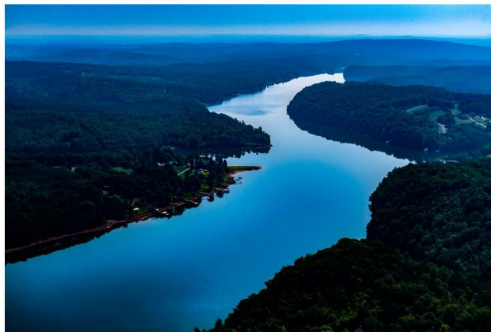


PITTSYLVANIA

COUNTY, VIRGINIA



Annual Financial Report

Fiscal Year Ended June 30, 2021

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

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

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

Ronald Scarce, Vice Chair Tim W. Dudley Dr. Charles Miller, Jr.	Robert "Bob" Warren, Chair	Ben Farmer William "Vic" Ingram Joe Davis
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COUNTY SCHOOL BOARD

Don C. Moon, Vice Chair Calvin D. Doss George Henderson	J. Samuel Burton, Chair Janet Hancock, Clerk	Cassandra Crump Raymond Ramsey Kevin Mills
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SOCIAL SERVICES BOARD

Nancy Eanes, Vice Chairperson Lee Cameron Andrea Johnson	Joseph Bray, Chairperson	Patricia Evans Bob Carlberg Phillip Adams
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OTHER OFFICIALS

Clerk of the Circuit Court	Mark W. Scarce
Commonwealth's Attorney.....	Robert "Bryan" Haskins
Commissioner of the Revenue	Robin Goard
Treasurer	Vincent E. Shorter
Sheriff.....	Michael W. Taylor
Superintendent of Schools.....	Mark R. Jones
Director of Social Services.....	Christopher Spain
County Administrator.....	David M. Smitherman
County Attorney.....	J. Vaden Hunt
County Finance Director	Kimberly G. Van Der Hyde

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Pittsylvania, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 28 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

During 2021, the Pittsylvania County Service Authority (Service Authority) Board of Commissioners became the same as the Board of Supervisors and therefore the reporting entity was changed from a discretely presented component unit to a blended component unit. The Service Authority reverted to a department of the County effective in fiscal year 2022.

Restatement of Beginning Balances

As described in Note 27 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84, reflect the change in reporting entity, and to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 5-15, 104-105, and 106-128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of the County of Pittsylvania, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Pittsylvania, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Pittsylvania, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
December 8, 2021

Management's Discussion and Analysis

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2021. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

Financial Highlights

Government-wide Financial Statements

The governmental activities assets and deferred outflows of resources of the County of Pittsylvania, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,666,404 (net position). Of this amount, \$35,459,527 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net position for the County, its business-type activities and its component units is located on Exhibit 1. The business-type activities include the Solid Waste Enterprise Fund and the Water and Sewer Fund. The business-type activities' assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$35,456,668, of which \$3,159,288 is unrestricted. The component units include the School Board's net position totaling \$(39,883,490) of which \$(79,695,267) is unrestricted and the Industrial Development Authority's net position totaling \$3,030,049, of which \$1,470,039 is unrestricted. (See Exhibit 1.) This Exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The County's governmental activities net position increased by \$15,468,820 (after restatement - Note 27). In addition, the School Board's net position decreased \$100,523 and the IDA's net position increased by \$624,663 (after restatement - see separately issued financials). Business-type activities' net position decreased by \$7,016,674 (after restatement - Note 27). (See Exhibit 2.)

Fund Financial Statements

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4 and Exhibit 6. At the end of the current fiscal year, unassigned fund balance for the general fund was \$28,642,621 or 37 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2021 budget as well as County Capital Improvement Projects for fiscal year 2021. It is important to note that the School Board carryover amount totaling \$7,970,011 has been assigned for fiscal year 2021, which helps to demonstrate a more accurate unassigned fund balance than in prior years.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$47,098,528, an increase of \$11,481,358 from last year. Approximately 90% percent of this total amount, or \$42,429,779 (which includes committed, assigned and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$2,103,501 (2) assigned funds which represent \$11,683,657 and (3) unassigned funds which represents \$28,642,621. (See Exhibit 3.)

Overview of the Financial Statements

The Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2020-2021.
- The *financial section* has three component parts - managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements and required supplemental information.
- The *other statistical information* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance).

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources) is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently has two business-type activities which is the Solid Waste Enterprise Fund and the Water and Sewer Fund.

Overview of the Financial Statements (continued)

Government-wide Financial Statements (continued)

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Pittsylvania County School Board and 2) Industrial Development Authority. Although these component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component units.

Fund Financial Statements

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

Proprietary funds:

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The County of Pittsylvania has two enterprise funds. They are the Solid Waste Fund and the Water and Sewer Fund. The County also has two internal service funds: Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds:

Fiduciary funds account for assets held by the government as a trustee or custodian for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities. During fiscal year ended June 30, 2021, the County and School Board implemented provisions of GASB No.84

Overview of the Financial Statements (continued)

concerning fiduciary activities. Notes 27 and 28 discuss, in further detail, the changes that were made to this year's statements because of this change.

Notes to the financial statements

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County, the governmental activities and business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79,666,404 and \$35,456,668, respectively, at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

County of Pittsylvania's Net Position

	2021	2021	2020	2020
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Current and other assets	\$ 90,024,661	\$ 8,185,237	\$ 74,187,303	\$ 4,892,714
Capital assets	91,792,076	33,422,046	90,315,532	4,497,668
Total Assets	<u>\$ 181,816,737</u>	<u>\$ 41,607,283</u>	<u>\$ 164,502,835</u>	<u>\$ 9,390,382</u>
Deferred Outflows of Resources	<u>\$ 9,459,862</u>	<u>\$ 773,125</u>	<u>\$ 7,079,593</u>	<u>\$ 203,560</u>
Long-term liabilities	78,233,314	4,953,993	77,170,067	4,725,021
Other liabilities	11,843,603	1,627,350	7,892,566	1,000,540
Total liabilities	<u>\$ 90,076,917</u>	<u>\$ 6,581,343</u>	<u>\$ 85,062,633</u>	<u>\$ 5,725,561</u>
Deferred Inflows of Resources	<u>\$ 21,533,278</u>	<u>\$ 342,397</u>	<u>\$ 21,482,071</u>	<u>\$ 18,522</u>
Net Position:				
Net investment in capital assets	\$ 36,996,083	\$ 32,297,380	\$ 28,869,058	\$ 2,944,293
Restricted	7,210,794	-	7,740,400	-
Unrestricted	35,459,527	3,159,288	28,428,266	905,566
Total net position	<u>\$ 79,666,404</u>	<u>\$ 35,456,668</u>	<u>\$ 65,037,724</u>	<u>\$ 3,849,859</u>

As noted above, the County absorbed the Pittsylvania County Service Authority (PCSA) resulting in a significant increase in the asset and resulting net position in the business-type activities. The PCSA previously issued a separate audited financial statement but is now included within the County as a department.

