</u> | <u>-</u> | <u>(102,189,072)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(102,189,072)</u> |
| - | (159,218) | (159,218) | - | - | - | (159,218) |
| - | (2,556,682) | (2,556,682) | - | - | - | (2,556,682) |
| - | (2,715,900) | (2,715,900) | - | - | - | (2,715,900) |
| <u>(102,189,072)</u> | <u>(2,715,900)</u> | <u>(104,904,972)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(104,904,972)</u> |
| - | - | - | (83,481,814) | - | - | (83,481,814) |
| - | - | - | - | (1,689,871) | - | (1,689,871) |
| - | - | - | - | - | (67,787) | (67,787) |
| - | - | - | <u>(83,481,814)</u> | <u>(1,689,871)</u> | <u>(67,787)</u> | <u>(85,239,472)</u> |
| 68,428,760 | - | 68,428,760 | - | - | - | 68,428,760 |
| 14,607,915 | - | 14,607,915 | - | - | - | 14,607,915 |
| - | - | - | 58,001,379 | 1,665,616 | 1,496,275 | 61,163,270 |
| 6,891,910 | - | 6,891,910 | 41,518,978 | - | - | 48,410,888 |
| 469,761 | 102,250 | 572,011 | 21,914 | 2,408 | 3,864 | 600,197 |
| 387,207 | - | 387,207 | - | - | - | 387,207 |
| 533,688 | 215,512 | 749,200 | 321,995 | 18,155 | - | 1,089,350 |
| (2,051,741) | 2,051,741 | - | - | - | - | - |
| <u>89,267,500</u> | <u>2,369,503</u> | <u>91,637,003</u> | <u>99,864,266</u> | <u>1,686,179</u> | <u>1,500,139</u> | <u>194,687,587</u> |
| (12,921,572) | (346,397) | (13,267,969) | 16,382,452 | (3,692) | 1,432,352 | 4,543,143 |
| 24,350,219 | 17,493,228 | 41,843,447 | 35,370,688 | 1,205,023 | 12,345,348 | 90,764,506 |
| <u>\$ 11,428,647</u> | <u>\$ 17,146,831</u> | <u>\$ 28,575,478</u> | <u>\$ 51,753,140</u> | <u>\$ 1,201,331</u> | <u>\$ 13,777,700</u> | <u>\$ 95,307,649</u> |

COUNTY OF BEDFORD, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUND
June 30, 2020**

| | General Fund |
|---|-----------------------|
| Assets | |
| Cash, cash equivalents, and investments | \$ 80,618,743 |
| Receivables, net | 30,924,066 |
| Prepays | 269,986 |
| Inventories | 40,675 |
| Restricted cash, cash equivalents, and investments | 6,456,421 |
| Total assets | \$ 118,309,891 |
| Liabilities | |
| Accounts payable and accrued expenses | \$ 4,899,769 |
| Accrued payroll and related liabilities | 409,816 |
| Due to other funds | 164,872 |
| Due to component units | 10,505,857 |
| Total liabilities | 15,980,314 |
| Deferred Inflows of Resources | |
| Unavailable revenue | 33,817,990 |
| Total deferred inflows of resources | 33,817,990 |
| Fund Balances | |
| Nonspendable | 310,661 |
| Restricted | 4,420,914 |
| Committed | 7,432,663 |
| Assigned | 27,687,939 |
| Unassigned | 28,659,410 |
| Total fund balances | 68,511,587 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 118,309,891 |

(Continued)

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

COUNTY OF BEDFORD, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUND
June 30, 2020**

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

| | | |
|---|---------------------|----------------------|
| Total Fund Balance, Governmental Funds | | \$ 68,511,587 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Gross capital assets at historical cost | \$ 83,899,303 | |
| Accumulated depreciation | <u>(43,092,117)</u> | 40,807,186 |
| Receivables on the statement of net position that do not provide current financial resources are not reported in the governmental funds. | | 4,517,673 |
| 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 | 4,497,452 | |
| OPEB related deferred outflows | 501,131 | |
| Pension related deferred inflows | (914,668) | |
| OPEB related deferred inflows | <u>(228,814)</u> | 3,855,101 |
| 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 | | (702,831) |
| Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in governmental funds. | | |
| Accrued interest payable | (1,495,927) | |
| General obligation and lease revenue bonds | (80,286,160) | |
| Premium on debt issued | (7,901,881) | |
| Deferred charges on refunding | 2,025,884 | |
| Equipment leases | (5,284,445) | |
| Compensated absences | (1,920,855) | |
| Other post-employment benefits | (2,110,723) | |
| Net pension liability | <u>(8,585,962)</u> | <u>(105,560,069)</u> |
| Net position of Governmental Activities | | <u>\$ 11,428,647</u> |

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
Year Ended June 30, 2020

| | <u>General Fund</u> |
|---|----------------------|
| Revenues | |
| General property taxes | \$ 68,497,980 |
| Other local taxes | 14,632,059 |
| Permits, privilege fees, and regulatory licenses | 540,747 |
| Fines and forfeitures | 89,712 |
| Revenue from use of money and property | 1,049,371 |
| Charges for services | 2,429,251 |
| Other | 1,016,225 |
| Recovered costs | 626,730 |
| Intergovernmental | 28,331,036 |
| Total revenues | <u>117,213,111</u> |
| Expenditures | |
| Current operating | |
| General government administration | 4,214,240 |
| Judicial administration | 2,421,382 |
| Public safety | 22,179,931 |
| Public works | 5,244,561 |
| Health and welfare | 16,888,732 |
| Education | 36,524,702 |
| Parks, recreation, and cultural | 3,027,537 |
| Community development | 3,519,175 |
| Debt service | |
| Principal | 6,034,618 |
| Interest and other fiscal charges | 3,324,295 |
| Capital projects | |
| Education | 21,112,464 |
| Other governmental activities | 9,963,795 |
| Total expenditures | <u>134,455,432</u> |
| Excess (deficiency) of revenues over expenditures | <u>(17,242,321)</u> |
| Other Financing Sources | |
| Transfers in | 179,826 |
| Transfers out | (2,231,567) |
| Total other financing sources | <u>(2,051,741)</u> |
| Net change in fund balance | (19,294,062) |
| Fund balance, beginning | <u>87,805,649</u> |
| Fund balance, ending | <u>\$ 68,511,587</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 –
GOVERNMENTAL FUND
For the Year Ended June 30, 2020**

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 \$ (19,294,062)

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 | \$ 3,989,973 | |
| Depreciation | <u>(2,983,006)</u> | 1,006,967 |
| The net effect of various transaction involving capital assets (sales, trade ins) is to decrease net position | | (19,255) |

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 | 1,319,468 | |
| Pension expenses | <u>(2,202,950)</u> | (883,482) |

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 | 112,134 | |
| Other postemployment benefits expense | <u>(523,937)</u> | (411,803) |

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 principal repayment | 6,034,618 | |
| Amortization of bond premium on debt issuance | 429,475 | |
| Change in accrued interest payable | (148,784) | |
| Changes in deferred charges on debt issuance costs and refundings | <u>(193,394)</u> | 6,121,915 |

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 | (149,472) | |
| Other revenues | <u>1,065,567</u> | 916,095 |

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 | (367,999) | |
| Changes in compensated absences | <u>10,052</u> | <u>(357,947)</u> |

| | | |
|--|--|-------------------------------|
| Total changes in net position of governmental activities | | <u><u>\$ (12,921,572)</u></u> |
|--|--|-------------------------------|

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, 2020**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| General property taxes | \$ 66,319,500 | \$ 66,319,500 | \$ 68,592,408 | \$ 2,272,908 |
| Other local taxes | 13,014,870 | 13,014,870 | 14,260,336 | 1,245,466 |
| Permits, privilege fees, and regulatory licenses | 503,000 | 503,000 | 534,831 | 31,831 |
| Fines and forfeitures | 125,000 | 125,000 | 101,892 | (23,108) |
| Revenue from use of money and property | 503,276 | 503,395 | 988,007 | 484,612 |
| Charges for services | 2,360,704 | 2,360,704 | 2,367,330 | 6,626 |
| Miscellaneous | 265,000 | 508,137 | 978,189 | 470,052 |
| Recovered costs | 1,039,504 | 1,039,504 | 561,580 | (477,924) |
| Intergovernmental | 24,368,706 | 36,681,671 | 35,132,534 | (1,549,137) |
| Total revenues | <u>108,499,560</u> | <u>121,055,781</u> | <u>123,517,107</u> | <u>2,461,326</u> |
| Expenditures | | | | |
| Current operating | | | | |
| General government administration | 5,120,908 | 5,241,834 | 4,179,741 | 1,062,093 |
| Judicial administration | 2,535,992 | 2,621,538 | 2,436,880 | 184,658 |
| Public safety | 20,365,190 | 25,414,311 | 21,597,616 | 3,816,695 |
| Public works | 5,370,734 | 5,469,757 | 5,171,732 | 298,025 |
| Health and welfare | 15,510,609 | 17,877,495 | 16,712,455 | 1,165,040 |
| Education | 1,900 | 3,791 | 3,785 | 6 |
| Parks, recreation, and cultural | 3,307,959 | 3,313,959 | 3,017,739 | 296,220 |
| Community development | 3,847,591 | 3,877,242 | 3,519,174 | 358,068 |
| Debt service | | | | |
| Principal | 6,034,619 | 6,034,619 | 6,034,618 | 1 |
| Interest and other fiscal charges | 3,327,730 | 3,327,730 | 3,324,886 | 2,844 |
| Capital projects | | | | |
| Education | 26,478,763 | 26,478,763 | 19,094,554 | 7,384,209 |
| Other governmental activities | 15,131,341 | 21,542,268 | 10,022,250 | 11,520,018 |
| Total expenditures | <u>107,033,336</u> | <u>121,203,307</u> | <u>95,115,430</u> | <u>26,087,877</u> |
| Excess of revenues over expenditures | <u>1,466,224</u> | <u>(147,526)</u> | <u>28,401,677</u> | <u>28,549,203</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers from: | | | | |
| Proprietary fund types | - | 186,646 | 179,826 | (6,820) |
| Transfers to: | | | | |
| Component units | <u>(36,393,028)</u> | <u>(38,871,875)</u> | <u>(38,793,785)</u> | <u>78,090</u> |
| Total other financing sources (uses) | <u>(36,393,028)</u> | <u>(38,685,229)</u> | <u>(38,613,959)</u> | <u>71,270</u> |
| Net change in fund balance | <u>\$ (34,926,804)</u> | <u>\$ (38,832,755)</u> | <u>\$ (10,212,282)</u> | <u>\$ 28,620,473</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, 2020**

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

| | |
|--|-----------------------|
| Total Revenues Budgetary Basis (Exhibit 5) | \$ 123,517,107 |
| Tax and other accruals, grant deferrals, and other transfers | <u>(6,303,996)</u> |
| Total Revenues GAAP Basis (Exhibit 4) | <u>\$ 117,213,111</u> |

Expenditures

| | |
|--|-----------------------|
| Total Expenditures Budgetary Basis (Exhibit 5) | \$ 95,115,430 |
| Accounts payable and other accruals | 546,217 |
| Transfers to component unit are expenditures for financial reporting purposes. | <u>38,793,785</u> |
| Total Expenditures GAAP Basis (Exhibit 4) | <u>\$ 134,455,432</u> |

Other Financing Sources (Uses)

| | |
|--|-------------------|
| Total Other Financing Sources and Uses Budgetary Basis (Exhibit 5) | \$ (38,613,959) |
| Transfers to component units are expenditures for financial reporting purposes | <u>38,793,785</u> |
| Total Other Financing Sources and Uses GAAP Basis (Exhibit 4) | <u>\$ 179,826</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, 2020

| | Business-Type Activities – Enterprise Funds | | |
|--|---|----------------|---------------|
| | Nursing Home | Solid Waste | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash, cash equivalents, and investments | \$ 9,997,858 | \$ 6,012,997 | \$ 16,010,855 |
| Receivables, net | 595,243 | 66,681 | 661,924 |
| Due from other funds | - | 164,872 | 164,872 |
| Prepays | 55,206 | 8,113 | 63,319 |
| Total current assets | 10,648,307 | 6,252,663 | 16,900,970 |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 37,248 | - | 37,248 |
| Capital assets, net | 3,637,223 | 7,139,817 | 10,777,040 |
| Total noncurrent assets | 3,674,471 | 7,139,817 | 10,814,288 |
| Total assets | 14,322,778 | 13,392,480 | 27,715,258 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 657,153 | 146,277 | 803,430 |
| Deferred outflows related to other postemployment benefits | 124,916 | 23,946 | 148,862 |
| Total deferred outflows of resources | 782,069 | 170,223 | 952,292 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 86,484 | 358,675 | 445,159 |
| Accrued payroll and related liabilities | 309,646 | 144,303 | 453,949 |
| Assets held in agency capacity | 37,248 | - | 37,248 |
| Unearned revenue | 374,780 | - | 374,780 |
| Compensated absences | 120,498 | 52,815 | 173,313 |
| Capital lease obligations | - | 152,863 | 152,863 |
| Landfill closure/postclosure | - | 148,362 | 148,362 |
| Total current liabilities | 928,656 | 857,018 | 1,785,674 |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 15,468 | 15,468 |
| Other post-employment benefits | 362,843 | 106,020 | 468,863 |
| Net pension liability | 868,842 | 193,278 | 1,062,120 |
| Capital lease obligations | - | 218,042 | 218,042 |
| Landfill closure/postclosure | - | 7,804,055 | 7,804,055 |
| Total noncurrent liabilities | 1,231,685 | 8,336,863 | 9,568,548 |
| Total liabilities | 2,160,341 | 9,193,881 | 11,354,222 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 103,220 | 22,962 | 126,182 |
| Deferred inflows related to other postemployment benefits | 30,417 | 9,898 | 40,315 |
| Total deferred inflows of resources | 133,637 | 32,860 | 166,497 |
| NET POSITION | | | |
| Net investment in capital assets | 3,637,223 | 6,768,912 | 10,406,135 |
| Unrestricted | 9,173,646 | (2,432,950) | 6,740,696 |
| Total net position | \$ 12,810,869 | \$ 4,335,962 | \$ 17,146,831 |

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, 2020**

| | Business-Type Activities – Enterprise Funds | | |
|--|--|------------------------|----------------------|
| | Nursing Home | Solid Waste | Total |
| Operating Revenues | | | |
| Charges for services | \$ 7,600,312 | \$ 2,624,487 | \$ 10,224,799 |
| Other | 18,599 | 193,240 | 211,839 |
| Total Operating Revenues | 7,618,911 | 2,817,727 | 10,436,638 |
| Operating Expenses | | | |
| Personal services | 3,709,932 | 794,465 | 4,504,397 |
| Employee benefits | 1,397,441 | 278,724 | 1,676,165 |
| Purchased services | 864,518 | 981,607 | 1,846,125 |
| Continuous charges | 602,014 | 758,310 | 1,360,324 |
| Supplies and materials | 705,450 | 560,885 | 1,266,335 |
| Equipment, property, and improvements | 164,541 | 39,775 | 204,316 |
| Landfill closure/postclosure | - | 775,194 | 775,194 |
| Depreciation | 315,634 | 975,702 | 1,291,336 |
| Total Operating Expenses | 7,759,530 | 5,164,662 | 12,924,192 |
| Operating loss | (140,619) | (2,346,935) | (2,487,554) |
| Non-Operating Revenues (Expenses) | | | |
| Interest income | 82,870 | 19,380 | 102,250 |
| Interest expense | - | (16,507) | (16,507) |
| Gain on disposal of capital assets | - | 3,673 | 3,673 |
| Total Non-Operating Revenues (Expenses) | 82,870 | 6,546 | 89,416 |
| Loss before transfers | (57,749) | (2,340,389) | (2,398,138) |
| Transfers in | - | 2,231,567 | 2,231,567 |
| Transfers out | (179,826) | - | (179,826) |
| Total | (179,826) | 2,231,567 | 2,051,741 |
| Change in Net Position | (237,575) | (108,822) | (346,397) |
| Net Position, beginning | 13,048,444 | 4,444,784 | 17,493,228 |
| Net Position, ending | \$ 12,810,869 | \$ 4,335,962 | \$ 17,146,831 |