Government-wide Financial Analysis (continued)

For the County as a whole, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 60 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position represents resources that are subject to external restrictions on how they may be used. These assets include funds restricted for construction, grants, sheriff asset seizures, and health insurance. The County's restricted net position accounts for 9 percent of the total net position.

The remaining balance of unrestricted net position, which is \$38,618,815 or 33 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County can report positive balances in all three categories of net position.

The County's governmental type activities net position increased by \$15,468,820 during the current fiscal year. The County's net position increased primarily due to the continued recovery from the COVID-19 pandemic. CARES funding for the both the Primary Government and the School Board helped with this mitigation effort. Because of this increased funding the County's contribution to the School Board was reduced again this year and results in a large carryover to future years as noted in Exhibit 3.

The County's business-type activities net position changed substantially with the absorption of the Service Authority for water and sewer activities. The County has obtained the infrastructure and operations related to the water and sewer operations. This resulted in the significant restatement and increase in beginning net position as detailed in Note 27. During 2021, a large piece of infrastructure was completed and turned over to the City of Danville, Virginia for future operations as part of an economic development agreement. This contribution resulted in an expense of \$6,290,121 as noted on Exhibit 8.

Government-wide Financial Analysis (continued)

Governmental activities increased the County's net position by \$15,468,820. The County's net position increased (decreased) in the governmental activities and business-type activities by \$15,468,820 and (\$7,016,674), respectively. Key elements of this increase are as follows:

	2021 Governmental Activities	2021 Business-type Activities	2020 Governmental Activities	2020 Business-type Activities
Revenues:				
Program revenues:				
Charges for services	\$ 1,528,199	\$ 7,807,855	\$ 623,059	\$ 3,990,204
Operating grants and contributions	23,021,784	-	19,872,881	-
Capital grants and contributions	341,766	70,428	207,619	-
General revenues:				
General property taxes	41,537,110	-	39,753,125	-
Other local taxes	9,184,153	-	8,062,226	-
Use of money and property	316,422	-	760,571	2,621
Miscellaneous	683,100	13,018	1,218,292	27,770
Grants and contributions not spec.	6,174,111	147,671	6,344,317	10,080
Extraordinary item	-	-	-	1,250,000
Transfers	1,198,530	(1,198,530)	(147,890)	147,890
Total Revenues	\$ 83,985,175	\$ 6,840,442	\$ 76,694,200	\$ 5,428,565
Expenses:				
General government	\$ 4,835,772	\$ -	\$ 3,569,357	\$ -
Judicial administration	2,358,868	-	2,149,914	-
Public safety	22,941,289	-	19,038,351	-
Public works	1,643,870	-	1,764,961	-
Health and welfare	13,483,044	-	12,615,529	-
Education	16,150,405	-	17,557,755	-
Parks, recreation, and cultural	2,211,036	-	2,112,555	-
Community development	2,884,583	-	2,847,052	-
Interest on long-term debt	2,008,488	-	2,060,530	-
Landfill	-	3,967,783	-	3,382,120
Water and sewer	-	9,889,333	-	-
Total Expenses	\$ 68,517,355	\$ 13,857,116	\$ 63,716,004	\$ 3,382,120
Increase/(Decrease) in net position	\$ 15,467,820	\$ (7,016,674)	\$ 12,978,196	\$ 2,046,445
Net position, beginning (as restated)*	\$ 64,197,584	\$ 42,473,342	\$ 52,059,528	\$ 1,803,414
Net position, ending	<u>\$ 79,665,404</u>	<u>\$ 35,456,668</u>	<u>\$ 65,037,724</u>	<u>\$ 3,849,859</u>

*See Note 27

Financial Analysis of the Government's Funds

Governmental funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of financial resources. Such information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$47,098,528. Approximately 61 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.

The general fund is the chief operating fund of the County. As of June 30, 2021, total fund balance of the general fund was \$44,320,577 of which \$28,642,621 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$14,512,381.

An analysis of the supporting schedules (modified accrual) for fiscal year 2021 and 2020 reveals:

- Revenues: Overall general property taxes were up just under 1% over FY2020. The most significant increase occurred in the Personal Property Tax Category at 8% over the prior year, which was offset by a decrease of 18% in Real and Personal Property PSC Tax due to the loss of a power plant in the Town of Hurt. Other tax categories experienced both increases and decreases, which netted to an overall increase in general property taxes by \$251,983 from the prior year.
- Revenues: Other local taxes experienced an overall increase of 14% over FY2020 with both increases and decreases in various categories. Increases occurred in five categories. These increases were experienced in Local Sales and Use Tax at 12%, Consumers' Utility Tax at 4%, Meals Tax at 12%, Motor Vehicle Licenses at 25%, and Taxes on Recordation and Wills at 18%. Decreases occurred in the following other local taxes categories: Consumption Tax (1%), Franchise License Tax (36%), Business Licenses (92%) and Bank Stock ax (1%).
- Expenses: Overall primary government expenditures increased by 10% from FY2020. Much of this increase can be attributed to expenses related directly to the mitigation efforts of the COVID-19 pandemic. CARES expenditures made up a total of 8% of the total primary expenditures. These funds aided primarily 3 segments of the primary government including: General Government Administration, Public Safety and Public Works. Public Safety received much of this funding, which allowed for the purchase of much needed rescue apparatus and supplies. This funding also allowed the County to add much needed paid EMT/Firefighter positions to help support our volunteer fire and rescue agencies throughout the County.
- Expenses: Education increased 5% from FY2020. CARES funding was used primarily for these increases. Increased expenditures occurred in the following educational categories: Administration and health services (4%), Instructional Costs (1%), Technology (132%), Pupil Transportation (15%). Decreases occurred in the following educational categories: Operation and Maintenance (5%) and Food Service/Non-instructional (6%). These increases and decreases are the direct result of the affects of the COVID-19 pandemic on the operation of the County's school system.