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, 2020

| | Nursing Home | Solid Waste | Total |
|--|----------------------|---------------------|----------------------|
| Operating Activities | | | |
| Receipts from customers | \$ 7,896,040 | \$ 2,770,814 | \$ 10,666,854 |
| Other cash receipts | 18,599 | 161,946 | 180,545 |
| Payments to employees | (3,602,829) | (794,465) | (4,397,294) |
| Payments for employee benefits | (1,182,876) | (139,354) | (1,322,230) |
| Payments to suppliers | (2,464,204) | (2,157,900) | (4,622,104) |
| Net Cash Provided by (Used in) Operating Activities | <u>664,730</u> | <u>(158,959)</u> | <u>505,771</u> |
| Noncapital Financing Activities | | | |
| Transfers from other funds | - | 2,231,567 | 2,231,567 |
| Transfers to other funds | (179,826) | - | (179,826) |
| Grants received | 374,780 | - | 374,780 |
| Net Cash Provided by Noncapital Financing Activities | <u>194,954</u> | <u>2,231,567</u> | <u>2,426,521</u> |
| Capital and Related Financing Activities | | | |
| Acquisition and construction of capital assets | (114,402) | (1,240,226) | (1,354,628) |
| Proceeds from sale of capital assets | - | 3,673 | 3,673 |
| Principal paid on debt | - | (147,383) | (147,383) |
| Interest paid on debt | - | (16,507) | (16,507) |
| Net Cash Used in Capital and Related Financing Activities | <u>(114,402)</u> | <u>(1,400,443)</u> | <u>(1,514,845)</u> |
| Investing Activities | | | |
| Interest received | 82,870 | 19,380 | 102,250 |
| Net Increase in Cash and Cash Equivalents | 828,152 | 691,545 | 1,519,697 |
| Cash and Cash Equivalents Beginning of Year | <u>9,206,954</u> | <u>5,321,452</u> | <u>14,528,406</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 10,035,106</u> | <u>\$ 6,012,997</u> | <u>\$ 16,048,103</u> |
| Reconciliation to Exhibit 6 | | | |
| Cash and Cash Equivalents | \$ 9,997,858 | \$ 6,012,997 | \$ 16,010,855 |
| Restricted Cash and Cash Equivalents | 37,248 | - | 37,248 |
| | <u>\$ 10,035,106</u> | <u>\$ 6,012,997</u> | <u>\$ 16,048,103</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, 2020

| | <u>Nursing Home</u> | <u>Solid Waste</u> | <u>Total</u> |
|--|-------------------------|------------------------|-------------------|
| Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities | | | |
| Operating Loss | \$ (140,619) | \$ (2,346,935) | \$ (2,487,554) |
| Adjustments Not Affecting Cash | | | |
| Depreciation | 315,634 | 975,702 | 1,291,336 |
| Landfill closure/postclosure | - | 775,194 | 775,194 |
| (Increase) Decrease in Assets | | | |
| Accounts receivable | 295,728 | 146,327 | 442,055 |
| Due from other funds | - | (31,294) | (31,294) |
| Prepays | (16,819) | (676) | (17,495) |
| (Increase) Decrease in Deferred Outflows of Resources | | | |
| Pension deferrals | (247,781) | (37,999) | (285,780) |
| Other postemployment benefit deferrals | 12,493 | (1,902) | 10,591 |
| Increase (Decrease) in Liabilities | | | |
| Accounts payable and accrued expenses | (148,712) | 182,677 | 33,965 |
| Accrued payroll and related liabilities | 107,103 | 96,546 | 203,649 |
| Assets held in agency capacity | 21,031 | - | 21,031 |
| Compensated absences | 5,118 | 5,651 | 10,769 |
| Other post-employment benefits | 46,743 | 6,156 | 52,899 |
| Net pension liability | 475,730 | 87,023 | 562,753 |
| Increase (Decrease) in Deferred Inflows of Resources | | | |
| Pension deferrals | (62,189) | (15,515) | (77,704) |
| Other postemployment benefit deferrals | 1,270 | 86 | 1,356 |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 664,730</u> | <u>\$ (158,959)</u> | <u>\$ 505,771</u> |
| Schedule of Noncash Activities | | | |
| Capital asset additions financed by accounts payable | <u>\$ -</u> | <u>\$ 9,205</u> | <u>\$ 9,205</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, 2020**

| | Agency Funds |
|---|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 968,176 |
| Security deposits | 900 |
| Receivables, net | 20,598 |
| Total assets | \$ 989,674 |
| LIABILITIES | |
| Accounts payable | \$ 5,618 |
| Accrued payroll and related liabilities | 3,693 |
| Amounts held for clients/others | 980,363 |
| Total liabilities | \$ 989,674 |

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

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 | \$ 2,213,230 |
| General Fund – EMS transport fees | <u>243,801</u> |
| | <u><u>\$ 2,457,031</u></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, 2019, and the first installment (June 5) of the levy on assessed value at January 1, 2020. The installment due on June 5, 2020 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, 2020 is included as deferred inflows since these taxes are restricted for use until fiscal year 2021.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 2019 tax bills, payable in fiscal year 2020, 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, 2020 of \$6,456,421, which consists of unspent bond proceeds and accumulated interest of \$4,298,377 restricted for School capital projects, \$200,695 restricted for water and sewer projects, and \$1,957,349 for the Volunteer Length of Service Awards Program. Business-type activities report restricted cash, cash equivalents, and investments of \$37,248 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, 2020

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 \$10,000 for governmental activities and \$5,000 for business-type activities 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. Unearned Revenues

At June 30, 2020, unearned revenues consist of proceeds received of grants for which revenue recognition criteria have not been met.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

8. 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.

9. 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

9. Deferred Outflows/Inflows of Resources (Continued)

- *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.

10. 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.

11. 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.

12. 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

12. School Board Debt/Capital Assets Reporting (Continued)

Because this debt is related to capital assets of the reporting entity as a whole, the debt amount of \$89,981,362 is reclassified as shown on Exhibit 1 to present the total reporting entity column.

13. 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.

14. 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 \$1,335,378 for fiscal year 2020.

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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Stewardship, Compliance, and Accountability (Continued)

A. Budgetary Information (Continued)

- ◆ 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.

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 | \$ 129,555,080 |
| Principal and other debt service expenditures included in primary government | <u>8,211,621</u> |
| Total expenditures for school activities | <u><u>\$ 137,766,701</u></u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

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 | \$ 96,867,541 | NA | 93.93% |
| Virginia SNAP | 4,298,377 | AAAm | 4.17 |
| Guaranteed interest account | <u>1,957,349</u> | NA | <u>1.90</u> |
| Total deposits and investments | <u>\$ 103,123,267</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.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 4. Deposits and Investments (Continued)

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, 100.0% of the portfolio will mature in less than one year.

The above items are reflected in the statements as follows:

| | Primary Government | School Board Component Unit |
|--|-------------------------------|--|
| Deposits and investments: | | |
| Cash on hand | \$ 7,812 | \$ - |
| Deposits | 96,859,729 | 10,609,790 |
| Investments | 6,255,726 | - |
| | \$ 103,123,267 | \$ 10,609,790 |
| Statement of net position: | | |
| Cash and cash equivalents | \$ 96,629,598 | \$ 10,609,790 |
| Restricted cash, cash equivalents, and investments | 6,493,669 | - |
| | \$ 103,123,267 | \$ 10,609,790 |

All investments were in compliance with the Policy.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 23,607,941 | \$ - | \$ - | \$ - | \$ - |
| Accounts | 1,719,514 | 595,243 | 66,681 | 661,924 | 228,283 |
| Intergovernmental | 8,053,642 | - | - | - | 3,284,215 |
| Gross receivables | 33,381,097 | 595,243 | 66,681 | 661,924 | 3,512,498 |
| Less: allowance for uncollectibles | (2,457,031) | - | - | - | - |
| Net total receivables | <u>\$ 30,924,066</u> | <u>\$ 595,243</u> | <u>\$ 66,681</u> | <u>\$ 661,924</u> | <u>\$ 3,512,498</u> |

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 9.40% of the total taxes receivable and is based on historical collection rates.

The Nursing Home mix of receivables from residents and third-party payers is Medicaid (99.36%) and private pay (0.64%).

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 and grants for which revenue recognition requirements have not been met are considered unearned. The various components of unavailable and unearned revenue are as follows:

| | Deferred Inflows | |
|--|----------------------------------|----------------------|
| | Unavailable/ Unearned | Unearned |
| Property taxes | \$ 24,166,271 | \$ 22,570,425 |
| Grants for which revenue requirements have not been met | 6,729,892 | 6,729,892 |
| Other receivables not available to liquidate liabilities of current period | 2,921,827 | - |
| Total unavailable/unearned revenue | <u>\$ 33,817,990</u> | <u>\$ 29,300,317</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Capital Assets

Capital asset activity was as follows:

Primary Government

| <u>Governmental Activities</u> | <u>Beginning Balance*</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|-------------------------------|---------------------|---------------------|---------------------------|
| Capital assets, not depreciated: | | | | |
| Land | \$ 4,174,265 | \$ 357,476 | \$ - | \$ 4,531,741 |
| Construction in progress | 2,778,993 | 2,255,198 | 1,532,228 | 3,501,963 |
| Total capital assets, not depreciated | <u>6,953,258</u> | <u>2,612,674</u> | <u>1,532,228</u> | <u>8,033,704</u> |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 51,772,059 | 620,461 | - | 52,392,520 |
| Machinery and equipment | 21,446,918 | 2,289,066 | 262,905 | 23,473,079 |
| Total capital assets, depreciated | <u>73,218,977</u> | <u>2,909,527</u> | <u>262,905</u> | <u>75,865,599</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 25,785,968 | 1,400,645 | - | 27,186,613 |
| Machinery and equipment | 14,566,793 | 1,582,361 | 243,650 | 15,905,504 |
| Total accumulated depreciation | <u>40,352,761</u> | <u>2,983,006</u> | <u>243,650</u> | <u>43,092,117</u> |
| Net capital assets, depreciated | <u>32,866,216</u> | <u>(73,479)</u> | <u>19,255</u> | <u>32,773,482</u> |
| Governmental activities net capital assets | <u>\$ 39,819,474</u> | <u>\$ 2,539,195</u> | <u>\$ 1,551,483</u> | <u>\$ 40,807,186</u> |

*As restated. See Note 23.

| <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 | 890,875 | 826,537 | 1,212,516 | 504,896 |
| Total capital assets, not depreciated | <u>2,111,446</u> | <u>826,537</u> | <u>1,212,516</u> | <u>1,725,467</u> |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 19,983,176 | 1,284,957 | - | 21,268,133 |
| Machinery and equipment | 5,603,794 | 367,453 | 53,132 | 5,918,115 |
| Total capital assets, depreciated | <u>25,586,970</u> | <u>1,652,410</u> | <u>53,132</u> | <u>27,186,248</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 13,031,006 | 986,301 | - | 14,017,307 |
| Machinery and equipment | 3,865,465 | 305,035 | 53,132 | 4,117,368 |
| Total accumulated depreciation | <u>16,896,471</u> | <u>1,291,336</u> | <u>53,132</u> | <u>18,134,675</u> |
| Net capital assets, depreciated | <u>8,690,499</u> | <u>361,074</u> | <u>-</u> | <u>9,051,573</u> |
| Business-type activities net capital assets | <u>\$ 10,801,945</u> | <u>\$ 1,187,611</u> | <u>\$ 1,212,516</u> | <u>\$ 10,777,040</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 2,082,837 | \$ - | \$ - | \$ 2,082,837 |
| Construction in progress | 2,119,013 | 20,745,918 | 1,231,650 | 21,633,281 |
| Total capital assets, not depreciated | 4,201,850 | 20,745,918 | 1,231,650 | 23,716,118 |
| Capital assets, depreciated: | | | | |
| Buildings and improvements | 238,388,979 | 1,390,320 | - | 239,779,299 |
| Machinery and equipment | 28,063,823 | 1,542,386 | - | 29,606,209 |
| Total capital assets, depreciated | 266,452,802 | 2,932,706 | - | 269,385,508 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 131,738,674 | 5,115,598 | - | 136,854,272 |
| Machinery and equipment | 16,524,411 | 1,870,314 | - | 18,394,725 |
| Total accumulated depreciation | 148,263,085 | 6,985,912 | - | 155,248,997 |
| Net capital assets, depreciated | 118,189,717 | (4,053,206) | - | 114,136,511 |
| School Board net capital assets | <u>\$ 122,391,567</u> | <u>\$ 16,692,712</u> | <u>\$ 1,231,650</u> | <u>\$ 137,852,629</u> |

*As restated. See Note 23.

Depreciation expense was charged to functions/programs as follows:

| | |
|--|---------------------|
| Primary Government – Governmental Activities | |
| General government administration | \$ 181,142 |
| Judicial administration | 425,970 |
| Public safety | 1,440,003 |
| Public works | 175,014 |
| Health and welfare | 199,195 |
| Parks, recreation, and cultural | 497,915 |
| Community development | 63,767 |
| Total governmental activities | <u>\$ 2,983,006</u> |
| Primary Government – Business-Type Activities | |
| Nursing home | \$ 315,634 |
| Solid waste | 975,702 |
| Total business-type activities | <u>\$ 1,291,336</u> |
| Component Unit – School Board | <u>\$ 6,985,912</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 2,096,000 | \$ - | \$ 1,048,000 | \$ 1,048,000 | \$ 1,048,000 |
| School projects | 83,732,552 | - | 4,494,392 | 79,238,160 | 4,548,160 |
| Bond premium | 8,331,356 | - | 429,475 | 7,901,881 | 544,294 |
| Total general obligation and revenue bonds | 94,159,908 | - | 5,971,867 | 88,188,041 | 6,140,454 |
| Capital Leases: | | | | | |
| County projects | 469,384 | - | 39,996 | 429,388 | 42,659 |
| School projects | 5,307,287 | - | 452,230 | 4,855,057 | 482,341 |
| Compensated absences | 1,930,907 | 975,071 | 985,123 | 1,920,855 | 979,994 |
| Total long-term liabilities | \$ 101,867,486 | \$ 975,071 | \$ 7,449,216 | \$ 95,393,341 | \$ 7,645,448 |
| Business-type activities: | | | | | |
| Capital leases | \$ 518,288 | \$ - | \$ 147,383 | \$ 370,905 | \$ 152,863 |
| Compensated absences | 178,012 | 228,631 | 217,862 | 188,781 | 173,313 |
| Landfill closure/postclosure costs | 7,177,223 | 775,194 | - | 7,952,417 | 148,362 |
| Total long-term liabilities | \$ 7,873,523 | \$ 1,003,825 | \$ 365,245 | \$ 8,512,103 | \$ 474,538 |
| Component Unit | | | | | |
| School Board | | | | | |
| Capital leases | \$ 3,927,246 | \$ 1,368,583 | \$ 1,279,521 | \$ 4,016,308 | \$ 1,111,067 |
| Compensated absences | 1,537,390 | 1,126,364 | 806,839 | 1,856,915 | 974,529 |
| Total long-term liabilities | \$ 5,464,636 | \$ 2,494,947 | \$ 2,086,360 | \$ 5,873,223 | \$ 2,085,596 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 |
| 2021 | \$ 5,596,160 | \$ 3,163,519 | \$ 525,000 | \$ 136,659 | \$ 1,111,067 | \$ 86,842 |
| 2022 | 4,035,000 | 2,933,984 | 540,000 | 122,680 | 941,965 | 64,488 |
| 2023 | 4,225,000 | 2,729,497 | 565,235 | 108,172 | 767,728 | 45,064 |
| 2024 | 4,425,000 | 2,515,244 | 602,497 | 92,938 | 589,541 | 28,601 |
| 2025 | 4,635,000 | 2,290,847 | 629,317 | 76,730 | 402,474 | 14,592 |
| 2026-2030 | 26,200,000 | 7,932,473 | 2,422,396 | 131,180 | 203,533 | 4,221 |
| 2031-2035 | 19,415,000 | 3,366,495 | - | - | - | - |
| 2036-2040 | 11,755,000 | 711,758 | - | - | - | - |
| | <u>\$ 80,286,160</u> | <u>\$ 25,643,817</u> | <u>\$ 5,284,445</u> | <u>\$ 668,359</u> | <u>\$ 4,016,308</u> | <u>\$ 243,808</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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 48,000 | |
| Total governmental activities-County | | | | | <u>48,000</u> | |
| Schools: | | | | | | |
| VPSA Bonds | 5.10-6.35% | 2000 | 2020 | 4,200,000 | 335,000 | |
| VPSA Bonds | 4.98-5.85 | 2000 | 2020 | 6,285,526 | 371,160 | |
| VPSA Bonds | 4.10-5.10 | 2008 | 2029 | 5,420,000 | 2,430,000 | |
| VPSA Bonds | 3.05-5.05 | 2013 | 2031 | 23,788,000 | 19,522,000 | |
| VPSA Bonds | 2.80-5.05 | 2017 | 2037 | 36,865,000 | 33,445,000 | |
| VPSA Bonds | 3.05-5.05 | 2019 | 2040 | 20,275,000 | 20,275,000 | |
| Total general obligation bonds-Schools | | | | | <u>76,378,160</u> | |
| Total general obligation bonds | | | | | <u>\$ 76,426,160</u> | |
| Lease Revenue Bonds | | | | | | |
| County: | | | | | | |
| Bedford County EDA-Courthouse and Social Services Refunding | 2.05% | 2015 | 2020 | \$ 7,875,000 | \$ 735,000 | |
| Bedford County EDA Refunding-Group Home | 2.81 | 2015 | 2021 | 1,525,000 | 265,000 | |
| Total lease revenue bonds-County | | | | | 1,000,000 | |
| Schools: | | | | | | |
| Bedford County EDA Refunding-Jefferson Forest High School | 2.81% | 2015 | 2031 | \$ 5,700,000 | 2,860,000 | |
| Total lease revenue bonds | | | | | <u>\$ 3,860,000</u> | |
| Capital Leases | | | | | | |
| Capital One-Energy Conservation Measures | | | | | | |
| County | 2.65% | 2012 | 2029 | \$ 650,042 | \$ 429,388 | |
| Schools | 2.65 | 2012 | 2029 | 7,349,958 | 4,855,057 | |
| Total capital leases | | | | | <u>\$ 5,284,445</u> | |
| Business-Type Activities: | | | | | | |
| Capital Leases | | | | | | |
| John Deere-Solid Waste equipment | 3.25% | 2017 | 2022 | \$ 138,894 | \$ 56,196 | |
| John Deere-Solid Waste equipment | 3.25 | 2017 | 2022 | 300,015 | 105,461 | |
| Caterpillar-Solid Waste equipment | 4.20 | 2018 | 2024 | 310,651 | 209,248 | |
| Total capital leases-business-type activities | | | | | <u>\$ 370,905</u> | |
| COMPONENT UNIT | | | | | | |
| School Board | | | | | | |
| Capital leases: | | | | | | |
| Wachovia Bank, N.A. | 14 buses | 1.78% | 2014 | 2020 | \$ 1,271,888 | \$ 188,107 |
| First Citizens Bank & Trust | 14 buses | 1.75 | 2015 | 2021 | 1,287,652 | 377,387 |
| U.S. Bancorp Gov't Leasing | 14 buses | 1.456 | 2016 | 2022 | 1,305,270 | 567,349 |
| U.S. Bancorp Gov't Leasing | 14 buses | 1.456 | 2017 | 2023 | 1,328,096 | 765,988 |
| Bank of America, N.A. | 14 buses | 3.071 | 2018 | 2024 | 1,340,532 | 956,648 |
| Bank of America, N.A. | 14 buses | 2.074 | 2019 | 2025 | 1,368,583 | 1,160,829 |
| Total capital leases-School Board | | | | | <u>\$ 4,016,308</u> | |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 7. Long-Term Liabilities (Continued)

The Schools lease buses under various capital leases expiring at various dates through 2025.

The assets acquired through capital leases are as follows:

| | Component Unit |
|--------------------------------|---------------------------|
| | School Board |
| Machinery and equipment | \$ 7,902,021 |
| Less: accumulated depreciation | 1,745,871 |
| | \$ 6,156,150 |

Note 8. Interfund Receivables and Payables and Transfers

The \$164,872 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

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, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

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

| | County |
|--|---------------|
| Inactive members or their beneficiaries currently receiving benefits | 214 |
| Inactive members: | |
| Vested | 76 |
| Non-vested | 279 |
| Inactive members active elsewhere in VRS | 130 |
| Total inactive members | 485 |
| Active members | 453 |
| Total covered employees | 1,152 |

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, 2020 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 \$1,599,989 and \$1,480,062 for the years ended June 30, 2020 and 2019, 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

| | |
|--|---|
| Inflation | 2.50% |
| General Employees – Salary increases, including inflation | 3.50 – 5.35% |
| Public Safety Employees with hazardous duty benefits – Salary increases, including inflation | 3.50 – 4.75% |
| Investment rate of return | 6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study 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; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00 | 0.88 | 0.13 |
| Credit Strategies | 14.00 | 5.13 | 0.72 |
| Real Assets | 14.00 | 5.27 | 0.74 |
| Private Equity | 14.00 | 8.77 | 1.23 |
| MAPS – Multi-Asset Public Strategies | 6.00 | 3.52 | 0.21 |
| PIP – Private Investment Partnership | 3.00 | 6.29 | 0.19 |
| Total | 100.00% | | 5.13 |
| | Inflation | | 2.50 |
| | | | <u>7.63%</u> |

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2019 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, 2018 | \$ 72,457,419 | \$ 69,093,337 | \$ 3,364,082 |
| Changes for the year: | | | |
| Service cost | 2,021,050 | - | 2,021,050 |
| Interest | 4,947,523 | - | 4,947,523 |
| Differences between expected and actual experience | 283,759 | - | 283,759 |
| Assumption changes | 2,366,146 | - | 2,366,146 |
| Contributions – employer | - | 1,400,026 | (1,400,026) |
| Contributions – employee | - | 989,164 | (989,164) |
| Net investment income | - | 4,582,631 | (4,582,631) |
| Benefit payments, including refunds of employee contributions | (3,557,037) | (3,557,037) | - |
| Administrative expenses | - | (45,242) | 45,242 |
| Other changes | - | (2,892) | 2,892 |
| Net changes | 6,061,441 | 3,366,650 | 2,694,791 |
| Balances at June 30, 2019 | \$ 78,518,860 | \$ 72,459,987 | \$ 6,058,873 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

| <u>Net Pension Liability (Asset)</u> | <u>1.00% Decrease (5.75%)</u> | <u>Current Discount Rate (6.75%)</u> | <u>1.00% Increase (7.75%)</u> |
|--------------------------------------|---------------------------------------|--|---------------------------------------|
| Bedford County | \$ 16,754,384 | \$ 6,058,873 | \$ (2,415,859) |

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

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$2,473,069. At June 30, 2020, 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 | \$ 1,340,390 | \$ 55,506 |
| Change in assumptions | 1,642,554 | 56,371 |
| Net difference between projected and actual earnings on pension plan investments | - | 607,924 |
| Employer contributions subsequent to the measurement date | 1,599,989 | - |
| Total | <u>\$ 4,582,933</u> | <u>\$ 719,801</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Defined Benefit Pension Plan (Continued)

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

The \$1,599,989 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, 2021. 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 |
|-------------------------|--|
| 2021 | \$ 1,471,856 |
| 2022 | 542,613 |
| 2023 | 206,406 |
| 2024 | 42,268 |
| 2025 | - |
| Thereafter | - |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at 20<http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, approximately \$19,473 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2018 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 | 196 |
| Inactive members: | |
| Vested | 23 |
| Non-vested | 74 |
| Inactive members active elsewhere in VRS | 27 |
| Total inactive members | 124 |
| Active members | 239 |
| Total covered employees | 559 |

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2020 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 \$268,886 and \$260,351 for the years ended June 30, 2020 and 2019, respectively.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2018 | \$ 22,957,738 | \$ 24,041,048 | \$ (1,083,310) |
| Changes for the year: | | | |
| Service cost | 529,937 | - | 529,937 |
| Interest | 1,564,001 | - | 1,564,001 |
| Differences between expected and actual experience | 364,326 | - | 364,326 |
| Assumption changes | 616,120 | - | 616,120 |
| Contributions – employer | - | 244,991 | (244,991) |
| Contributions – employee | - | 255,641 | (255,641) |
| Net investment income | - | 1,582,297 | (1,582,297) |
| Benefit payments, including refunds of employee contributions | (1,229,744) | (1,229,744) | - |
| Administrative expenses | - | (16,057) | 16,057 |
| Other changes | - | (993) | 993 |
| Net changes | 1,844,640 | 836,135 | 1,008,505 |
| Balances at June 30, 2019 | \$ 24,802,378 | \$ 24,877,183 | \$ (74,805) |

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

| <u>Net Pension Liability (Asset)</u> | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---------------------------------------|--|---------------------------------------|
| School Board Non-Professional | \$ 2,602,878 | \$ (74,805) | \$ (2,239,208) |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020, the school division recognized a pension expense of \$601,460. At June 30, 2020, 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 | \$ 250,586 | \$ - |
| Change in assumptions | 359,403 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 217,545 |
| Employer contributions subsequent to the measurement date | 268,886 | - |
| Total | \$ 878,875 | \$ 217,545 |

The \$268,886 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, 2021. 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 |
|---------------------------------|---|
| 2021 | \$ 442,302 |
| 2022 | (59,412) |
| 2023 | (5,338) |
| 2024 | 14,892 |
| 2025 | - |
| Thereafter | - |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

Payables to the Pension Plan

At June 30, 2020, approximately \$39,486 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$7,910,482 and \$8,128,483 for the years ended June 30, 2020 and 2019, respectively.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020, the school division reported a liability of \$81,823,201 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019 and 2018, the school division’s proportion was 0.62%.

For the year ended June 30, 2020, the school division recognized pension expense of \$7,886,039. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

| | School Board Professional | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 5,239,485 |
| Change in assumptions | 8,102,415 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,796,643 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,092,832 | 1,652,420 |
| Employer contributions subsequent to the measurement date | 7,910,482 | - |
| Total | <u>\$ 17,105,729</u> | <u>\$ 8,688,548</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$7,910,482 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, 2021. 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 |
|---------------------------------|--|
| 2021 | \$ (575,147) |
| 2022 | (1,748,728) |
| 2023 | 670,531 |
| 2024 | 1,494,493 |
| 2025 | 665,550 |
| 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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | |
|--|---|
| | Teacher Employee Retirement Plan |
| Total pension liability | \$ 49,683,336 |
| Plan fiduciary net position | 36,522,769 |
| Employers’ net pension liability | \$ 13,160,567 |
| Plan fiduciary net position as a percentage of the total pension liability | 73.51% |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

| Net Pension Liability (Asset) | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|---------------------------------------|--|---------------------------------------|
| School division’s proportionate share of the VRS teacher employee retirement plan net pension liability | \$ 123,179,464 | \$ 81,823,201 | \$ 47,629,231 |

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2020, approximately \$1,308,206 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | 150 |
| Vested-terminated | 106 |
| | 256 |

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, 2020

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, 2019 rolled forward to June 30, 2020 using the actuarial assumptions applied to all periods included in the measurement.

| | |
|---------------------------|--|
| Inflation | 0.0% |
| Salary increases | Not Applicable |
| Investment rate of return | 2.45%, 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, 2019 actuarial valuation report. Calculations assume the plan remains unfunded and uses a discount rate of 2.45% which is based on the 20-year AA general obligation bond rate as of June 30, 2019.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2018 | \$ 3,022,565 | \$ - | \$ 3,022,565 |
| Changes for the year: | | | |
| Service cost | 105,316 | - | 105,316 |
| Interest | 72,729 | - | 72,729 |
| Differences between expected and actual experience | (49,104) | - | (49,104) |
| Benefit payments, including refunds of employee contributions | (111,653) | - | (111,653) |
| Changes in assumptions | 549,356 | - | 549,356 |
| Net changes | 566,644 | - | 566,644 |
| Balances at June 30, 2019 | \$ 3,589,209 | \$ - | \$ 3,589,209 |

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 2.45%, 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 (1.45%) or one percentage point higher (3.45%) than the current rate:

| Net Pension Liability | 1.00% Decrease (1.45%) | Current Discount Rate (2.45%) | 1.00% Increase (3.45%) |
|------------------------------|---------------------------------------|--|---------------------------------------|
| Bedford County – LOSAP | \$ 3,846,649 | \$ 3,589,209 | \$ 3,325,993 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020, the LOSAP recognized pension expense of \$241,288. At June 30, 2020, 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 | \$ - | \$ 211,937 |
| Changes in assumptions | 717,949 | 109,112 |
| | \$ 717,949 | \$ 321,049 |

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 |
|---------------------------------|--|
| 2021 | \$ 63,243 |
| 2022 | 63,243 |
| 2023 | 63,243 |
| 2024 | 63,243 |
| 2025 | 63,241 |
| Thereafter | 80,687 |

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, 2020

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the 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 \$915,586 and \$2,970,515, respectively was measured as of June 30, 2019 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 | 2.50% | 2.50% |
| Healthcare cost trend rates | 4.00 | 4.00 |

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, 2017 through June 30, 2019.

There have been no changes in benefit terms.

Changes in County and School Board assumptions and other inputs reflect change in discount rate from 3.62% to 3.13% based on GASB 75 rules.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2018 | \$ 882,326 | \$ - | \$ 882,326 | \$ 2,874,937 | \$ - | \$ 2,874,937 |
| Changes for the year: | | | | | | |
| Service cost | 62,102 | - | 62,102 | 206,165 | - | 206,165 |
| Interest | 31,493 | - | 31,493 | 100,233 | - | 100,233 |
| Changes in assumptions | (35,609) | - | (35,609) | 1,344 | - | 1,344 |
| Differences between expected and actual experience | 4,131 | - | 4,131 | (75,589) | - | (75,589) |
| Contributions – employer | | 28,857 | (28,857) | | 136,575 | (136,575) |
| Benefit payments, including refunds of employee contributions | (28,857) | (28,857) | - | (136,575) | (136,575) | - |
| Net changes | 33,260 | - | 33,260 | 95,578 | - | 95,578 |
| Balance at June 30, 2019 | <u>\$ 915,586</u> | <u>\$ -</u> | <u>\$ 915,586</u> | <u>\$ 2,970,515</u> | <u>\$ -</u> | <u>\$ 2,970,515</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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

| | <u>1.00% Decrease (2.13%)</u> | <u>Current Discount Rate (3.13%)</u> | <u>1.00% Increase (4.13%)</u> |
|-----------------------------|---------------------------------------|--|---------------------------------------|
| Bedford County | <u>\$ 993,582</u> | <u>\$ 915,586</u> | <u>\$ 843,317</u> |
| Bedford County School Board | <u>\$ 3,170,560</u> | <u>\$ 2,970,515</u> | <u>\$ 2,781,607</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 | \$ 804,167 | \$ 915,586 | \$ 843,317 |
| Bedford County School Board | \$ 2,644,864 | \$ 2,970,515 | \$ 3,355,447 |

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$106,192 and the School Board recognized an OPEB benefit of \$421,379. At June 30, 2020, 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 | \$ 201,687 | \$ 17,669 | \$ - | \$ 4,411,484 |
| Change in assumptions | - | 119,460 | 1,027,395 | 212,319 |
| Employer contributions subsequent to the measurement date | 18,846 | - | 198,370 | - |
| | \$ 220,533 | \$ 137,129 | \$ 1,225,765 | \$ 4,623,803 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$18,846 and \$198,370 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, 2021. 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 |
| 2021 | \$ 12,597 | \$ (727,777) |
| 2022 | 12,597 | (727,777) |
| 2023 | 12,597 | (727,777) |
| 2024 | 12,597 | (727,776) |
| 2025 | 18,667 | (674,692) |
| Thereafter | (4,497) | (10,609) |

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>

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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 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.</i> |
| 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, 2020 Contribution | \$113,460 |
| June 30, 2019 Contribution | \$105,040 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 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.</i> |
| 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, 2020 Contribution | \$264,295 |
| June 30, 2019 Contribution | \$271,777 |

Group Life Insurance Program-Bedford County School Board-Nonprofessional

| | |
|----------------------------|---|
| Governed by: | <i>Code of Virginia 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.</i> |
| 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, 2020 Contribution | \$28,372 |
| June 30, 2019 Contribution | \$29,198 |

Teacher Health Insurance Credit Program-Bedford County School Board

| | |
|----------------------------|--|
| Governed by: | <i>Code of Virginia 51.1-1401(E) and may be impacted as a result of funding provided to school divisions by the Virginia General Assembly.</i> |
| Total rate: | 1.20% of covered employee compensation. |
| June 30, 2020 Contribution | \$606,005 |
| June 30, 2019 Contribution | \$622,390 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2019 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program-Bedford County

| | | |
|--|----|-----------|
| June 30, 2020 proportionate share of liability | \$ | 1,664,000 |
| June 30, 2019 proportion | | 0.10% |
| June 30, 2018 proportion | | 0.10% |
| June 30, 2020 expense | \$ | 60,000 |

Group Life Insurance Program-Bedford County School Board-Teachers

| | | |
|--|----|-----------|
| June 30, 2020 proportionate share of liability | \$ | 4,338,000 |
| June 30, 2019 proportion | | 0.27% |
| June 30, 2018 proportion | | 0.26% |
| June 30, 2020 expense | \$ | 97,000 |

Group Life Insurance Program-Bedford County School Board-Nonprofessional

| | | |
|--|----|---------|
| June 30, 2020 proportionate share of liability | \$ | 445,000 |
| June 30, 2019 proportion | | 0.03% |
| June 30, 2018 proportion | | 0.03% |
| June 30, 2020 expense | \$ | 3,000 |

Teacher Health Insurance Credit Program-Bedford County School Board

| | | |
|--|----|-----------|
| June 30, 2020 proportionate share of liability | \$ | 8,110,000 |
| June 30, 2019 proportion | | 0.62% |
| June 30, 2018 proportion | | 0.62% |
| June 30, 2020 expense | \$ | 650,000 |

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.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020, 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 |
|--|---|--|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 111,000 | \$ 22,000 |
| Change in assumptions | 105,000 | 50,000 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 34,000 |
| Changes in proportion | 100,000 | 26,000 |
| Employer contributions subsequent to the measurement date | <u>113,460</u> | <u>-</u> |
| Total | <u>\$ 429,460</u> | <u>\$ 132,000</u> |