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

	<i>Per Treasurer 6/30/2020 <u>Cash Balance</u></i>	<i>Per Treasurer 6/30/2021 <u>Cash Balance</u></i>
General Fund	24,869,513	36,110,695
Beautification Fund	21,475	35,474
Pet Center Fund	26,853	126,539
Debt Reserve - Human Services Fund	6,233	1,506
Jail Inmate Management Fund	310,341	387,201
Grants Fund	543,855	1,212,366
Capital Improvements Fund	682,962	2,301,852
Coronavirus Relief Fund	5,025,874	554,841
American Rescue Plan Act Fund	-	5,861,529
E911 Bond Fund	113,256	-
Rural Roads Fund	268,781	268,781
Courthouse Construction Fund	39,132	54,128
Courthouse Security Fund	101,023	18,649
Jail Processing Fee Fund	25,408	27,593
Library Gifts Fund	77,842	124,745
Courthouse Maintenance Fund	96,170	105,314
Law Library Fund	39,561	42,229
Rescue Billing Fund	15,778	65,136
	<hr/>	<hr/>
Total cash per Treasurer	32,264,057	47,298,578
Audit Adjustments to Cash:		
Entry to cash for overdraft Central Stores	(1,783)	(38,472)
Adjustments to cash by Finance	100	535
School energy lease account	-	3,532,028
Reversion of School Salaries Payable Fund	2,691,987	2,623,621
	<hr/>	<hr/>
Total cash as adjusted	34,954,361	53,416,290
Other Adjustments:		
Taxes receivable (60 day collections)	3,384,917	1,351,603
Prepaid tax revenue	(4,160,456)	(4,770,521)
Accounts receivables	630,160	612,979
Due (to)/from other funds	1,783	38,472
Due (to)/from School Board	(559,626)	(68,655)
Due from the other governments	3,267,511	3,708,364
Accounts payables	(1,685,461)	(3,192,968)
Salaries payable	(94,106)	(160,287)
Unearned grants	(3,556,054)	(6,614,700)
	<hr/>	<hr/>
Total accrual adjustments	(2,771,332)	(9,095,713)
Ending General Fund - Fund Balance	32,183,029	44,320,577

Financial Analysis of the Government's Funds (continued)

Governmental funds (continued)

The fund balance of the County's general fund increased by \$12,137,548 during the current fiscal year. Most of this increase can be attributed to a reduction of the contribution to the local School Board and a related increase in the annual carryover amount. CARES Act funding also contributed to this increase in fund balance since operations were substantially changed and funded through the CARES Act funding instead of historical operations and funding mechanisms.

General Fund Budgetary Highlights

Differences between the original General Fund budgeted appropriations and the final amended budgeted appropriations were a net increase of \$19,716,825. This increase occurred because of various budget increases/reductions that occurred after the 2021 budget process was complete. There were also increases that were made to the 2021 budget because of unforeseen events that occurred during the year. Significant budgetary supplements are included below:

- Reappropriation of approved carryovers from fiscal year 2021 totaled \$4,110,520, of which \$3,784,654 was for schools
- Appropriation of Coronavirus Relief Funds (CRF) totaling \$10,287,734
- Various Grant Fund Appropriations totaling in excess of \$4,000,000
- Appropriation for Loan Proceeds for School Bus Lease \$664,745
- An additional reappropriation of prior year encumbrances \$88,330

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2021 is \$91,792,076 (net of accumulated depreciation) and for its Business-type activities is \$33,422,046 (net of accumulated depreciation). This investment in capital assets includes land buildings and system, machinery and equipment, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Election & Training Center Renovations-\$554,843
- ECC Auditorium (Board Room) Renovations-\$306,286
- Hurt EMS Building (In Progress)-\$462,216
- Public Safety Building Renovations-\$90,217
- Public Safety Equipment-\$532,296
- 5 Ambulances-\$1,161,442
- ARC GIS Enterprise Platform-\$253,877
- Election Equipment-\$140,555
- Building Modifications for COVID Protection-\$232,521

Capital Asset and Debt Administration (continued)

Capital assets (continued)

County of Pittsylvania, Virginia Capital Assets
(net of depreciation) (as restated)

	2021	2021	2020	2020
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Land	\$ 5,510,544	745,127	\$ 5,510,544	\$ 206,227
Buildings and system	72,237,014	506,985	73,541,872	-
Machinery and equipment	10,889,346	3,001,279	9,233,535	1,455,525
Infrastructure		28,730,615	-	2,732,790
Construction in proress	3,155,172	438,040	2,029,581	103,126
Total	\$ 91,792,076	\$ 33,422,046	\$ 90,315,532	\$ 4,497,668

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$61,037,773. Additional information on the County's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the fiscal year the County had the following outstanding debt:

County of Pittsylvania's Outstanding Debt (As Restated)

	2021	2021	2020	2020
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
General obligation bonds	\$ 45,236,205	\$ 1,107,066	\$ 51,136,112	\$ -
Lease Revenue Notes	2,751,466	-	3,036,582	1,500,577
Deferred Amounts:				
Bond Premium	1,979,337	17,600	2,584,316	52,798
Lnadfill closure/post-closure		3,436,700	-	3,219,713
Capital leases	10,563,815	-	7,912,215	-
Net pension liability	13,282,794	627,190	7,956,410	263,021
Net OPEB Obligation	3,102,338	175,318	3,098,309	107,410
Compensated absences	1,317,359	79,187	1,196,123	40,846
Contingency for CSA	-	-	250,000	-
Total	\$ 78,233,314	\$ 5,443,061	\$ 77,170,067	\$ 5,184,365

Capital Asset and Debt Administration (continued)

Long-term debt (continued)

Legislations enacted in fiscal year ended June 30, 2002, required that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- At June 30, 2021, the unemployment rate for the County was 4.6 percent, which is a decrease from the rate of 7.8 percent a year ago. This is slightly more than state's average unemployment rate of 4.3 percent but less than the national average rate of 5.9 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Industrial Facilities Authority and jointly with the City of Danville and the Town of Hurt in the Staunton-River Regional Industrial Facility Authority. These authorities work to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$47,690 compared to the State median household income of \$74,222.
- Pittsylvania County's new US Census Bureau population was 60,501 in 2020 compared with 63,506 based on US Census Bureau information from 2010.

All of these factors were considered in preparing the County's budget for the 2022 fiscal year. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2022 budget year.

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at www.pittsylvaniacountyva.org may also be visited to obtain valuable information about the County.

Basic Financial Statements

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 58,103,083	\$ 6,160,524	\$ 64,263,607	\$ 1,816,677	\$ 1,909,957
Cash in custody of others	15,631	-	15,631	2,077,880	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	22,697,466	-	22,697,466	-	-
Accounts receivable	1,962,512	1,708,511	3,671,023	22,987	5,121
Notes receivable	-	-	-	-	2,796,118
Capital lease receivable	-	25,000	25,000	-	-
Due from primary government	-	-	-	68,655	-
Due from other governmental units	3,708,364	150,636	3,859,000	4,299,226	-
Inventories	5,577	28,240	33,817	-	-
Assets held for resale - Industrial sites	-	-	-	-	1,303,700
Prepaid items	-	12,326	12,326	1,155,285	-
Restricted assets:					
Investments	3,532,028	-	3,532,028	38,556	-
Noncurrent assets:					
Notes receivable	-	-	-	-	1,370,032
Capital lease receivable	-	100,000	100,000	-	-
Capital assets (net of accumulated depreciation):					
Land	5,510,544	745,127	6,255,671	2,709,971	497,442
Buildings and improvements	72,237,014	506,985	72,743,999	29,668,986	654,603
Machinery and equipment	10,889,346	3,001,279	13,890,625	4,435,261	-
Infrastructure	-	28,730,615	28,730,615	-	-
Construction in progress	3,155,172	438,040	3,593,212	1,182,385	591,623
Total assets	<u>\$ 181,816,737</u>	<u>\$ 41,607,283</u>	<u>\$ 223,424,020</u>	<u>\$ 47,475,869</u>	<u>\$ 9,128,596</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 2,859,037	\$ -	\$ 2,859,037	\$ -	\$ -
OPEB related items	436,262	30,216	466,478	3,069,231	-
Pension related items	6,164,563	742,909	6,907,472	20,421,798	-
Total deferred outflows of resources	<u>\$ 9,459,862</u>	<u>\$ 773,125</u>	<u>\$ 10,232,987</u>	<u>\$ 23,491,029</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 2,679,401	\$ 339,017	\$ 3,018,418	\$ 1,695,892	\$ 25,000
Accounts payable - construction	126,431	-	126,431	61,560	183,658
Accounts payable - construction from restricted assets	529,804	-	529,804	-	-
Salaries payable	160,287	36,055	196,342	2,623,621	-
Customer deposits	-	211,980	211,980	-	6,750
Estimate of incurred but unreported health claims	983,000	-	983,000	-	-
Accrued interest payable	681,325	15,786	697,111	-	21,549
Due to component units	68,655	-	68,655	-	-
Unearned revenue	6,614,700	535,444	7,150,144	-	797,817
Long-term liabilities:					
Due within one year	10,126,189	489,068	10,615,257	1,305,278	2,875,821
Due in more than one year	68,107,125	4,953,993	73,061,118	95,875,852	2,187,952
Total liabilities	<u>\$ 90,076,917</u>	<u>\$ 6,581,343</u>	<u>\$ 96,658,260</u>	<u>\$ 101,562,203</u>	<u>\$ 6,098,547</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 20,899,091	\$ -	\$ 20,899,091	\$ -	\$ -
OPEB related items	588,146	34,765	622,911	2,860,566	-
Pension related items	46,041	307,632	353,673	6,427,619	-
Total deferred inflows of resources	<u>\$ 21,533,278</u>	<u>\$ 342,397</u>	<u>\$ 21,875,675</u>	<u>\$ 9,288,185</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 36,996,083	\$ 32,297,380	\$ 69,293,463	\$ 37,935,043	\$ 1,560,010
Restricted:					
Grant funds	1,211,798	-	1,211,798	-	-
Asset forfeiture funds	454,727	-	454,727	-	-
Health insurance	5,544,269	-	5,544,269	-	-
School nutrition	-	-	-	1,876,734	-
Unrestricted	35,459,527	3,159,288	38,618,815	(79,695,267)	1,470,039
Total net position	<u>\$ 79,666,404</u>	<u>\$ 35,456,668</u>	<u>\$ 115,123,072</u>	<u>\$ (39,883,490)</u>	<u>\$ 3,030,049</u>

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

County of Pittsylvania, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	School Board	Industrial Development Authority
					Governmental Activities	Business-type Activities				
PRIMARY GOVERNMENT:										
Governmental activities:										
General government administration	\$ 4,835,772	\$ 172,199	\$ 484,384	\$ -	\$ (4,179,189)	\$ -	\$ (4,179,189)	\$ -	\$ -	\$ -
Judicial administration	2,358,868	13,666	1,161,636	-	(1,183,566)	-	(1,183,566)	-	-	-
Public safety	22,941,289	1,319,925	11,379,263	260,786	(9,981,315)	-	(9,981,315)	-	-	-
Public works	1,643,870	11,590	5,233	-	(1,627,047)	-	(1,627,047)	-	-	-
Health and welfare	13,483,044	-	9,710,363	-	(3,772,681)	-	(3,772,681)	-	-	-
Education	16,150,405	-	-	-	(16,150,405)	-	(16,150,405)	-	-	-
Parks, recreation, and cultural	2,211,036	10,819	183,290	-	(2,016,927)	-	(2,016,927)	-	-	-
Community development	2,884,583	-	97,615	80,980	(2,705,988)	-	(2,705,988)	-	-	-
Interest on long-term debt	2,007,488	-	-	-	(2,007,488)	-	(2,007,488)	-	-	-
Total governmental activities	\$ 68,516,355	\$ 1,528,199	\$ 23,021,784	\$ 341,766	\$ (43,624,606)	\$ -	\$ (43,624,606)	\$ -	\$ -	\$ -
Business-type activities:										
Solid Waste	\$ 3,967,783	\$ 5,145,312	\$ -	\$ -	\$ -	\$ 1,177,529	\$ 1,177,529	\$ -	\$ -	\$ -
Water and Sewer	9,889,333	2,662,543	-	70,428	-	(7,156,362)	(7,156,362)	-	-	-
Total business-type activities	13,857,116	7,807,855	-	70,428	-	(5,978,833)	(5,978,833)	-	-	-
Total primary government	\$ 82,373,471	\$ 9,336,054	\$ 23,021,784	\$ 412,194	\$ (43,624,606)	\$ (5,978,833)	\$ (49,603,439)	\$ -	\$ -	\$ -
COMPONENT UNITS:										
School Board	\$ 96,816,036	\$ 295,388	\$ 80,445,068	\$ -	\$ -	\$ -	\$ -	\$ (16,075,580)	\$ -	\$ -
Industrial Development Authority	489,683	-	-	853,430	-	-	-	-	-	363,747
Total component units	\$ 97,305,719	\$ 295,388	\$ 80,445,068	\$ 853,430	\$ -	\$ -	\$ -	\$ (16,075,580)	\$ -	\$ 363,747
General revenues:										
General property taxes		\$ 41,537,110	\$ -	\$ -	\$ 41,537,110	\$ -	\$ 41,537,110	\$ -	\$ -	\$ -
Other local taxes:										
Local sales and use taxes			3,523,458		3,523,458		3,523,458			
Consumers' utility taxes			1,327,278		1,327,278		1,327,278			
Motor vehicle licenses			2,718,128		2,718,128		2,718,128			
Meals taxes			826,345		826,345		826,345			
Other local taxes			788,944		788,944		788,944			
Unrestricted revenues from use of money and property			316,422		316,422	13,018	329,440	8,608	204,903	
Miscellaneous			683,100		683,100	147,671	830,771	1,136,327	1,200	
Payments from the County of Pittsylvania								14,830,122	54,813	
Grants and contributions not restricted to specific programs										
Transfers										
Total general revenues and transfers:		\$ 59,093,426	\$ 1,198,530	\$ -	\$ 6,174,111	\$ (1,198,530)	\$ 58,055,585	\$ 15,975,057	\$ 260,916	\$ -
Change in net position		15,468,820	8,452,146		8,452,146	(7,016,674)	106,670,926	(100,523)	624,663	
Net position - beginning, as restated		64,197,584	42,473,342		42,473,342		(39,782,967)		2,405,386	
Net position - ending		\$ 79,666,404	\$ 35,456,668		\$ 115,123,072		\$ (39,883,490)		\$ 3,030,049	