Group Life Insurance Program-Bedford County School Board-Teachers

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 288,000 | \$ 56,000 |
| Change in assumptions | 274,000 | 131,000 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 89,000 |
| Changes in proportion | 60,000 | 57,000 |
| Employer contributions subsequent to the measurement date | <u>264,295</u> | <u>-</u> |
| Total | <u>\$ 886,295</u> | <u>\$ 333,000</u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 |
|--|---|--|
| Differences between expected and actual experience | \$ 30,000 | \$ 6,000 |
| Change in assumptions | 28,000 | 13,000 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 9,000 |
| Changes in proportion | - | 34,000 |
| Employer contributions subsequent to the measurement date | 28,372 | - |
| Total | \$ 86,372 | \$ 62,000 |

Teacher Health Insurance Credit Program-Bedford County School Board

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 47,000 |
| Change in assumptions | 189,000 | 56,000 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,000 | - |
| Changes in proportion | 90,000 | 152,000 |
| Employer contributions subsequent to the measurement date | 606,005 | - |
| Total | \$ 886,005 | \$ 255,000 |

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

| <u>Year Ending June 30,</u> | <u>Increase (Reduction) to OPEB Expense</u> |
|---------------------------------|---|
| 2021 | \$ 28,000 |
| 2022 | 28,000 |
| 2023 | 42,000 |
| 2024 | 46,000 |
| 2025 | 33,000 |
| Thereafter | 7,000 |

Group Life Insurance Program-Bedford County School Board-Teachers

| <u>Year Ending June 30,</u> | <u>Increase (Reduction) to OPEB Expense</u> |
|---------------------------------|---|
| 2021 | \$ 12,000 |
| 2022 | 12,000 |
| 2023 | 49,000 |
| 2024 | 93,000 |
| 2025 | 97,000 |
| Thereafter | 26,000 |

Group Life Insurance Program-Bedford County School Board-Nonprofessional

| <u>Year Ending June 30,</u> | <u>Increase (Reduction) to OPEB Expense</u> |
|---------------------------------|---|
| 2021 | \$ (5,000) |
| 2022 | (5,000) |
| 2023 | (2,000) |
| 2024 | 3,000 |
| 2025 | 4,000 |
| Thereafter | 1,000 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 |
|-------------------------|---|
| 2021 | \$ (9,000) |
| 2022 | (9,000) |
| 2023 | (6,000) |
| 2024 | (7,000) |
| 2025 | 9,000 |
| Thereafter | 47,000 |

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

| | |
|--|-------------------|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| Locality – general employees | 3.50 – 5.35% |
| Locality – hazardous duty employees | 3.50 – 4.75% |
| Teachers | 3.50 – 5.95% |
| Healthcare cost trend rates: | |
| Under age 65 | 7.25 – 4.75% |
| Ages 65 and older | 5.50 – 4.75% |
| Investment rate of return, net of expenses, including inflation* | GLI & HIC: 6.75%; |

* 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, 2020

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, 2019, 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 | \$ 3,390,238 | \$ 1,438,114 |
| Plan fiduciary net position | 1,762,972 | 129,016 |
| Employers’ net OPEB liability (asset) | 1,627,266 | 1,309,098 |
| Plan fiduciary net position as a percentage of total OPEB liability | 52.00% | 8.97% |

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, 2020

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 | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00 | 0.88 | 0.13 |
| Credit Strategies | 14.00 | 5.13 | 0.72 |
| Real Assets | 14.00 | 5.27 | 0.74 |
| Private Equity | 14.00 | 8.77 | 1.23 |
| MAPS – Multi-Asset Public Strategies | 6.00 | 3.52 | 0.21 |
| PIP – Private Investment Partnership | 3.00 | 6.29 | 0.19 |
| Total | 100.00% | | 5.13% |
| | Inflation | | 2.50% |
| | *Expected arithmetic nominal return | | 7.63% |

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities was 6.75%. The discount rate used to measure the LODA OPEB liability was 3.50%. 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, 2019, 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, 2019 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.

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 (5.75%) or one percentage point higher (7.75%) than the current discount rate:

| | <u>1.00% Decrease (5.75%)</u> | <u>Current Discount Rate (6.75%)</u> | <u>1.00% Increase (7.75%)</u> |
|--------------------------------|--|---|--|
| GLI net OPEB liability | | | |
| Bedford County | \$ 2,186,000 | \$ 1,664,000 | \$ 1,241,000 |
| School Board - Teachers | 5,698,000 | 4,337,000 | 3,234,000 |
| School Board - Nonprofessional | 584,000 | 445,000 | 332,000 |
| Teacher HIC net OPEB liability | | | |
| School Board - Teachers | 9,076,000 | 8,110,000 | 7,289,000 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

At June 30, 2020, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

| | |
|--|-----------|
| Group Life Insurance – Bedford County | \$ 15,349 |
| Group Life Insurance – Bedford County School Board – Teachers | 109,232 |
| Group Life Insurance – Bedford County School Board – Nonprofessional | 10,514 |
| Teacher Health Insurance Credit Program-Bedford County School Board | 100,536 |

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 \$1,570,644.

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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 15. Landfill Closure and Postclosure Costs (Continued)

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 \$6,381,773 reported as landfill closure and postclosure care liability as of June 30, 2020 represents the cumulative amount reported to date based on the use of approximately 84.8% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,605,804 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.

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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 16. Fund Balances (Continued)

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.

| | General Fund | School Board |
|---|-------------------------|-------------------------|
| Nonspendable: | | |
| Prepays | \$ 269,986 | \$ 147,308 |
| Inventories | 40,675 | 184,794 |
| Total nonspendable | 310,661 | 332,102 |
| Restricted for: | | |
| Public safety | 2,065,689 | - |
| Education | 1,515,478 | - |
| Other purposes | 839,747 | - |
| Total restricted | 4,420,914 | - |
| Committed to: | | |
| Public works | 251,169 | - |
| Health self insurance | - | 5,271,020 |
| Education-operating | - | - |
| Community development | 397,790 | - |
| Capital projects | 6,783,704 | 36,344 |
| Total committed | 7,432,663 | 5,307,364 |
| Assigned to: | | |
| Judicial administration | 45,828 | - |
| Public safety | 1,503,978 | - |
| Public works-landfill cell construction | 784,744 | - |
| Health and welfare | 25,243 | - |
| Education-health self insurance | 78,090 | - |
| Education-nutrition | - | 1,692,972 |
| Education-textbooks | - | 497,911 |
| Education-maintenance projects | - | 1,232,356 |
| Education-capital projects | - | 395,984 |
| Funding of subsequent year budget | 24,826,886 | - |
| Subsequent year appropriation of fund balance | 423,170 | - |
| Total assigned | 27,687,939 | 3,819,223 |
| Unassigned | 28,659,410 | (724,859) |
| Total fund balances | \$ 68,511,587 | \$ 8,733,830 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$385,069 and \$366,741 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 \$125,000,000 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 \$369,062.

The Bedford County Nursing Home has a separate policy for general liability insurance through GuideOne Mutual Insurance. The policy limit is \$1,000,000. Total premiums for the current fiscal year were \$30,255. 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 \$2,000,000 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 \$434,492.

Health Care

The County carried commercial insurance for employee health insurance plans for the year ended June 30, 2020.

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 \$7,591,547. Administrative fees and stop loss premiums for the year ended June 30 totaled \$1,942,335. Estimated incurred but not reported (IBNR) claims at June 30 based on prior experience totaled \$500,000. Changes in the balance of claims payable liability during the past year is as follows:

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 17. Risk Management (Continued)

Health Care (Continued)

| | Health Insurance |
|---|-----------------------------|
| Unpaid Claims at July 1 | \$ 1,220,246 |
| Incurred claims (including IBNR and changes in estimates) | 7,591,547 |
| Claim payments | (7,903,796) |
| Unpaid claims at June 30 | \$ 907,997 |

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 2020.

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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

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 2020, the County paid the Board \$465,038 for debt service and \$484,880 for other operational costs.

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 2020. 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.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 2020, \$35,406 was refunded to businesses in accordance with the above mentioned agreements.

Note 21. 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, 2020, the County paid the Town \$750,000, which was the Town's share of additional funding for the year.

Note 22. COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The County's operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has potentially depressed the tax bases and other areas in which the County received revenue during fiscal year 2020. As such, the County's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 22. COVID-19 Impact (Continued)

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the County’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the continued evolution of the COVID-19 outbreak and the global responses to curb its spread, the Government is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 23. Restatement of Net Position

Net position was restated for the year ended June 30, 2019 for a change in the County and School Board’s capital asset capitalization threshold:

| | Governmental Activities | School Board |
|--|------------------------------------|-------------------------|
| Net Position as previously reported at June 30, 2019 | \$ 26,783,193 | \$ 36,659,384 |
| Increase in capital asset threshold | (2,432,974) | (1,288,696) |
| Net Position as restated at June 30, 2019 | \$ 24,350,219 | \$ 35,370,688 |

Note 24. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, *Fiduciary Activities***. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In August 2018, the GASB issued **Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61***. 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.

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 24. 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 reporting periods beginning after December 15, 2019. 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.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. 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, 2021.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

(Continued)

COUNTY OF BEDFORD, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 24. New Accounting Standards (Continued)

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
PRIMARY GOVERNMENT
June 30, 2020

| | Plan Year | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | | |
| Service cost | \$ 2,021,050 | \$ 2,006,400 | \$ 1,898,498 | \$ 1,804,637 | \$ 1,919,057 | \$ 1,936,109 |
| Interest on total pension liability | 4,947,523 | 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 | 283,759 | 2,720,519 | (451,977) | (1,711,831) | (1,101,052) | - |
| Changes in assumptions | 2,366,146 | - | (459,022) | - | - | - |
| Benefit payments, including refunds of employee contributions | (3,557,037) | (3,155,426) | (2,980,765) | (2,786,780) | (2,239,267) | (2,306,520) |
| Net change in total pension liability | 6,061,441 | 6,105,675 | 2,864,057 | 1,544,511 | 2,650,828 | 3,457,313 |
| Total pension liability – beginning | 72,457,419 | 66,351,744 | 63,487,687 | 61,943,176 | 59,292,348 | 55,835,035 |
| Total pension liability – ending | 78,518,860 | 72,457,419 | 66,351,744 | 63,487,687 | 61,943,176 | 59,292,348 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions – employer | 1,400,026 | 1,339,030 | 1,272,940 | 1,481,732 | 1,451,172 | 1,751,158 |
| Contributions – employee | 989,164 | 957,613 | 909,120 | 826,393 | 812,546 | 860,090 |
| Net investment income | 4,582,631 | 4,805,143 | 7,135,145 | 1,023,046 | 2,558,667 | 7,596,167 |
| Benefit payments, including refunds of employee contributions | (3,557,037) | (3,155,426) | (2,980,765) | (2,786,780) | (2,239,267) | (2,306,520) |
| Administrative expenses | (45,242) | (41,325) | (41,144) | (36,107) | (34,521) | (40,277) |
| Other | (2,892) | 132,140 | (6,358) | (430) | (546) | 400 |
| Net change in plan fiduciary net position | 3,366,650 | 4,037,175 | 6,288,938 | 507,854 | 2,548,051 | 7,861,018 |
| Plan fiduciary net position – beginning | 69,093,337 | 65,056,162 | 58,767,224 | 58,259,370 | 55,711,319 | 47,850,301 |
| Plan fiduciary net position – ending | 72,459,987 | 69,093,337 | 65,056,162 | 58,767,224 | 58,259,370 | 55,711,319 |
| Net pension liability – ending | \$ 6,058,873 | \$ 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 | 92% | 95% | 98% | 93% | 94% | 94% |
| Covered employee payroll | \$ 21,781,710 | \$ 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 | 28% | 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, 2020

| | Plan Year | | | | | |
|--|--------------------|-----------------------|-----------------------|-------------------|--------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | | |
| Service cost | \$ 529,937 | \$ 538,823 | \$ 547,567 | \$ 558,668 | \$ 601,405 | \$ 582,857 |
| Interest on total pension liability | 1,564,001 | 1,491,579 | 1,454,802 | 1,431,511 | 1,351,849 | 1,277,059 |
| Difference between expected and actual experience | 364,326 | 158,901 | (164,960) | (638,390) | 80,427 | - |
| Changes in assumptions | 616,120 | - | (224,914) | - | - | - |
| Benefit payments, including refunds of employee contributions | (1,229,744) | (1,079,678) | (1,094,549) | (943,544) | (847,770) | (735,199) |
| Net change in total pension liability | 1,844,640 | 1,109,625 | 517,946 | 408,245 | 1,185,911 | 1,124,717 |
| Total pension liability – beginning | 22,957,738 | 21,848,113 | 21,330,167 | 20,921,922 | 19,736,011 | 18,611,294 |
| Total pension liability – ending | 24,802,378 | 22,957,738 | 21,848,113 | 21,330,167 | 20,921,922 | 19,736,011 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions – employer | 244,991 | 237,168 | 236,702 | 390,587 | 404,699 | 475,727 |
| Contributions – employee | 255,641 | 264,009 | 261,842 | 262,489 | 272,628 | 286,798 |
| Net investment income | 1,582,297 | 1,686,767 | 2,537,662 | 364,171 | 923,208 | 2,759,864 |
| Benefit payments, including refunds of employee contributions | (1,229,744) | (1,079,678) | (1,094,549) | (943,544) | (847,770) | (735,199) |
| Administrative expenses | (16,057) | (14,762) | (14,951) | (13,042) | (12,637) | (14,693) |
| Other | (993) | (1,492) | (2,243) | (154) | (196) | 146 |
| Net change in plan fiduciary net position | 836,135 | 1,092,012 | 1,924,463 | 60,507 | 739,932 | 2,772,643 |
| Plan fiduciary net position – beginning | 24,041,048 | 22,949,036 | 21,024,573 | 20,964,066 | 20,224,134 | 17,451,491 |
| Plan fiduciary net position – ending | 24,877,183 | 24,041,048 | 22,949,036 | 21,024,573 | 20,964,066 | 20,224,134 |
| Net pension liability (asset) – ending | \$ (74,805) | \$ (1,083,310) | \$ (1,100,923) | \$ 305,594 | \$ (42,144) | \$ (488,123) |
| Plan fiduciary net position as a percentage of total pension liability (asset) | 100% | 105% | 105% | 99% | 100% | 102% |
| Covered employee payroll | \$ 6,232,346 | \$ 6,239,209 | \$ 6,134,885 | \$ 6,058,761 | \$ 5,777,679 | \$ 6,064,075 |
| Net pension liability (asset) as a percentage of covered employee payroll | -1% | -17% | -18% | 5% | -1% | -8% |

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 –
 PRIMARY GOVERNMENT – LENGTH OF SERVICE AWARDS PROGRAM
 June 30, 2020

| | Plan Year | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 |
| Total Pension Liability | | | | |
| Service cost | \$ 105,316 | \$ 95,314 | \$ 97,910 | \$ 104,705 |
| Interest on total pension liability | 72,729 | 86,214 | 98,590 | 98,942 |
| Changes in benefit terms | - | - | - | - |
| Difference between expected and actual experience | (49,104) | (182,357) | (49,620) | - |
| Changes in assumptions | 549,356 | 329,430 | (32,874) | (156,953) |
| Benefit payments, including refunds of employee contributions | (111,653) | (116,441) | (64,755) | (118,545) |
| Net change in total pension liability | 566,644 | 212,160 | 49,251 | (71,851) |
| Total pension liability – beginning | <u>3,022,565</u> | <u>2,810,405</u> | <u>2,761,154</u> | <u>2,833,005</u> |
| Total pension liability – ending | <u>3,589,209</u> | <u>3,022,565</u> | <u>2,810,405</u> | <u>2,761,154</u> |
| 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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position – ending | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net pension liability – ending | <u>\$ 3,589,209</u> | <u>\$ 3,022,565</u> | <u>\$ 2,810,405</u> | <u>\$ 2,761,154</u> |
| Plan fiduciary net position as a percentage of total pension liability | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> |
| Covered employee payroll | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net pension liability as a percentage of covered employee payroll | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> |

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.