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

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

	General	Industrial Development	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 49,884,262	\$ 2,190,208	\$ 658,819	\$ 52,733,289
Cash in custody of others	-	-	15,631	15,631
Receivables (net of allowance for uncollectibles):				
Taxes receivable	22,697,466	-	-	22,697,466
Accounts receivable	738,089	44,615	-	782,704
Due from other funds	38,472	-	-	38,472
Due from other governmental units	3,708,364	-	-	3,708,364
Restricted assets:				
Investments	3,532,028	-	-	3,532,028
Total assets	<u>\$ 80,598,681</u>	<u>\$ 2,234,823</u>	<u>\$ 674,450</u>	<u>\$ 83,507,954</u>
LIABILITIES				
Accounts payable	\$ 2,663,164	\$ 131,322	\$ -	\$ 2,794,486
Salaries payable	160,287	-	-	160,287
Due to component unit	68,655	-	-	68,655
Unearned revenue	6,614,700	-	-	6,614,700
Liabilities payable from restricted assets	529,804	-	-	529,804
Total liabilities	<u>\$ 10,036,610</u>	<u>\$ 131,322</u>	<u>\$ -</u>	<u>\$ 10,167,932</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 26,116,384	\$ -	\$ -	\$ 26,116,384
Unavailable revenue - EMS billings	125,110	-	-	125,110
Total deferred inflows of resources	<u>\$ 26,241,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,241,494</u>
FUND BALANCES				
Restricted:				
Construction	\$ 3,002,224	\$ -	\$ -	\$ 3,002,224
Grant funds	1,211,798	-	-	1,211,798
Forfeited Assets Fund	-	-	454,727	454,727
Committed:				
Industrial Development Fund	-	2,103,501	-	2,103,501
Assigned:				
Pet Center Fund	126,539	-	-	126,539
Beautification Fund	35,474	-	-	35,474
Law Library Fund	42,229	-	-	42,229
Library Gifts Fund	124,657	-	-	124,657
Capital Outlay Fund	2,301,852	-	-	2,301,852
Jail Inmate Management Fund	387,201	-	-	387,201
Courthouse Maintenance Fund	105,314	-	-	105,314
Courthouse Security Fund	18,649	-	-	18,649
Courthouse Construction Fund	54,128	-	-	54,128
Jail Processing Fund	27,593	-	-	27,593
Rural Road Addition Fund	268,781	-	-	268,781
Debt Service Reserve Fund	-	-	204,092	204,092
Jail canteen	-	-	6,556	6,556
Sheriff investigations	-	-	9,075	9,075
Social Services Bond Fund	1,506	-	-	1,506
School carryover	7,970,011	-	-	7,970,011
Unassigned	28,642,621	-	-	28,642,621
Total fund balances	<u>\$ 44,320,577</u>	<u>\$ 2,103,501</u>	<u>\$ 674,450</u>	<u>\$ 47,098,528</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 80,598,681</u>	<u>\$ 2,234,823</u>	<u>\$ 674,450</u>	<u>\$ 83,507,954</u>

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

County of Pittsylvania, Virginia
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	47,098,528
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.		
Land	\$	5,510,544
Buildings and improvements		72,237,014
Machinery and equipment		10,889,346
Construction in progress		<u>3,155,172</u>
		91,792,076
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes	\$	5,217,293
Unavailable revenue - EMS billings		<u>125,110</u>
		5,342,403
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		5,522,361
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Deferred charge on refunding	\$	2,859,037
Pension related items		6,164,563
OPEB related items		<u>436,262</u>
		9,459,862
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$	(47,987,671)
Capital leases		(10,563,815)
Unamortized premiums		(1,979,337)
Accrued interest payable		(681,325)
Net OPEB liabilities		(3,102,338)
Net pension liability		(13,282,794)
Compensated absences		<u>(1,317,359)</u>
		(78,914,639)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(46,041)
OPEB related items		<u>(588,146)</u>
		<u>(634,187)</u>
Net position of governmental activities	\$	<u><u>79,666,404</u></u>