COUNTY OF BEDFORD, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2020

| Entity Fiscal Year Ended June 30, | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|--|---|---|------------------------|---|
| Primary Government-All Employees | | | | | |
| 2020 | \$ 1,599,989 | \$ 1,599,989 | \$ - | \$ 21,647,240 | 7.39 % |
| 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 | | | | | |
| 2020 | 268,886 | 268,886 | - | 5,904,866 | 4.55 |
| 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 | | | | | |
| 2020 | 111,653 | 111,653 | - | N/A | N/A |
| 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 Supplementary 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, 2020

| 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 |
|---|---|--|---------------------------------------|---|---|
| 2019 | 0.62 % | \$ 81,823,201 | \$ 49,842,942 | 164.16 % | 73.51 % |
| 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, 2020

| 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 |
|--|--|---|---|---------------------------------------|---|
| 2020 | \$ 7,910,482 | \$ 7,910,482 | \$ - | \$ 47,893,326 | 16.52 % |
| 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, 2020

| | Plan Year | | | | | |
|---|--------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| | Primary Government | | | Schools | | |
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Total OPEB Liability | | | | | | |
| Service cost | \$ 62,102 | \$ 42,428 | \$ 45,868 | \$ 206,165 | \$ 432,439 | \$ 460,509 |
| Interest on total OPEB liability | 31,493 | 23,759 | 18,053 | 100,233 | 242,932 | 196,367 |
| Difference between expected and actual experience | 4,131 | 252,668 | - | (75,589) | (6,085,371) | - |
| Changes in assumptions | (35,609) | (90,532) | (42,476) | 1,344 | 1,436,739 | (371,559) |
| Benefit payments | (28,857) | (13,755) | 25,799 | (136,575) | (235,616) | (183,114) |
| Net change in total OPEB liability | 33,260 | 214,568 | 47,244 | 95,578 | (4,208,877) | 102,203 |
| Total OPEB liability – beginning | 882,326 | 667,758 | 620,514 | 2,874,937 | 7,083,814 | 6,981,611 |
| Total OPEB liability – ending | 915,586 | 882,326 | 667,758 | 2,970,515 | 2,874,937 | 7,083,814 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions – employer | 28,857 | (13,755) | (25,799) | 136,575 | 235,616 | 183,114 |
| Benefit payments | (28,857) | 13,755 | 25,799 | (136,575) | (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 | \$ 915,586 | \$ 882,326 | \$ 667,758 | \$ 2,970,515 | \$ 2,874,937 | \$ 7,083,814 |
| Plan fiduciary net position as a percentage of total OPEB liability | 0% | 0% | 0% | 0% | 0% | 0% |
| Covered payroll | \$ 21,781,710 | \$ 21,353,372 | \$ 19,852,664 | \$ 56,075,288 | \$ 54,610,702 | \$ 53,547,731 |
| Net OPEB liability as a percentage of covered payroll | 4.20% | 4.13% | 3.36% | 5.30% | 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, 2020**

| 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 | | | | | |
| 2020 | \$ 18,846 | \$ 18,846 | \$ - | \$ 21,647,240 | 0.09 % |
| 2019 | 471,580 | 471,580 | - | 21,781,710 | 2.17 |
| 2018 | 13,755 | 13,755 | - | 21,353,372 | 0.06 |
| Schools Local Plan | | | | | |
| 2020 | 198,370 | 198,370 | - | 53,798,192 | 0.37 |
| 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, 2020

| 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 | | | | | |
| 2020 | 0.62 % | \$ 8,110,000 | \$ 49,842,942 | 16.27 % | 8.97 % |
| 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 | | | | | |
| 2020 | 0.10 | 1,664,000 | 21,781,710 | 7.64 | 52.00 |
| 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 | | | | | |
| 2020 | 0.03 | 445,000 | 6,232,346 | 7.14 | 52.00 |
| 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 | | | | | |
| 2020 | 0.27 | 4,338,000 | 49,842,942 | 8.70 | 52.00 |
| 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, 2020**

| 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 |
|---|--|---|---|---|---|
| Virginia Retirement System – Health Insurance Credit – Schools – Teachers | | | | | |
| 2020 | \$ 606,005 | \$ 606,005 | \$ - | \$ 47,893,326 | 1.27 % |
| 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 | | | | | |
| 2020 | 113,460 | 113,460 | - | 21,647,240 | 0.52 |
| 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 | | | | | |
| 2020 | 28,372 | 28,372 | - | 5,904,866 | 0.48 |
| 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 | 264,295 | 264,295 | - | 47,893,326 | 0.55 |
| 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 SUPPLEMENTARY INFORMATION
June 30, 2020**

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

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty Disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty Disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty Disability rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and LODA OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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OTHER SUPPLEMENTARY INFORMATION

COUNTY OF BEDFORD, VIRGINIA

AGENCY FUNDS –
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2020

| | 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 | \$ 709,550 | \$ 1,235 | \$ 3,390 | \$ 70,506 | \$ 69,959 | \$ 68,989 | \$ 44,547 | \$ 968,176 |
| Security deposits | 900 | - | - | - | - | - | - | 900 |
| Accounts receivable | 20,598 | - | - | - | - | - | - | 20,598 |
| Total assets | <u>\$ 731,048</u> | <u>\$ 1,235</u> | <u>\$ 3,390</u> | <u>\$ 70,506</u> | <u>\$ 69,959</u> | <u>\$ 68,989</u> | <u>\$ 44,547</u> | <u>\$ 989,674</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 5,618 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,618 |
| Accrued liabilities | 3,693 | - | - | - | - | - | - | 3,693 |
| Amounts held for others | 721,737 | 1,235 | 3,390 | 70,506 | 69,959 | 68,989 | 44,547 | 980,363 |
| Total liabilities | <u>\$ 731,048</u> | <u>\$ 1,235</u> | <u>\$ 3,390</u> | <u>\$ 70,506</u> | <u>\$ 69,959</u> | <u>\$ 68,989</u> | <u>\$ 44,547</u> | <u>\$ 989,674</u> |

COUNTY OF BEDFORD, VIRGINIA

**AGENCY FUNDS –
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AND LIABILITIES
Year Ended June 30, 2020**

| | <u>Balance Beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance Ending</u> |
|--|------------------------------|-------------------|-------------------|---------------------------|
| Tri-County Lake Administrative Commission | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 791,668 | \$ 134,285 | \$ 216,403 | \$ 709,550 |
| Security deposits | 900 | - | - | 900 |
| Accounts receivable | 7,922 | 146,961 | 134,285 | 20,598 |
| | <u>\$ 800,490</u> | <u>\$ 281,246</u> | <u>\$ 350,688</u> | <u>\$ 731,048</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 7,011 | \$ 80,906 | \$ 82,299 | \$ 5,618 |
| Accrued liabilities | 5,820 | 131,977 | 134,104 | 3,693 |
| Amounts held for others | 787,659 | - | 65,922 | 721,737 |
| | <u>\$ 800,490</u> | <u>\$ 212,883</u> | <u>\$ 282,325</u> | <u>\$ 731,048</u> |
| Bedford Community Coalition | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,230 | \$ 5 | \$ - | \$ 1,235 |
| Liabilities: | | | | |
| Amounts held for others | \$ 1,230 | \$ 5 | \$ - | \$ 1,235 |
| Bedford Wine Trail | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 3,993 | \$ 600 | \$ 1,203 | \$ 3,390 |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 1,203 | \$ 1,203 | \$ - |
| Amounts held for others | 3,993 | - | 603 | 3,390 |
| | <u>\$ 3,993</u> | <u>\$ 1,203</u> | <u>\$ 1,806</u> | <u>\$ 3,390</u> |
| Special Welfare Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 37,734 | \$ 132,610 | \$ 99,838 | \$ 70,506 |
| Liabilities: | | | | |
| Amounts held for others | \$ 37,734 | \$ 132,610 | \$ 99,838 | \$ 70,506 |
| Road Escrow Accounts | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 69,889 | \$ 70 | \$ - | \$ 69,959 |
| Liabilities: | | | | |
| Amounts held for others | \$ 69,889 | \$ 70 | \$ - | \$ 69,959 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA

**AGENCY FUNDS –
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AND LIABILITIES
Year Ended June 30, 2020**

| | <u>Balance Beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance Ending</u> |
|-------------------------------|------------------------------|-------------------|-------------------|---------------------------|
| Land Disturbing Bonds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 107,591 | \$ 55,317 | \$ 93,919 | \$ 68,989 |
| Liabilities: | | | | |
| Amounts held for others | \$ 107,591 | \$ 55,317 | \$ 93,919 | \$ 68,989 |
| Sheriff Asset Seizures | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 54,798 | \$ 9,850 | \$ 20,101 | \$ 44,547 |
| Liabilities: | | | | |
| Amounts held for others | \$ 54,798 | \$ 9,850 | \$ 20,101 | \$ 44,547 |
| Total Fiduciary Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,066,903 | \$ 332,737 | \$ 431,464 | \$ 968,176 |
| Security deposits | 900 | - | - | 900 |
| Accounts receivable | 7,922 | 146,961 | 134,285 | 20,598 |
| Total assets | <u>\$ 1,075,725</u> | <u>\$ 479,698</u> | <u>\$ 565,749</u> | <u>\$ 989,674</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 7,011 | \$ 82,109 | \$ 83,502 | \$ 5,618 |
| Accrued liabilities | 5,820 | 131,977 | 134,104 | 3,693 |
| Amounts held for others | 1,062,894 | 197,852 | 280,383 | 980,363 |
| Total liabilities | <u>\$ 1,075,725</u> | <u>\$ 411,938</u> | <u>\$ 497,989</u> | <u>\$ 989,674</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, 2020**

| | <u>Special Revenue Funds</u> | | | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|------------------------------|---------------------|-------------------|-----------------------------|---|
| | <u>Operating</u> | <u>Nutrition</u> | <u>Textbooks</u> | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 8,188,870 | \$ 1,912,179 | \$ 497,911 | \$ 10,830 | \$ 10,609,790 |
| Receivables, net | 3,418,281 | 94,217 | - | - | 3,512,498 |
| Due from primary government | 7,720,370 | - | - | 2,782,899 | 10,503,269 |
| Due from other funds | 546,962 | - | - | - | 546,962 |
| Prepays | 120,699 | 26,609 | - | - | 147,308 |
| Inventories | - | 184,794 | - | - | 184,794 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 19,995,182</u> | <u>\$ 2,217,799</u> | <u>\$ 497,911</u> | <u>\$ 2,793,729</u> | <u>\$ 25,504,621</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | \$ 433,356 | \$ 7,506 | \$ - | \$ 1,850,783 | \$ 2,291,645 |
| Accrued payroll and related liabilities | 11,579,071 | 305,918 | - | - | 11,884,989 |
| Due to other funds | - | - | - | 546,962 | 546,962 |
| Self insurance | 907,326 | - | - | - | 907,326 |
| Deferred revenue | 1,139,869 | - | - | - | 1,139,869 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>14,059,622</u> | <u>313,424</u> | <u>-</u> | <u>2,397,745</u> | <u>16,770,791</u> |
| FUND BALANCES | | | | | |
| Fund balances: | | | | | |
| Nonspendable | 120,699 | 211,403 | - | - | 332,102 |
| Committed | 5,307,364 | - | - | - | 5,307,364 |
| Assigned | 1,232,356 | 1,692,972 | 497,911 | 395,984 | 3,819,223 |
| Unassigned | (724,859) | - | - | - | (724,859) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>5,935,560</u> | <u>1,904,375</u> | <u>497,911</u> | <u>395,984</u> | <u>8,733,830</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 19,995,182</u> | <u>\$ 2,217,799</u> | <u>\$ 497,911</u> | <u>\$ 2,793,729</u> | <u> </u> |

(Continued)

COUNTY OF BEDFORD, VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT – BEDFORD COUNTY SCHOOL BOARD
 COMBINING BALANCE SHEET
 Year Ended June 30, 2020

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

| | | | |
|---|----|----------------------|----------------------|
| Total Fund Balance, Governmental Funds | | \$ | 8,733,830 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | |
| Gross capital assets at historical cost | \$ | 293,101,626 | |
| Accumulated depreciation | | <u>(155,248,997)</u> | 137,852,629 |
| Other long-term assets not available to pay for current period expenditures and therefore are deferred in the funds. | | | |
| | | | 1,842,700 |
| 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 | | 17,984,604 | |
| Other postemployment benefits | | 3,084,437 | |
| Deferred inflows related to: | | | |
| Pensions | | (8,906,093) | |
| Other postemployment benefits | | (5,273,803) | |
| Net pension asset | | 74,805 | |
| Net pension liability | | (81,823,201) | |
| Net other postemployment benefit liability | | <u>(15,863,515)</u> | (90,722,766) |
| Long-term liabilities do not require the use of current financial resources and are not reported as expenditures in governmental funds. | | | |
| Accrued interest | | (80,030) | |
| Capital leases | | (4,016,308) | |
| Compensated absences | | <u>(1,856,915)</u> | <u>(5,953,253)</u> |
| Net position of Governmental Activities | | | <u>\$ 51,753,140</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, 2020

| | Special Revenue Funds | | | | Total Governmental Funds |
|--|-----------------------|---------------------|-------------------|---------------------|--------------------------------|
| | Operating | Nutrition | Textbooks | Capital Projects | |
| REVENUES | | | | | |
| Revenue from use of money and property | \$ 64,940 | \$ 6,924 | \$ 1,480 | \$ 11 | \$ 73,355 |
| Charges for services | 663,824 | 1,542,585 | - | - | 2,206,409 |
| Other | 539,047 | - | - | - | 539,047 |
| Intergovernmental: | | | | | |
| County of Bedford | 36,520,917 | - | - | 21,112,464 | 57,633,381 |
| Commonwealth of Virginia | 60,526,345 | 59,950 | 466,849 | - | 61,053,144 |
| Federal government | 4,569,521 | 2,873,610 | - | - | 7,443,131 |
| Total revenues | <u>102,884,594</u> | <u>4,483,069</u> | <u>468,329</u> | <u>21,112,475</u> | <u>128,948,467</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional | 73,531,036 | - | 1,210,321 | - | 74,741,357 |
| Administration, attendance, and health | 4,125,256 | - | - | - | 4,125,256 |
| Pupil transportation services | 8,452,294 | - | - | - | 8,452,294 |
| Operations and maintenance services | 9,299,215 | - | - | - | 9,299,215 |
| Nutrition services | - | 4,295,846 | - | - | 4,295,846 |
| Technology | 6,531,592 | - | - | - | 6,531,592 |
| Debt Service: | | | | | |
| Principal | 1,279,521 | - | - | - | 1,279,521 |
| Interest and other fiscal charges | 84,081 | - | - | - | 84,081 |
| Capital projects | - | - | - | 20,745,918 | 20,745,918 |
| Total expenditures | <u>103,302,995</u> | <u>4,295,846</u> | <u>1,210,321</u> | <u>20,745,918</u> | <u>129,555,080</u> |
| Excess (deficiency) of revenues over expenditures | <u>(418,401)</u> | <u>187,223</u> | <u>(741,992)</u> | <u>366,557</u> | <u>(606,613)</u> |
| OTHER FINANCING SOURCES | | | | | |
| Capital lease proceeds | 1,368,583 | - | - | - | 1,368,583 |
| Transfers in | 19,566 | - | - | - | 19,566 |
| Transfers out | - | (19,566) | - | - | (19,566) |
| Total other financing sources | <u>1,388,149</u> | <u>(19,566)</u> | <u>-</u> | <u>-</u> | <u>1,368,583</u> |
| Net change in fund balances | 969,748 | 167,657 | (741,992) | 366,557 | 761,970 |
| Fund balance, beginning | <u>4,965,812</u> | <u>1,736,718</u> | <u>1,239,903</u> | <u>29,427</u> | |
| Fund balance, ending | <u>\$ 5,935,560</u> | <u>\$ 1,904,375</u> | <u>\$ 497,911</u> | <u>\$ 395,984</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, 2020

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

Net changes in fund balances - total governmental funds \$ 761,970

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 \$ 22,446,974
Depreciation expense for governmental assets (6,985,912) 15,461,062

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 8,179,368
Pension expense (8,666,805)

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 1,097,042
Other postemployment expense (349,607)

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 (1,368,583)
Principal payments on long-term debt 1,279,521
Increase in accrued interest payable (4,807) (93,869)

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

Other revenues 312,816

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 (319,525)

Total changes in net position of governmental activities \$ 16,382,452

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, 2020**

| | <u>Operating</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Budgeted Amounts</u> | | <u>Actual</u> | |
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Revenue from use of money and property | \$ 25,000 | \$ 51,000 | \$ 65,390 | \$ 14,390 |
| Charges for services | 625,000 | 695,666 | 665,108 | (30,558) |
| Other | 50,000 | 50,000 | 133,528 | 83,528 |
| Intergovernmental: | | | | |
| County of Bedford | 36,393,028 | 36,656,619 | 36,582,408 | (74,211) |
| Commonwealth of Virginia | 60,581,915 | 60,753,536 | 60,362,541 | (390,995) |
| Federal government | <u>5,122,887</u> | <u>5,122,887</u> | <u>4,636,900</u> | <u>(485,987)</u> |
| Total revenues | <u>102,797,830</u> | <u>103,329,708</u> | <u>102,445,875</u> | <u>(883,833)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instructional | 74,598,188 | 74,528,188 | 73,848,076 | 680,112 |
| Administration, attendance, and health | 4,060,761 | 4,227,427 | 4,186,828 | 40,599 |
| Pupil transportation services | 8,589,670 | 8,589,670 | 8,508,408 | 81,262 |
| Operations and maintenance services | 9,246,016 | 9,549,433 | 9,475,731 | 73,702 |
| Nutrition services | - | - | - | - |
| Technology | <u>6,303,195</u> | <u>6,303,195</u> | <u>6,300,390</u> | <u>2,805</u> |
| Total expenditures | <u>102,797,830</u> | <u>103,197,913</u> | <u>102,319,433</u> | <u>878,480</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>131,795</u> | <u>126,442</u> | <u>(5,353)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ 131,795</u> | <u>\$ 126,442</u> | <u>\$ (5,353)</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 | \$ 6,924 | \$ (76) | \$ - | \$ - | \$ 1,480 | \$ 1,480 |
| 2,183,930 | 2,183,930 | 1,542,746 | (641,184) | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 41,603 | 41,603 | 59,950 | 18,347 | 467,354 | 467,354 | 466,849 | (505) |
| 2,231,623 | 2,231,623 | 2,805,117 | 573,494 | - | - | - | - |
| 4,464,156 | 4,464,156 | 4,414,737 | (49,419) | 467,354 | 467,354 | 468,329 | 975 |
| - | - | - | - | 467,354 | 467,354 | 1,216,018 | (748,664) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 4,464,156 | 4,464,156 | 4,396,507 | 67,649 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 4,464,156 | 4,464,156 | 4,396,507 | 67,649 | 467,354 | 467,354 | 1,216,018 | (748,664) |
| - | - | 18,230 | 18,230 | - | - | (747,689) | (747,689) |
| \$ - | \$ - | \$ 18,230 | \$ 18,230 | \$ - | \$ - | \$ (747,689) | \$ (747,689) |