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

County of Pittsylvania, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>Industrial Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 41,443,346	\$ -	\$ -	\$ 41,443,346
Other local taxes	9,184,153	-	-	9,184,153
Permits, privilege fees, and regulatory licenses	279,987	-	-	279,987
Fines and forfeitures	132,512	-	-	132,512
Revenue from the use of money and property	316,142	-	280	316,422
Charges for services	959,881	-	30,709	990,590
Miscellaneous	676,390	6,334	376	683,100
Recovered costs	1,950,986	1,150,000	-	3,100,986
Intergovernmental	29,175,046	94,515	18,100	29,287,661
Total revenues	<u>\$ 84,118,443</u>	<u>\$ 1,250,849</u>	<u>\$ 49,465</u>	<u>\$ 85,418,757</u>
EXPENDITURES				
Current:				
General government administration	\$ 5,827,459	\$ -	\$ -	\$ 5,827,459
Judicial administration	2,155,413	-	-	2,155,413
Public safety	23,101,337	-	83,318	23,184,655
Public works	2,427,115	-	-	2,427,115
Health and welfare	13,094,638	-	-	13,094,638
Education	14,522,833	-	-	14,522,833
Parks, recreation, and cultural	1,970,591	-	-	1,970,591
Community development	2,201,972	1,801,461	-	4,003,433
Nondepartmental	61,283	-	-	61,283
Capital projects	1,142,694	-	-	1,142,694
Debt service:				
Principal retirement	8,110,900	-	-	8,110,900
Interest and other fiscal charges	2,372,252	-	-	2,372,252
Total expenditures	<u>\$ 76,988,487</u>	<u>\$ 1,801,461</u>	<u>\$ 83,318</u>	<u>\$ 78,873,266</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,129,956</u>	<u>\$ (550,612)</u>	<u>\$ (33,853)</u>	<u>\$ 6,545,491</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,372,445	\$ 582,500	\$ 12,000	\$ 1,966,945
Transfers out	(768,415)	-	-	(768,415)
Issuance of capital leases	4,577,477	-	-	4,577,477
Total other financing sources (uses)	<u>\$ 5,181,507</u>	<u>\$ 582,500</u>	<u>\$ 12,000</u>	<u>\$ 5,776,007</u>
Net change in fund balances	\$ 12,311,463	\$ 31,888	\$ (21,853)	\$ 12,321,498
Fund balances - beginning, as restated	32,009,114	2,071,613	696,303	34,777,030
Fund balances - ending	<u>\$ 44,320,577</u>	<u>\$ 2,103,501</u>	<u>\$ 674,450</u>	<u>\$ 47,098,528</u>

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

County of Pittsylvania, Virginia
 Reconciliation of Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds \$ 12,321,498

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 expense in the current period.

Capital outlays	\$ 6,678,856	
Depreciation expense	(5,139,120)	1,539,736

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net capital assets. (63,192)

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

Property taxes	\$ 93,764	
EMS billings	125,110	218,874

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

Debt Issued or Incurred:

Issuance of capital lease	\$ (4,577,477)	
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Principal Payments

Bonds payable	6,185,023	
Capital leases	1,925,877	
Due to Commonwealth - CSA	250,000	3,783,423

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

Change in compensated absences	\$ (121,236)	
Change in accrued interest payable	123,499	
Change in net OPEB liabilities and related items	(165,802)	
Change in net pension liability and related items	(1,875,977)	
Amortization of bond premium	604,979	
Amortization of loss on refunding	(363,714)	(1,798,251)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (533,268)

Change in net position of governmental activities	\$ 15,468,820
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The accompanying notes to the financial statements are an integral part of this statement.

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

	Enterprise Funds			Internal Service Funds
	Solid Waste Fund	Water and Sewer Fund	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,766,776	\$ 3,393,748	\$ 6,160,524	\$ 5,369,794
Accounts receivables, net of allowances for uncollectibles	1,141,050	567,461	1,708,511	1,179,808
Due from other governmental units	-	150,636	150,636	-
Inventories	-	28,240	28,240	5,577
Prepaid items	-	12,326	12,326	-
Capital lease receivable - current portion	-	25,000	25,000	-
Total current assets	<u>\$ 3,907,826</u>	<u>\$ 4,177,411</u>	<u>\$ 8,085,237</u>	<u>\$ 6,555,179</u>
Noncurrent assets:				
Capital lease receivable - net of current portion	\$ -	\$ 100,000	\$ 100,000	\$ -
Capital assets: (net of related depreciation)				
Land	\$ 356,227	\$ 388,900	\$ 745,127	\$ -
Construction in progress	384,641	53,399	438,040	-
Machinery and equipment	2,108,125	893,154	3,001,279	-
Buildings and improvements	-	506,985	506,985	-
Infrastructure	2,641,355	26,089,260	28,730,615	-
Total capital assets	<u>\$ 5,490,348</u>	<u>\$ 27,931,698</u>	<u>\$ 33,422,046</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 5,490,348</u>	<u>\$ 28,031,698</u>	<u>\$ 33,522,046</u>	<u>\$ -</u>
Total assets	<u>\$ 9,398,174</u>	<u>\$ 32,209,109</u>	<u>\$ 41,607,283</u>	<u>\$ 6,555,179</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	\$ 11,354	\$ 18,862	\$ 30,216	\$ -
Pension related items	285,515	457,394	742,909	-
Total deferred outflows of resources	<u>\$ 296,869</u>	<u>\$ 476,256</u>	<u>\$ 773,125</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 138,083	\$ 200,934	\$ 339,017	\$ 11,346
Estimate of incurred but unreported health claims	-	-	-	983,000
Accrued salaries	34,624	1,431	36,055	-
Due to other funds	-	-	-	38,472
Interest payable	15,786	-	15,786	-
Unearned revenue	459,924	75,520	535,444	-
Customer deposits payable	-	211,980	211,980	-
Compensated absences - current portion	35,395	23,995	59,390	-
Bonds payable - current portion	429,678	-	429,678	-
Total current liabilities	<u>\$ 1,113,490</u>	<u>\$ 513,860</u>	<u>\$ 1,627,350</u>	<u>\$ 1,032,818</u>
Noncurrent liabilities:				
Landfill closure/postclosure liability	\$ 3,436,700	\$ -	\$ 3,436,700	\$ -
Bonds payable - net of current portion	694,988	-	694,988	-
Compensated absences - net of current portion	11,798	7,999	19,797	-
Net pension liability	478,908	148,282	627,190	-
Net OPEB liabilities	82,416	92,902	175,318	-
Total noncurrent liabilities	<u>\$ 4,704,810</u>	<u>\$ 249,183</u>	<u>\$ 4,953,993</u>	<u>\$ -</u>
Total liabilities	<u>\$ 5,818,300</u>	<u>\$ 763,043</u>	<u>\$ 6,581,343</u>	<u>\$ 1,032,818</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB related items	\$ 11,968	\$ 22,797	\$ 34,765	\$ -
Pension related items	-	307,632	307,632	-
Total deferred inflows of resources	<u>\$ 11,968</u>	<u>\$ 330,429</u>	<u>\$ 342,397</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 4,365,682	\$ 27,931,698	\$ 32,297,380	\$ -
Restricted for health insurance claims	-	-	-	5,544,269
Unrestricted (deficit)	(500,907)	3,660,195	3,159,288	(21,908)
Total net position	<u>\$ 3,864,775</u>	<u>\$ 31,591,893</u>	<u>\$ 35,456,668</u>	<u>\$ 5,522,361</u>