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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, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 44,650,000 | \$ 44,650,000 | \$ 45,525,079 | \$ 875,079 |
| Real and personal public service corporation property taxes | 1,694,500 | 1,694,500 | 1,691,328 | (3,172) |
| Personal property taxes (local remittance) | 15,214,000 | 15,214,000 | 16,349,632 | 1,135,632 |
| Machinery and tools taxes | 3,855,000 | 3,855,000 | 4,007,889 | 152,889 |
| Mobile home taxes | 131,000 | 131,000 | 112,789 | (18,211) |
| Penalties and interest | 775,000 | 775,000 | 905,691 | 130,691 |
| Total general property taxes | <u>66,319,500</u> | <u>66,319,500</u> | <u>68,592,408</u> | <u>2,272,908</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | 6,177,370 | 6,177,370 | 7,046,586 | 869,216 |
| Consumer utility taxes | 1,250,500 | 1,250,500 | 1,249,846 | (654) |
| Utility license tax | 80,000 | 80,000 | 76,792 | (3,208) |
| Bank stock taxes | 350,000 | 350,000 | 387,871 | 37,871 |
| Taxes on recordations and wills | 982,000 | 982,000 | 1,299,856 | 317,856 |
| Transient occupancy tax | 875,000 | 875,000 | 850,760 | (24,240) |
| Meals tax | 1,750,000 | 1,750,000 | 1,762,431 | 12,431 |
| Communications sales tax | 1,550,000 | 1,550,000 | 1,586,194 | 36,194 |
| Total other local taxes | <u>13,014,870</u> | <u>13,014,870</u> | <u>14,260,336</u> | <u>1,245,466</u> |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | 40,000 | 40,000 | 36,192 | (3,808) |
| Building permits | 275,000 | 275,000 | 290,909 | 15,909 |
| Other permits and licenses | 23,000 | 23,000 | 19,872 | (3,128) |
| Planning permits and fees | 165,000 | 165,000 | 187,858 | 22,858 |
| Total permits, privilege fees, and regulatory licenses | <u>503,000</u> | <u>503,000</u> | <u>534,831</u> | <u>31,831</u> |
| Fines and forfeitures | <u>125,000</u> | <u>125,000</u> | <u>101,892</u> | <u>(23,108)</u> |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | 335,050 | 335,169 | 792,648 | 457,479 |
| Revenue from use of property | 168,226 | 168,226 | 195,359 | 27,133 |
| Total revenue from use of money and property | <u>503,276</u> | <u>503,395</u> | <u>988,007</u> | <u>484,612</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, 2020

| | Budgeted Amounts | | | Variance with |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | Actual | Final Budget Positive (Negative) |
| Charges for services: | | | | |
| Court costs | \$ 178,204 | \$ 178,204 | \$ 142,478 | \$ (35,726) |
| Commonwealth attorney | 5,000 | 5,000 | 4,751 | (249) |
| Law enforcement and traffic control | 170,000 | 170,000 | 152,504 | (17,496) |
| Welfare and social services | 46,000 | 46,000 | 77,815 | 31,815 |
| Recreation fees | 85,000 | 85,000 | 67,767 | (17,233) |
| EMS cost recoveries | 1,875,000 | 1,875,000 | 1,912,291 | 37,291 |
| Other | 1,500 | 1,500 | 9,724 | 8,224 |
| Total charges for services | <u>2,360,704</u> | <u>2,360,704</u> | <u>2,367,330</u> | <u>6,626</u> |
| Miscellaneous | <u>265,000</u> | <u>508,137</u> | <u>978,189</u> | <u>470,052</u> |
| Recovered costs: | | | | |
| Town of Bedford-communications | 40,000 | 40,000 | - | (40,000) |
| Social services | 52,725 | 52,725 | - | (52,725) |
| Bedford County School Board | 59,779 | 59,779 | 44,835 | (14,944) |
| Corporate Park Drive | 450,000 | 450,000 | - | (450,000) |
| Bedford Public Library | 35,000 | 35,000 | 17,500 | (17,500) |
| Tri-County Lake Administrative Commission | 10,000 | 10,000 | 10,000 | - |
| Central Garage | 165,000 | 165,000 | 184,737 | 19,737 |
| Prisoner extradition | 2,000 | 2,000 | - | (2,000) |
| Nursing home | 225,000 | 225,000 | 304,508 | 79,508 |
| Total recovered costs | <u>1,039,504</u> | <u>1,039,504</u> | <u>561,580</u> | <u>(477,924)</u> |
| Total revenue from local sources | <u>84,130,854</u> | <u>84,374,110</u> | <u>88,384,573</u> | <u>4,010,463</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 | 105,000 | 105,000 | 110,968 | 5,968 |
| Mobile home titling taxes | 90,000 | 90,000 | 104,270 | 14,270 |
| Recordation taxes | 260,000 | 260,000 | 262,265 | 2,265 |
| Railroad rolling stock taxes | 160,000 | 160,000 | 163,225 | 3,225 |
| Total non-categorical aid | <u>6,701,051</u> | <u>6,701,051</u> | <u>6,726,779</u> | <u>25,728</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's Attorney | 599,293 | 599,293 | 593,996 | (5,297) |
| Sheriff | 2,497,019 | 2,497,019 | 2,489,710 | (7,309) |
| Commissioner of the Revenue | 251,022 | 251,022 | 255,405 | 4,383 |
| Treasurer | 234,470 | 234,470 | 234,621 | 151 |
| Registrar and Electoral board | 47,600 | 47,600 | 51,702 | 4,102 |
| Clerk of the Circuit Court | 487,893 | 487,893 | 483,227 | (4,666) |
| Communications | 153,161 | 153,161 | 153,061 | (100) |
| Total shared expenses | <u>4,270,458</u> | <u>4,270,458</u> | <u>4,261,722</u> | <u>(8,736)</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, 2020

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|----------------|---|
| | Original | Final | Actual | |
| Other: | | | | |
| Social services | \$ 2,571,634 | \$ 2,571,634 | \$ 2,294,509 | \$ (277,125) |
| Comprehensive services | 2,537,162 | 4,234,312 | 3,812,183 | (422,129) |
| Forfeited asset seizure proceeds | - | 12,730 | 12,730 | - |
| State internet crimes | - | 3,676,540 | 3,407,994 | (268,546) |
| Primary/Election reimbursement | - | - | 41,475 | 41,475 |
| EMS Four for Life | 80,000 | 80,000 | - | (80,000) |
| Fire funds | 230,000 | 531,831 | 359,942 | (171,889) |
| Victim witness coordinator | 37,287 | 37,287 | 47,861 | 10,574 |
| Domestic violence grants | 220,996 | 263,538 | 233,765 | (29,773) |
| VJCCCA | 70,751 | 70,751 | 70,751 | - |
| Wireless E-911 grant | 220,000 | 273,000 | 246,383 | (26,617) |
| Tourism grants | - | 11,060 | 42,000 | 30,940 |
| Record preservation grant | - | 13,736 | - | (13,736) |
| VA Commission of Arts | 5,000 | 5,000 | 4,500 | (500) |
| Juror and witness reimbursement | 25,000 | 25,000 | 21,390 | (3,610) |
| Virginia Tobacco Commission grants | 1,710,500 | 7,132,789 | 1,111,324 | (6,021,465) |
| VDOT Revenue Sharing | 697,455 | 697,455 | 359,215 | (338,240) |
| Other | 34,000 | 34,000 | 6,931,865 | 6,897,865 |
| Total other categorical aid | 8,439,785 | 19,670,663 | 18,997,887 | (672,776) |
| Total categorical aid | 12,710,243 | 23,941,121 | 23,259,609 | (681,512) |
| Total revenue from the Commonwealth | 19,411,294 | 30,642,172 | 29,986,388 | (655,784) |
| Revenue from the federal government: | | | | |
| Payments in lieu of taxes | - | - | 78,748 | 78,748 |
| Categorical aid: | | | | |
| Social services | 4,527,207 | 4,527,207 | 4,170,639 | (356,568) |
| Sheriff – DMV grants | - | 27,038 | 23,966 | (3,072) |
| Internet crimes grant | - | 1,043,791 | 342,651 | (701,140) |
| Bulletproof vest grant | - | 8,929 | 7,853 | (1,076) |
| RSG wildland outreach grant | - | 2,329 | 2,329 | - |
| Victim witness coordinator | 111,862 | 111,862 | 143,585 | 31,723 |
| Domestic violence grants | 164,343 | 164,343 | 186,151 | 21,808 |
| Other | 154,000 | 154,000 | 190,224 | 36,224 |
| Total categorical aid | 4,957,412 | 6,039,499 | 5,067,398 | (972,101) |
| Total revenue from the federal government | 4,957,412 | 6,039,499 | 5,146,146 | (893,353) |
| Total intergovernmental revenues | 24,368,706 | 36,681,671 | 35,132,534 | (1,549,137) |
| Total general fund | \$ 108,499,560 | \$ 121,055,781 | \$ 123,517,107 | \$ 2,461,326 |

(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, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | | |
| Expenditures | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of Supervisors | \$ 124,490 | \$ 124,490 | \$ 119,691 | \$ 4,799 |
| General and financial administration: | | | | |
| County administration | 483,731 | 508,731 | 433,677 | 75,054 |
| County attorney | 148,630 | 157,221 | 154,116 | 3,105 |
| Independent auditor | 72,000 | 72,000 | 67,325 | 4,675 |
| Commissioner of the Revenue | 609,456 | 629,456 | 598,328 | 31,128 |
| Assessor | 333,090 | 333,090 | 6,622 | 326,468 |
| Treasurer | 754,813 | 770,539 | 770,539 | - |
| Fiscal management | 850,068 | 901,677 | 751,137 | 150,540 |
| Information technology | 1,051,037 | 1,051,037 | 668,548 | 382,489 |
| Human resources | 280,318 | 280,318 | 267,376 | 12,942 |
| Electoral board | 195,821 | 195,821 | 135,999 | 59,822 |
| Registrar | 217,454 | 217,454 | 206,383 | 11,071 |
| Total general and financial administration | 4,996,418 | 5,117,344 | 4,060,050 | 1,057,294 |
| Total general government administration | 5,120,908 | 5,241,834 | 4,179,741 | 1,062,093 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit Court | 93,505 | 93,505 | 84,672 | 8,833 |
| District Court | 19,325 | 19,325 | 11,405 | 7,920 |
| Magistrates | 2,600 | 2,600 | 2,190 | 410 |
| Juvenile and Domestic Relations District Court | 17,810 | 17,810 | 14,595 | 3,215 |
| Clerk of the Circuit Court | 1,052,654 | 1,068,441 | 1,063,698 | 4,743 |
| Judgement suits preservation | - | 24,111 | 10,375 | 13,736 |
| Victim Witness Coordinator | 222,730 | 222,730 | 212,498 | 10,232 |
| Law Library | 14,050 | 14,050 | 10,337 | 3,713 |
| Other court services | 12,000 | 12,000 | 12,000 | - |
| Total courts | 1,434,674 | 1,474,572 | 1,421,770 | 52,802 |
| Commonwealth's Attorney | 1,101,318 | 1,146,966 | 1,015,110 | 131,856 |
| Total judicial administration | 2,535,992 | 2,621,538 | 2,436,880 | 184,658 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | 7,568,677 | 7,589,679 | 7,037,575 | 552,104 |
| Internet Crimes Grant | - | 4,720,331 | 2,580,427 | 2,139,904 |
| Law enforcement grants | - | 125,343 | 120,838 | 4,505 |
| Total law enforcement and traffic control | 7,568,677 | 12,435,353 | 9,738,840 | 2,696,513 |
| Fire and rescue services: | | | | |
| Volunteer fire companies | 1,515,425 | 1,545,955 | 1,438,977 | 106,978 |
| Volunteer rescue squads | 951,355 | 965,110 | 959,713 | 5,397 |
| Other fire and rescue services | 75,200 | 82,613 | 78,238 | 4,375 |
| Total fire and rescue services | 2,541,980 | 2,593,678 | 2,476,928 | 116,750 |

(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, 2020

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| Correction and detention: | | | | |
| Blue Ridge Regional Jail | \$ 1,925,000 | \$ 1,925,000 | \$ 1,874,316 | \$ 50,684 |
| VJCCA | 166,270 | 166,270 | 126,059 | 40,211 |
| Juvenile secure detention | 300,000 | 300,000 | 119,949 | 180,051 |
| Total correction and detention | 2,391,270 | 2,391,270 | 2,120,324 | 270,946 |
| Building inspections | 578,364 | 578,364 | 566,895 | 11,469 |
| Other protection: | | | | |
| Animal shelter | 210,758 | 210,758 | 187,541 | 23,217 |
| Animal control | 309,456 | 309,456 | 264,907 | 44,549 |
| Emergency services | 3,989,728 | 4,084,359 | 3,797,453 | 286,906 |
| Communications center | 2,773,912 | 2,807,028 | 2,442,461 | 364,567 |
| Communications grants | - | 3,000 | 1,302 | 1,698 |
| Transportation Safety Committee | 1,045 | 1,045 | 965 | 80 |
| Total other protection | 7,284,899 | 7,415,646 | 6,694,629 | 721,017 |
| Total public safety | 20,365,190 | 25,414,311 | 21,597,616 | 3,816,695 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Refuse collection | 3,205,369 | 3,254,392 | 3,246,026 | 8,366 |
| Total sanitation and waste removal | 3,205,369 | 3,254,392 | 3,246,026 | 8,366 |
| Maintenance – buildings and grounds: | | | | |
| Housekeeping | 446,992 | 446,992 | 404,180 | 42,812 |
| General properties | 1,360,643 | 1,410,643 | 1,211,675 | 198,968 |
| Central garage | 357,730 | 357,730 | 309,851 | 47,879 |
| Total maintenance – buildings and grounds | 2,165,365 | 2,215,365 | 1,925,706 | 289,659 |
| Total public works | 5,370,734 | 5,469,757 | 5,171,732 | 298,025 |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement to local health department | 488,509 | 488,509 | 488,509 | - |
| Welfare: | | | | |
| Social services | 10,097,347 | 10,088,756 | 9,217,680 | 871,076 |
| Comprehensive services | 4,170,000 | 6,545,477 | 6,322,233 | 223,244 |
| Domestic violence | 535,753 | 535,753 | 465,033 | 70,720 |
| Other health and welfare | 219,000 | 219,000 | 219,000 | - |
| Total welfare | 15,022,100 | 17,388,986 | 16,223,946 | 1,165,040 |
| Total health and welfare | 15,510,609 | 17,877,495 | 16,712,455 | 1,165,040 |
| Education: | | | | |
| Community college | 1,900 | 3,791 | 3,785 | 6 |

(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, 2020

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | Actual | |
| Parks, recreation, and cultural: | | | | |
| Recreation department | \$ 1,498,593 | \$ 1,504,593 | \$ 1,229,373 | \$ 275,220 |
| Cultural enrichment | 143,750 | 143,750 | 122,750 | 21,000 |
| Contribution to Regional Library | 1,665,616 | 1,665,616 | 1,665,616 | - |
| Total parks, recreation, and cultural | <u>3,307,959</u> | <u>3,313,959</u> | <u>3,017,739</u> | <u>296,220</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning commission | 56,502 | 56,502 | 53,879 | 2,623 |
| Community development | 756,467 | 756,467 | 663,552 | 92,915 |
| GIS | 330,362 | 339,346 | 305,086 | 34,260 |
| Board of appeals | 4,985 | 4,985 | 1,898 | 3,087 |
| Economic development | 573,738 | 573,738 | 542,963 | 30,775 |
| Joint City/County Economic development | 750,000 | 750,000 | 750,000 | - |
| Broadband Authority | 66,426 | 66,426 | 4,042 | 62,384 |
| Tourism | 805,778 | 816,838 | 718,310 | 98,528 |
| Tourism grants | - | 9,607 | 201 | 9,406 |
| Total planning and community development | <u>3,344,258</u> | <u>3,373,909</u> | <u>3,039,931</u> | <u>333,978</u> |
| Environmental management: | | | | |
| Natural Resources | 338,915 | 338,915 | 330,340 | 8,575 |
| Soil and Water Conservation District | 14,250 | 14,250 | 14,250 | - |
| Tri-County Lake Administrative Commission | 47,913 | 47,913 | 47,913 | - |
| Total environmental management | <u>401,078</u> | <u>401,078</u> | <u>392,503</u> | <u>8,575</u> |
| Cooperative Extension Program: | | | | |
| VPI & SU Extension Office | 77,200 | 77,200 | 72,312 | 4,888 |
| Cannery | 25,055 | 25,055 | 14,428 | 10,627 |
| Total cooperative extension program | <u>102,255</u> | <u>102,255</u> | <u>86,740</u> | <u>15,515</u> |
| Total community development | <u>3,847,591</u> | <u>3,877,242</u> | <u>3,519,174</u> | <u>358,068</u> |
| Debt Service: | | | | |
| Principal retirement | 6,034,619 | 6,034,619 | 6,034,618 | 1 |
| Interest and other fiscal charges | 3,327,730 | 3,327,730 | 3,324,886 | 2,844 |
| Total debt service | <u>9,362,349</u> | <u>9,362,349</u> | <u>9,359,504</u> | <u>2,845</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, 2020**

| | <u>Budgeted Amounts</u> | | | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Capital projects: | | | | |
| General governmental | \$ 1,333,086 | \$ 1,412,890 | \$ 548,945 | \$ 863,945 |
| Judicial administration | 8,855 | 8,855 | - | 8,855 |
| Public safety | 2,382,836 | 2,698,890 | 1,633,493 | 1,065,397 |
| Public works | 4,435,720 | 4,622,366 | 2,165,595 | 2,456,771 |
| Health and welfare | 55 | 55 | - | 55 |
| Education | 26,478,763 | 26,478,763 | 19,094,554 | 7,384,209 |
| Parks, recreation, and cultural | 982,582 | 1,388,716 | 434,954 | 953,762 |
| Community and economic development | 5,988,207 | 11,410,496 | 5,239,263 | 6,171,233 |
| Total capital projects | <u>41,610,104</u> | <u>48,021,031</u> | <u>29,116,804</u> | <u>18,904,227</u> |
| Total expenditures | <u>107,033,336</u> | <u>121,203,307</u> | <u>95,115,430</u> | <u>26,087,877</u> |
| Excess of Revenues over Expenditures | <u>1,466,224</u> | <u>(147,526)</u> | <u>28,401,677</u> | <u>28,549,203</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from: | | | | |
| Propriety fund types | - | 186,646 | 179,826 | (6,820) |
| Transfers to: | | | | |
| Component units | <u>(36,393,028)</u> | <u>(38,871,875)</u> | <u>(38,793,785)</u> | <u>78,090</u> |
| Total other financing sources and uses | <u>(36,393,028)</u> | <u>(38,685,229)</u> | <u>(38,613,959)</u> | <u>71,270</u> |
| Net change in fund balance | <u>\$ (34,926,804)</u> | <u>\$ (38,832,755)</u> | <u>\$ (10,212,282)</u> | <u>\$ 28,620,473</u> |

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

| <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 | \$ 983,864 |
| <u>Department of the Agriculture and Consumer Services:</u> | | |
| Child Nutrition Cluster – National School Lunch Program (Commodities) | 10.555 | 288,666 |
| Emergency Food Assistance Program (Food Commodities) | 10.569 | 310 |
| <u>Department of Education:</u> | | |
| Child Nutrition Cluster – National School Breakfast Program | 10.553 | 440,715 |
| Child Nutrition Cluster – National School Breakfast Program - CARES | 10.553 | 33,103 |
| Child Nutrition Cluster – National School Lunch Program | 10.555 | 1,179,083 |
| Child Nutrition Cluster – National School Lunch Program - CARES | 10.555 | 89,965 |
| Summer Food Service for Children | 10.559 | 122,371 |
| Summer Food Service for Children - CARES | 10.559 | 1,008,374 |
| <u>Department of Justice:</u> | | |
| <u>Direct Payments:</u> | | |
| Missing Children's Assistance | 16.543 | 507,893 |
| Bulletproof Vest Partnership Program | 16.607 | 8,929 |
| <u>Pass-Through Payments:</u> | | |
| <u>Department of Criminal Justice Services:</u> | | |
| Crime Victim Assistance | 16.575 | 261,490 |
| Violence Against Women Formula Grants | 16.588 | 12,156 |
| <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 | 2,835 |
| National Priority Safety Programs | 20.616 | 4,550 |
| <u>Department of Treasury:</u> | | |
| <u>Pass-through Payments:</u> | | |
| <u>Virginia Department of Accounts</u> | | |
| Coronavirus Relief Fund | 21.019 | 162,292 |
| <u>Department of Education:</u> | | |
| <u>Direct Payments:</u> | | |
| Twenty-First Century Community Learning Centers | 84.287 | 462,257 |
| <u>Pass-through Payments:</u> | | |
| <u>Department of Education:</u> | | |
| Adult Education Grants to States | 84.002 | 64,670 |
| Title I, Part A Cluster – Title I: Grants to Local Educational Agencies | 84.010 | 1,323,085 |
| Special Education Cluster – Special Education – Grants to States | 84.027 | 2,155,852 |

(Continued)

COUNTY OF BEDFORD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

| <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> | | |
| Vocational Education – Basic Grants to States | 84.048 | \$ 143,248 |
| Special Education Cluster – Special Education – Preschool Grants | 84.173 | 65,861 |
| English Language Acquisition Grants | 84.365 | 10,498 |
| No Child Left Behind Act Improving Teacher Quality State Grants | 84.367 | 284,409 |
| Student Support and Academic Enrichment Program | 84.424 | 47,835 |
| Governor's Emergency Education Relief (GEER) Fund | 84.425C | 76,518 |
| <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 | 62,852 |
| TANF Block Grant | 93.558 | 366,488 |
| Refugee and Entrant Assistance – State Administered Program | 93.566 | 406 |
| Low Income Home Energy Assistance | 93.568 | 55,779 |
| CCDF Cluster – Child Care Development Fund | 93.596 | 66,707 |
| Chafee Education & Training Vouchers Program | 93.599 | 6,436 |
| Adoption Incentives Payment Program | 93.603 | 601 |
| Child Welfare Services – State Grants | 93.645 | 508 |
| Foster Care – Title IV-E | 93.658 | 876,172 |
| Adoption Assistance | 93.659 | 623,802 |
| Social Service Block Grant | 93.667 | 619,624 |
| Family Violence Prevention and Services/Grants for Battered Women's Shelters | 93.671 | 9,580 |
| Independent Living | 93.674 | 13,335 |
| Virginia Children's Medical Insurance Plan | 93.767 | 16,932 |
| Medical Assistance Program (Medicaid; Title XIX) | 93.778 | 1,014,546 |
| <u>Department of Homeland Security:</u> | | |
| <u>Pass-through Payments:</u> | | |
| <u>Department of Emergency Management Services:</u> | | |
| State Homeland Security Program | 97.067 | 79,500 |
| Total Expenditures of Federal Awards | | <u>\$ 13,554,097</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, 2020, 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 | | | | | | | | | |
|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 39,341,946 |
| Restricted | 3 | 648,562 | 127,265 | 18,033 | 1,079 | 1,778,497 | - | - | - | 387,285 |
| Unrestricted | (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) | (28,300,584) |
| Total governmental activities net position | <u>\$ 2,553,781</u> | <u>\$ 12,030,144</u> | <u>\$ 9,135,492</u> | <u>\$ 12,926,700</u> | <u>\$ 21,975,095</u> | <u>\$ 37,302,666</u> | <u>\$ 34,925,310</u> | <u>\$ 19,925,010</u> | <u>\$ 26,783,193</u> | <u>\$ 11,428,647</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 10,406,135 |
| Restricted | 4 | 3 | - | - | - | - | - | - | - | - |
| Unrestricted | 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 | 6,740,696 |
| Total business-type activities net position | <u>\$ 18,769,536</u> | <u>\$ 17,609,185</u> | <u>\$ 16,091,314</u> | <u>\$ 15,284,343</u> | <u>\$ 15,347,177</u> | <u>\$ 16,315,154</u> | <u>\$ 17,558,957</u> | <u>\$ 18,186,260</u> | <u>\$ 17,493,228</u> | <u>\$ 17,146,831</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 49,748,081 |
| Restricted | 7 | 648,565 | 127,265 | 18,033 | 1,079 | 1,778,497 | - | - | - | 387,285 |
| Unrestricted | (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) | (21,559,888) |
| Total primary government net position | <u>\$ 21,323,317</u> | <u>\$ 29,639,329</u> | <u>\$ 25,226,806</u> | <u>\$ 28,211,043</u> | <u>\$ 37,322,272</u> | <u>\$ 53,617,820</u> | <u>\$ 52,484,267</u> | <u>\$ 38,111,270</u> | <u>\$ 44,276,421</u> | <u>\$ 28,575,478</u> |
| Component Unit-School Board (1) | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 133,836,321 |
| Restricted | 4 | 763,216 | 4 | 6 | 6 | - | - | - | - | 74,805 |
| Unrestricted | 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) | (82,157,986) |
| Total component unit-School Board net position | <u>\$ 106,405,554</u> | <u>\$ 102,004,812</u> | <u>\$ 99,979,271</u> | <u>\$ 98,214,009</u> | <u>\$ 10,870,685</u> | <u>\$ 12,546,800</u> | <u>\$ 23,673,280</u> | <u>\$ 30,218,639</u> | <u>\$ 36,659,384</u> | <u>\$ 51,753,140</u> |

- (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 | | | | | | | | | |
|---|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Primary Government: | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 5,019,953 |
| Judicial administration | 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 | 2,950,095 |
| Public safety | 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 | 24,496,837 |
| Public works | 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 | 7,347,749 |
| Health and welfare | 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 | 17,297,660 |
| Education | 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 | 58,005,165 |
| Parks, recreational, and cultural | 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 | 3,589,381 |
| Community development | 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 | 7,055,199 |
| Interest on long-term debt | 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 | 3,236,998 |
| Total governmental activities expenses | <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> | <u>128,999,037</u> |
| Business-type activities: | | | | | | | | | | |
| Group homes | 1,993,131 | 2,023,174 | 1,452,772 | - | - | - | - | - | - | - |
| Nursing home | 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 | 7,759,530 |
| Solid waste | 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 | 5,181,169 |
| Total business-type activities expenses | <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> | <u>12,940,699</u> |
| Total primary government expenses | <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> | <u>\$ 141,939,736</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Public safety | \$ 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 | \$ 2,708,587 |
| Health and welfare | 814,513 | 822,149 | 846,663 | 324,979 | 119,175 | 132,634 | 141,947 | 121,645 | 167,992 | 158,016 |
| Community development | 326,217 | 262,608 | 190,748 | 243,713 | 247,451 | 241,294 | 255,561 | 293,703 | 267,484 | 292,024 |
| Other activities | 908,164 | 794,555 | 854,456 | 605,163 | 747,100 | 824,510 | 958,722 | 998,692 | 1,150,890 | 1,208,727 |
| Operating grants and contributions | 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 | 22,283,832 |
| Capital grants and contributions | 572,784 | 53,965 | 218,081 | 278,842 | 104,082 | 346,027 | 239,004 | 53,637 | 12,500 | 158,779 |
| Total governmental activities program revenues | <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> | <u>26,809,965</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Group Homes | 2,049,762 | 1,765,617 | 1,067,380 | - | - | - | - | - | - | - |
| Nursing Home | 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 | 7,600,312 |
| Solid Waste | 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 | 2,624,487 |
| Operating grants and contributions | 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>9,780,223</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> | <u>10,224,799</u> |
| Total primary government program revenues | <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> | <u>37,034,764</u> |
| Net (expense) revenue (1) | | | | | | | | | | |
| Governmental activities | (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) | (102,189,072) |
| Business-type activities | (31,553) | (1,185,481) | (1,397,738) | (820,321) | 1,012,582 | 908,133 | 1,156,988 | 766,504 | (794,891) | (2,715,900) |
| Total primary government net expense | <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> | <u>(104,904,972)</u> |

COUNTY OF BEDFORD, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|------------------------|----------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 68,428,760 |
| Other local taxes | 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 | 14,607,915 |
| Noncategorical state aid | 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 | 6,891,910 |
| Investment earnings-unrestricted | 292,420 | 248,974 | 246,068 | 241,059 | 150,908 | 261,818 | 274,992 | 250,275 | 396,118 | 469,761 |
| Investment earnings-restricted for capital projects, debt service and length of service award program | 3,023 | 7,070 | 14,986 | 1,925 | 1,233 | 55,460 | 263,835 | 337,943 | 215,960 | 387,207 |
| Miscellaneous | 314,326 | 337,273 | 946,856 | 229,025 | 205,121 | 573,225 | 1,677,067 | 226,623 | 137,797 | 533,688 |
| Grants not restricted to specific purposes | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | 162,292 | 35,205 | 2,867 | - | 5,751 | (50,000) | - | - |
| Special Item - contribution of capital assets | - | - | - | 817,884 | - | - | - | - | - | (2,051,741) |
| Total governmental activities | 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 | 89,267,500 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings-unrestricted and restricted | 23,637 | 21,315 | 38,382 | 42,071 | 15,811 | 58,686 | 29,687 | 36,750 | 97,692 | 102,250 |
| Miscellaneous | 13,498 | 13 | 3,777 | 6,484 | - | 1,158 | 62,879 | 1,512 | 4,167 | 215,512 |
| Transfers | - | 3,802 | (162,292) | (35,205) | (2,867) | - | (5,751) | 50,000 | - | 2,051,741 |
| Total business-type activities | 37,135 | 25,130 | (120,133) | 13,350 | 12,944 | 59,844 | 86,815 | 88,262 | 101,859 | 2,369,503 |
| Total primary government | \$ 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 | \$ 91,637,003 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 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 | \$ (12,921,572) |
| Business-type activities | 5,582 | (1,160,351) | (1,517,871) | (806,971) | 1,025,526 | 967,977 | 1,243,803 | 854,766 | (693,032) | (346,397) |
| Total Primary Government | \$ 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 | \$ (13,267,969) |
| Component Unit-School Board: (2) | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Education | \$ 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 | \$ 112,878,831 |
| Program Revenues | | | | | | | | | | |
| Charges for services | 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 | 2,249,445 |
| Operating grants and contributions | 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 | 27,147,572 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total component unit program revenues | 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 | 29,397,017 |
| Net (expense)/revenue | (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) | (83,481,814) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Contribution from primary government | 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 | 58,001,379 |
| State aid | 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 | 41,518,978 |
| Investment earnings-unrestricted | 2,427 | - | - | - | - | 791 | 1,073 | 1,110 | 14,708 | 21,914 |
| Investment earnings-restricted for capital projects and debt service | 62 | 37 | 1,101 | 968 | 651 | - | - | - | - | - |
| Miscellaneous | 54,319 | 177,854 | 274,752 | 471,503 | 109,450 | 405,311 | 308,640 | 114,525 | 134,574 | 321,995 |
| Special Item - contribution of capital assets | - | - | - | 1,321,103 | - | - | - | - | - | - |
| Total general revenues and other changes in net assets | 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 | 99,864,266 |
| Total Component Unit-School Board Change in Net Position | \$ (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 | \$ 16,382,452 |

(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 | | | | | | | | | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Funds | | | | | | | | | | |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 591,378 | \$ 609,118 | \$ 617,553 | \$ 617,465 | \$ 234,600 | \$ 268,645 | \$ 278,565 | \$ 296,607 | \$ 284,498 | \$ 310,661 |
| Restricted | 246,949 | 8,064,388 | 770,552 | 305,038 | 1,657,857 | 1,850,461 | 29,704,078 | 6,072,001 | 24,385,995 | 4,420,914 |
| Committed | 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 | 7,432,663 |
| Assigned | 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 | 27,687,939 |
| Unassigned | 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 | 28,659,410 |
| Total governmental funds | \$ 44,688,563 | \$ 56,480,810 | \$ 49,308,082 | \$ 46,883,696 | \$ 53,964,635 | \$ 59,925,122 | \$ 92,681,133 | \$ 68,170,508 | \$ 87,805,649 | \$ 68,511,587 |