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

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

	Enterprise Funds			Internal Service Funds
	Solid Waste Fund	Water and Sewer Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water revenues	\$ -	\$ 1,730,440	\$ 1,730,440	\$ -
Sewer revenues	-	888,760	888,760	-
Connection charges	-	18,321	18,321	-
Solid waste collections	5,032,107	-	5,032,107	-
Recycling	9,567	-	9,567	-
Materials and supplies	-	-	-	274,314
Insurance premiums	-	-	-	12,027,667
Penalties and interest	103,638	25,022	128,660	-
Miscellaneous	35,917	111,754	147,671	-
Total operating revenues	<u>\$ 5,181,229</u>	<u>\$ 2,774,297</u>	<u>\$ 7,955,526</u>	<u>\$ 12,301,981</u>
OPERATING EXPENSES				
Salaries	\$ 677,632	\$ 324,320	\$ 1,001,952	\$ -
Fringe benefits	427,448	142,745	570,193	12,527,909
Contractual services	1,179,727	181,637	1,361,364	-
Utilities	67,241	76,657	143,898	-
Insurance	17,986	12,780	30,766	-
Fuel	195,771	11,813	207,584	-
Supplies	247,221	-	247,221	307,340
Landfill monitoring	137,037	-	137,037	-
Improvements and closure costs	245,354	-	245,354	-
Miscellaneous	231,504	31,116	262,620	-
Purchased water	-	890,765	890,765	-
Repairs and maintenance	-	214,043	214,043	-
Office and administration	-	346,029	346,029	-
Sewage treatment	-	637,276	637,276	-
Depreciation	527,069	730,031	1,257,100	-
Total operating expenses	<u>\$ 3,953,990</u>	<u>\$ 3,599,212</u>	<u>\$ 7,553,202</u>	<u>\$ 12,835,249</u>
Change in Net Position	<u>\$ 1,227,239</u>	<u>\$ (824,915)</u>	<u>\$ 402,324</u>	<u>\$ (533,268)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	\$ -	\$ 13,018	\$ 13,018	\$ -
Interest expense	(13,793)	-	(13,793)	-
Total nonoperating revenues (expenses)	<u>\$ (13,793)</u>	<u>\$ 13,018</u>	<u>\$ (775)</u>	<u>\$ -</u>
Income (loss) before transfers, capital contributions, and construction grants	<u>\$ 1,213,446</u>	<u>\$ (811,897)</u>	<u>\$ 401,549</u>	<u>\$ (533,268)</u>
Capital contributions and construction grants	-	70,428	70,428	-
Capital contribution to the City of Danville, Virginia	-	(6,290,121)	(6,290,121)	-
Transfers out	(1,198,530)	-	(1,198,530)	-
Change in Net Position	<u>\$ 14,916</u>	<u>\$ (7,031,590)</u>	<u>\$ (7,016,674)</u>	<u>\$ (533,268)</u>
Total net position - beginning, as restated	3,849,859	38,623,483	42,473,342	6,055,629
Total net position - ending	<u>\$ 3,864,775</u>	<u>\$ 31,591,893</u>	<u>\$ 35,456,668</u>	<u>\$ 5,522,361</u>

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

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

	Enterprise Funds			Internal Service Funds
	Solid Waste Fund	Water and Sewer Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 6,123,990	\$ 2,508,049	\$ 8,632,039	\$ -
Receipts for materials and supplies	-	-	-	272,897
Receipts for insurance premiums	-	-	-	12,068,156
Payments to suppliers	(2,020,795)	(2,255,280)	(4,276,075)	(309,586)
Payments to employees	(1,001,924)	(418,386)	(1,420,310)	-
Payments for insurance premiums	-	-	-	(12,602,077)
Net cash provided by (used for) operating activities	<u>\$ 3,101,271</u>	<u>\$ (165,617)</u>	<u>\$ 2,935,654</u>	<u>\$ (570,610)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund borrowings	\$ (1,198,530)	\$ -	\$ (1,198,530)	\$ 36,689
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of utility plant	\$ (1,519,749)	\$ (72,206)	\$ (1,591,955)	\$ -
Capital contributions	-	106,623	106,623	-
Payments on capital lease receivable	-	25,000	25,000	-
Principal payments on bonds	(393,511)	-	(393,511)	-
Interest expense	(53,688)	-	(53,688)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,966,948)</u>	<u>\$ 59,417</u>	<u>\$ (1,907,531)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ -	\$ 13,018	\$ 13,018	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (64,207)	\$ (93,182)	\$ (157,389)	\$ (533,921)
Cash and cash equivalents - beginning	\$ 2,830,983	\$ 3,486,930	\$ 6,317,913	\$ 5,903,715
Cash and cash equivalents - ending	<u>\$ 2,766,776</u>	<u>\$ 3,393,748</u>	<u>\$ 6,160,524</u>	<u>\$ 5,369,794</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 1,227,239	\$ (824,915)	\$ 402,324	\$ (533,268)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 527,069	\$ 730,031	\$ 1,257,100	\$ -
(Increase) decrease in accounts receivable	920,681	(272,044)	648,637	39,072
(Increase) decrease in prepaid items	-	(944)	(944)	-
(Increase) decrease in inventories	-	14,115	14,115	402
Increase (decrease) in accrued salaries	5,779	1,257	7,036	-
Increase (decrease) in closure/postclosure liability	216,987	-	216,987	-
Increase (decrease) in accounts payable	84,059	133,665	217,724	(76,816)
Increase (decrease) in compensated absences	6,347	10,643	16,990	-
Increase (decrease) in customer deposits payable	-	6,441	6,441	-
Increase (decrease) in unearned revenue	22,080	5,796	27,876	-
Increase (decrease) in net pension liability	215,887	450,246	666,133	-
Increase (decrease) in net OPEB liabilities	(24,994)	15,590	(9,404)	-
Changes in deferred outflows related to pension	(99,358)	(360,381)	(459,739)	-
Changes in deferred inflows related to pension	(1,305)	(117,646)	(118,951)	-
Changes in deferred outflows related to OPEB	6,049	26,305	32,354	-
Changes in deferred inflows related to OPEB	(5,249)	16,224	10,975	-
Total adjustments	<u>\$ 1,874,032</u>	<u>\$ 659,298</u>	<u>\$ 2,533,330</u>	<u>\$ (37,342)</u>
Net cash provided by (used for) operating activities	<u>\$ 3,101,271</u>	<u>\$ (165,617)</u>	<u>\$ 2,935,654</u>	<u>\$ (570,610)</u>
Noncash investing, capital, and financing activities:				
Contributed capital assets	\$ -	\$ (6,290,121)	\$ (6,290,121)	\$ -