COUNTY OF BEDFORD, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|--|---------------------|----------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|------------------------|----------------------|------------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| General property taxes | \$ 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 | \$ 68,497,980 |
| Other local taxes | 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 | 14,632,059 |
| Permits, privilege fees, and regulatory licenses | 520,504 | 403,614 | 491,867 | 535,127 | 540,118 | 512,450 | 515,652 | 530,735 | 611,793 | 540,747 |
| Fines and forfeitures | 175,543 | 155,453 | 159,438 | 144,501 | 122,821 | 115,017 | 155,382 | 145,480 | 129,851 | 89,712 |
| Revenue from use of money and property | 323,446 | 286,553 | 296,329 | 279,244 | 275,960 | 476,458 | 736,247 | 786,376 | 809,401 | 1,049,371 |
| Charges for services | 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 | 2,429,251 |
| Other | 836,223 | 551,202 | 881,022 | 615,778 | 541,357 | 535,437 | 446,039 | 593,612 | 631,471 | 1,016,225 |
| Recovered costs | 1,785,592 | 1,709,688 | 1,759,014 | 520,202 | 503,792 | 460,022 | 541,654 | 522,472 | 634,755 | 626,730 |
| Intergovernmental | 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 | 28,331,036 |
| Total revenues | 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 | 117,213,111 |
| Expenditures | | | | | | | | | | |
| General government administration | 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 | 4,214,240 |
| Judicial administration | 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 | 2,421,382 |
| Public safety | 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 | 22,179,931 |
| Public works | 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 | 5,244,561 |
| Health and welfare | 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 | 16,888,732 |
| Education | 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 | 36,524,702 |
| Parks, recreation, and cultural | 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 | 3,027,537 |
| Community development | 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 | 3,519,175 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 6,034,618 |
| Interest and other fiscal charges | 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 | 3,324,295 |
| Capital projects | 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 | 31,076,259 |
| Total expenditures | 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 | 134,455,432 |
| Excess of revenues over (under) expenditures | 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) | (17,242,321) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - | 179,826 |
| Transfers out | - | - | (813,133) | - | - | - | - | (50,000) | - | (2,231,567) |
| 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 | (2,051,741) |
| Net change in fund balances | \$ 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 | \$ (19,294,062) |

COUNTY OF BEDFORD, VIRGINIA

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

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt Service as a Percentage of Noncapital Expenditures: | | | | | | | | | | |
| Primary Government: | | | | | | | | | | |
| Total debt service | \$ 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 | \$ 9,358,913 |
| Total expenditures | 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 | 134,455,432 |
| Capital outlay primary government only | 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 | 3,989,973 |
| Noncapital expenditures | <u>79,515,865</u> | <u>79,701,523</u> | <u>92,792,777</u> | <u>91,432,583</u> | <u>85,542,283</u> | <u>89,406,021</u> | <u>105,261,777</u> | <u>124,901,684</u> | <u>106,917,979</u> | <u>130,465,459</u> |
| Debt service as a percentage of noncapital expenditures | 12.30% | 11.86% | 10.14% | 9.48% | 10.21% | 9.11% | 7.48% | 7.93% | 8.57% | 7.17% |
| Component Unit-School Board: | | | | | | | | | | |
| Total debt service | 1,253,283 | 1,094,691 | 923,386 | 882,627 | 834,643 | 787,048 | 868,173 | 946,533 | 1,155,846 | 1,363,602 |
| School expenditures excluding County contribution | 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 | 71,917,820 |
| Capital outlay Component Unit – School Board | 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 | 22,446,974 |
| Noncapital expenditures | <u>59,965,275</u> | <u>60,784,086</u> | <u>58,631,965</u> | <u>62,104,082</u> | <u>64,285,397</u> | <u>62,373,889</u> | <u>51,222,571</u> | <u>42,346,387</u> | <u>62,625,013</u> | <u>49,470,846</u> |
| Primary Government and Component Unit-Schools | | | | | | | | | | |
| Total Debt Service | 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 | 10,722,515 |
| Total Noncapital Expenditure | <u>\$ 139,481,140</u> | <u>\$ 140,485,609</u> | <u>\$ 151,424,742</u> | <u>\$ 153,536,665</u> | <u>\$ 149,827,680</u> | <u>\$ 151,779,910</u> | <u>\$ 156,484,348</u> | <u>\$ 167,248,071</u> | <u>\$ 169,542,992</u> | <u>\$ 179,936,305</u> |
| Debt Service as a percentage of noncapital expenditures | 7.91% | 7.51% | 6.82% | 6.22% | 6.39% | 5.88% | 5.59% | 6.49% | 6.08% | 5.96% |

(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 | | | |
| 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 |
| 2019 | 7,706,088,008 | 732,381,400 | 1,811,686,506 | 337,948,360 | 1,196,989,900 | 9,391,114,374 | 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)

| Type of Tax | Fiscal Year | | | | | | | | | |
|--------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Real Estate: | | | | | | | | | | |
| General Fund | \$ 0.50 | \$ 0.50 | \$ 0.50 | \$ 0.52 | \$ 0.52 | \$ 0.52 | \$ 0.52 | \$ 0.52 | \$ 0.52 | \$ 0.50 |

Source: Bedford County Commissioner of the Revenue

COUNTY OF BEDFORD, VIRGINIA

Principal Real Property Tax Payers
Current Year and Nine Years Ago

| Taxpayer | 2020 Calendar Year | | | 2011 Calendar Year | | |
|-------------------------------------|-----------------------|------|---------------------------------------|-----------------------|------|---------------------------------------|
| | Assessed Valuation | Rank | % of Total Taxable Assessed Valuation | Assessed Valuation | Rank | % of Total Taxable Assessed Valuation |
| Appalachian Power Co | \$ 170,661,046 | 1 | 1.80% | \$ 126,019,762 | 1 | 1.63% |
| Norfolk & Western Railway Co | 43,647,010 | 2 | 0.46% | 31,931,589 | 4 | 0.41% |
| Teva Pharmaceuticals Industries Ltd | 41,124,800 | 3 | 0.43% | 44,992,300 | 3 | 0.58% |
| Southside Electric Corporation | 31,296,844 | 4 | 0.33% | 23,758,796 | 5 | 0.31% |
| GP (Georgia Pacific) Big Island LLC | 26,970,400 | 5 | 0.28% | 17,515,600 | 6 | 0.23% |
| Verizon Virginia Inc | 24,597,412 | 6 | 0.26% | 48,103,702 | 2 | 0.62% |
| Gables of Jefferson Commons | 13,297,300 | 7 | 0.14% | - | - | 0.00% |
| Carriage Square | 12,155,900 | 8 | 0.13% | - | - | 0.00% |
| Wal-Mart | 10,935,600 | 9 | 0.12% | 9,945,300 | 8 | 0.13% |
| CTR Partnership | 9,376,300 | 10 | 0.10% | - | - | 0.00% |
| M & J Developers | - | - | - | 13,385,100 | 7 | 0.17% |
| Crystal Shores Marina Resort | - | - | - | 8,686,300 | 9 | 0.11% |
| Sentry Equipment Erectors | - | - | - | 8,546,300 | 10 | 0.11% |
| | <u>\$ 384,062,612</u> | | <u>4.05%</u> | <u>\$ 332,884,749</u> | | <u>4.30%</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 |
| 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% |
| 2019 | 46,730,571 | 106,588 | 46,837,159 | 44,809,346 | 95.89% | 1,408,921 | 46,218,267 | 98.68% |

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 | | | |
| 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 | 2.45% | 1,166 |
| 2020 | - | 76,426,160 | 3,860,000 | 5,284,445 | - | 365,906 | 85,936,511 | * | * |

(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 | | |
| 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% | 1,025 |
| 2020 | 48,000 | 76,378,160 | 76,426,160 | 0.81% | * |

(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 | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Net debt applicable to parameter | \$ 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 | \$ 85,570,605 |
| Net debt as a percentage of assessed value (not to exceed 3.5%) | 0.94% | 0.95% | 0.85% | 0.77% | 0.68% | 0.61% | 0.96% | 0.88% | 0.98% | 0.91% |
| Net debt per capita (not to exceed \$1,750) | \$ 1,048 | \$ 1,074 | \$ 921 | \$ 832 | \$ 751 | \$ 679 | \$ 1,077 | \$ 988 | \$ 1,160 | * |
| Debt service as a percentage of General Governmental Expenditures (not to exceed 15%) | 8.04% | 7.60% | 7.27% | 6.41% | 6.55% | 5.99% | 6.21% | 7.64% | 6.36% | 0.00% |

- (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> |
|-------------|-----------------------|---|---|----------------------------------|----------------------------------|
| 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 | 78,997 | 3,759,493 | 47,590 | 9,475 | 3.0% |
| 2020 | 78,984 | * | * | - | 0.0% |

Sources: (1) Weldon Cooper Center for Public Service, University of Virginia, intercensal estimates for FY 2011 and estimates for FY 2012 through FY 2020.

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

(3) March 31 ADM

(4) Virginia Employment Commission calendar year data for 2011-2018. Data for 2019 was updated to reflect final calendar year figure. Data for 2020 is average for January 1, 2020 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 | 2020 | | 2011 | |
|--|-----------|------|-----------|------|
| | Employees | Rank | Employees | Rank |
| Bedford County School Board | 1,000+ | 1 | 1,000+ | 1 |
| County of Bedford | 500-999 | 2 | 500-999 | 2 |
| Centra Health | 500-999 | 3 | - | - |
| Walmart | 250-499 | 4 | 250-499 | 8 |
| GP (Georgia Pacific) Big Island LLC | 250-499 | 5 | 250-499 | 7 |
| * Elwood Staffing Services Inc | 250-499 | 6 | 250-499 | 5 |
| Mail America Communications | 250-499 | 7 | 250-499 | 6 |
| Food Lion | 250-499 | 8 | 100-249 | 10 |
| Sentry Equipment Erectors | 100-249 | 9 | - | - |
| Kroger | 100-249 | 10 | - | - |
| ** Teva Pharmaceuticals Industries Ltd | - | - | 500-999 | 3 |
| Staffmark Investment LLC | - | - | 500-999 | 4 |
| Inservice America | - | - | 100-249 | 9 |

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 | | | | | | | | | |
|------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| K | 714 | 776 | 733 | 689 | 686 | 661 | 672 | 659 | 694 | 701 |
| 1 | 750 | 728 | 769 | 728 | 688 | 662 | 664 | 693 | 673 | 676 |
| 2 | 771 | 744 | 718 | 759 | 710 | 686 | 690 | 683 | 704 | 686 |
| 3 | 747 | 784 | 750 | 704 | 742 | 694 | 686 | 704 | 682 | 676 |
| 4 | 786 | 739 | 784 | 739 | 713 | 739 | 709 | 693 | 697 | 681 |
| 5 | 759 | 797 | 756 | 798 | 745 | 707 | 756 | 734 | 711 | 700 |
| 6 | 772 | 763 | 796 | 734 | 806 | 737 | 699 | 754 | 726 | 691 |
| 7 | 868 | 781 | 782 | 793 | 744 | 807 | 740 | 726 | 750 | 738 |
| 8 | 865 | 881 | 804 | 782 | 801 | 742 | 803 | 752 | 736 | 763 |
| 9 | 887 | 874 | 934 | 833 | 822 | 833 | 801 | 836 | 797 | 761 |
| 10 | 831 | 834 | 837 | 877 | 805 | 800 | 781 | 763 | 799 | 753 |
| 11 | 783 | 814 | 809 | 787 | 865 | 750 | 775 | 748 | 738 | 789 |
| 12 | 830 | 784 | 830 | 800 | 788 | 856 | 769 | 798 | 767 | 753 |
| Total | 10,363 | 10,299 | 10,302 | 10,023 | 9,915 | 9,674 | 9,545 | 9,543 | 9,474 | 9,368 |
| Elementary school membership | 6,167 | 6,112 | 6,088 | 5,944 | 5,834 | 5,693 | 5,616 | 5,646 | 5,637 | 5,549 |
| Secondary school membership | 4,196 | 4,187 | 4,214 | 4,079 | 4,081 | 3,981 | 3,929 | 3,897 | 3,837 | 3,819 |
| Total | 10,363 | 10,299 | 10,302 | 10,023 | 9,915 | 9,674 | 9,545 | 9,543 | 9,474 | 9,368 |

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 | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Supervisory | | | | | | | | | | |
| Instructional administrators | 9 | 8 | 6 | 8 | 9 | 11 | 13 | 10 | 2 | 2 |
| Noninstructional administrators | 13 | 14 | 14 | 16 | 14 | 14 | 12 | 14 | 13 | 13 |
| Consultants/supervisors of instruction | 18 | 26 | 31 | 29 | 30 | 31 | 33 | 32 | 46 | 49 |
| Principals | 22 | 22 | 22 | 22 | 22 | 21 | 21 | 21 | 21 | 21 |
| Assistant principals | 14 | 14 | 15 | 15 | 14 | 14 | 13 | 14 | 14 | 15 |
| Total supervisory | 76 | 84 | 88 | 90 | 89 | 91 | 92 | 91 | 96 | 100 |
| Instruction | | | | | | | | | | |
| Elementary classroom teachers | 355 | 343 | 350 | 451 | 448 | 434 | 416 | 422 | 437 | 438 |
| Secondary classroom teachers | 396 | 398 | 398 | 315 | 319 | 323 | 308 | 296 | 306 | 299 |
| ESE teachers | 3 | 3 | - | 3 | 3 | 4 | 5 | 6 | 5 | 5 |
| Other teachers (adult) | 5 | 5 | - | - | - | - | - | - | - | - |
| Other professionals (instructional) | 143 | 122 | 119 | 115 | 119 | 120 | 121 | 121 | 92 | 82 |
| Aides | 156 | 154 | 157 | 160 | 168 | 186 | 187 | 193 | 209 | 184 |
| Total instruction | 1,058 | 1,025 | 1,024 | 1,044 | 1,057 | 1,067 | 1,037 | 1,038 | 1,049 | 1,008 |
| Student Services | | | | | | | | | | |
| Guidance counselors | 34 | 32 | 33 | 33 | 35 | 34 | 31 | 33 | 33 | 35 |
| Visiting teachers/social workers | 3 | 3 | 3 | 3 | 2 | 1 | 1 | 3 | 3 | 4 |
| Psychologists | 7 | 7 | 7 | 8 | 9 | 7 | 5 | 6 | 7 | 7 |
| Librarians | 28 | 26 | 26 | 23 | 20 | 20 | 20 | 19 | 21 | 16 |
| Other professionals (noninstructional) | 30 | 29 | 29 | 29 | 28 | 30 | 35 | 29 | 26 | 26 |
| Technicians | 11 | 12 | 13 | 14 | 15 | 12 | 16 | 17 | 18 | 18 |
| Total student services | 113 | 109 | 111 | 110 | 109 | 104 | 108 | 107 | 108 | 106 |
| Support and Administration | | | | | | | | | | |
| Clerical/secretarial | 67 | 67 | 66 | 68 | 71 | 70 | 68 | 73 | 70 | 69 |
| Service workers | 336 | 301 | 290 | 296 | 308 | 323 | 335 | 346 | 350 | 350 |
| Skilled crafts | 22 | 22 | 24 | 26 | 24 | 24 | 24 | 23 | 24 | 24 |
| Unskilled laborers | 11 | 11 | 12 | 14 | 15 | 18 | 23 | 16 | 17 | 17 |
| Total support and administration | 436 | 401 | 392 | 404 | 418 | 435 | 450 | 458 | 461 | 460 |
| Total employees | 1,683 | 1,619 | 1,615 | 1,648 | 1,673 | 1,697 | 1,687 | 1,694 | 1,714 | 1,674 |
| Teachers and administrators | 835 | 833 | 836 | 859 | 859 | 852 | 821 | 815 | 844 | 842 |
| Other employees | 848 | 786 | 779 | 789 | 814 | 845 | 866 | 879 | 870 | 832 |
| Total employees | 1,683 | 1,619 | 1,615 | 1,648 | 1,673 | 1,697 | 1,687 | 1,694 | 1,714 | 1,674 |

Source: Bedford County School Board

COUNTY OF BEDFORD, VIRGINIA

Bedford County School Board
 Operating Statistics
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures</u> | <u>Cost Per Pupil</u> | <u>Percentage Change</u> | <u>Pupil-Teacher Ratio</u> | <u>Percentage of Students Receiving Free or Reduced-Price Meals</u> |
|--------------------|-------------------|-------------------------------|-----------------------|--------------------------|----------------------------|---|
| 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% |
| 2020 | 9,368 | 102,435,750 | 10,935 | 2.50% | 12.71 | 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, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated September 13, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
September 13, 2021



**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, 2020. 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, 2020.

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, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
September 13, 2021

COUNTY OF BEDFORD, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

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
Fire Program Aid

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
June 30, 2020**

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 |
| Supplemental Nutrition Assistance Program | 10.561 |
| Title I Grants to Local Educational Agencies (Title I, Part A Cluster) | 84.010 |
| Medical Assistance Program | 93.778 |

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

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

COUNTY OF BEDFORD, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2020

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).

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.

Current Status:

Comment is no longer applicable. County has adopted updated policies.

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.

Recommendation:

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

Current Status:

Comment is no longer applicable. County has implemented procedures designed to prevent this in the future.