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

County of Pittsylvania, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 610,355
Cash in custody of others	41,449
Receivables:	
Due from other governments	769,886
Total assets	<u>\$ 1,421,690</u>
 LIABILITIES	
Accounts payable	<u>\$ 289,136</u>
 NET POSITION	
Restricted:	
Social services welfare	\$ 43,815
Escrows for developers	267,600
Workforce Investment Board	779,690
Amounts held for inmates	41,449
Total liabilities	<u>\$ 1,132,554</u>

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

County of Pittsylvania, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Government grants	\$ 2,948,458
Rental income	313,983
Social security and welfare receipts	45,632
Inmate deposits	119,048
Miscellaneous	16,210
Total contributions	<u>\$ 3,443,331</u>
DEDUCTIONS	
Workforce Investment Board expenses	\$ 3,096,066
Administrative fees	80,222
Refunds of developers escrow deposits	748,669
Welfare payments	45,397
Inmate purchases and withdrawals	84,916
Total deductions	<u>\$ 4,055,270</u>
Net increase (decrease) in fiduciary net position	\$ (611,939)
Net position - beginning - as restated	<u>1,744,493</u>
Net position - ending	<u>\$ 1,132,554</u>

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

Note 1 - Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - In fiscal year 2021, the Pittsylvania County Service Authority (Service Authority) Board of Commissioners became the same as the Board of Supervisors. Therefore, the reporting entity changed from a discretely presented component unit to a blended component unit. The Service Authority provides water and sewer service to residents of Pittsylvania County. The Service Authority is presented as an enterprise fund and does not issue separate financial statements.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

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

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The IDA is deemed to be a discretely presented component unit of the County. The IDA's fiscal year end is June 30th and financial data presented herewith for the Authority is for the fiscal year ended June 30, 2021. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$448,016 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Danville-Pittsylvania Regional Industrial Facilities Authority (DPRIFA). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$253,380 to DPRIFA. The County has a moral obligation to continue to provide funding to the IFA for debt service and ongoing construction projects.

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

A. Financial Reporting Entity (Continued)

The County along with the Town of Hurt and City of Danville are part of the jointly governed organization Staunton River Regional Industrial Facility Authority (SRRIFA). SRRIFA's mission is to improve the regional economy through the attraction of global industry. During the year, the County contributed \$61,000 to SRRIFA.

B. Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

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

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

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

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

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

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

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the CARES Act, Social Services, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The *Industrial Development Fund* serves as the County's major *Special Revenue Fund*. The Industrial Development Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds.

The government reports the following nonmajor governmental funds:

- The *Forfeited Assets Fund* is a Special Revenue Fund that accounts for and reports financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.
- The *Debt Service Reserve Fund* is the County's only Debt Service Fund. It accounts for and reports financial resources to be used for the payment of debt of the County as well as jointly governed organizations.
- The *Sheriff Fund* accounts for the Sheriff's confidential account activities as well as the canteen profits from the jail.

The government reports the following major enterprise funds:

The *Solid Waste Fund* accounts for the activities of the landfill, including charges for services, expenses, assets, and related debts.

The *Water and Sewer Fund* accounts for the activities of the water and sewer operations, including charges for services, expenses, assets, and related debts.

The School Board reports the following major governmental fund:

The *School Operating Fund* is the primary operating fund of the School Board and accounts and reports for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Pittsylvania, and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

The School Board reports the following nonmajor governmental fund:

- The *School Activity Fund* accounts for the activities of the bank accounts held at the individual schools under the direction of each corresponding principal.

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

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

Additionally, the government reports the following fund types:

Internal Service Funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Central Stores and Self Insurance Funds.

Fiduciary funds (Trust and Custodial funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Cash Bond, Workforce Investment Board, and Sheriff's Inmate Trust 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 other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:

1. Cash and Cash Equivalents

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

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

2. Investments

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

4. Property Taxes

Property is assessed at its value on January 1st. Property taxes attach as an enforceable lien on property as of January 1st. Real estate taxes are payable in installments on June 10th and December 10th. Personal property taxes are due and collectible in installments on June 10th and December 10th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$708,455 at June 30, 2021 and is comprised of property taxes (\$623,473), EMS billings (\$2,797), water and sewer charges (\$37,510) and solid waste charges (\$44,675).

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
 (Continued)

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment and infrastructure of the primary government, as well as the Component Unit - School Board, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

9. Deferred Outflows/Inflows of Resources

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

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

9. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

11. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the current accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's fiduciary net 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.

13. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance

The County and School Board offer retirees the option to remain on the health insurance plan resulting in an implicit subsidy OPEB liability. For more information see the related note disclosure.

14. Fund Balance

The County reports fund balance in accordance with current financial reporting standards. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

14. Fund Balance (Continued)

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

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

15. Net Position

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

16. Net Position Flow Assumption

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

Note 2 - Stewardship, Compliance, and Accountability:

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Custodial Funds, the Sheriff Fund, and the School Board's School Activity Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the School Capital Projects Funds. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2021, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2021, the Central Stores Fund had deficit fund equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 3 - Deposits and Investments:

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

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2021, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2021, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County’s rated debt investments as of June 30, 2021 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	Unrated	Total
Money Market Funds	\$ 38,556	\$ 3,532,028	\$ 3,570,584

Note 3 - Deposits and Investments: (Continued)

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
Investment Type	Fair Value	Less than 1 year
Money Market Funds	\$ 3,570,584	\$ 3,570,584

Note 4 - Due from Other Governmental Units:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 615,992	\$ -
Communication sales tax	260,749	-
State sales tax	-	1,394,880
Noncategorical aid	87,262	-
Categorical aid - shared expenses	546,928	-
Categorical aid - Virginia Public Assistance funds	83,909	-
Categorical aid - CSA funds	1,523,231	-
Categorical aid - other	162,611	423,379
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	158,521	-
Categorical aid - Workforce Investment Act funds	248,205	-
Categorical aid - other	171,592	2,480,967
Totals	<u>\$ 3,859,000</u>	<u>\$ 4,299,226</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 5 - Interfund/Component-Unit Obligations:

Fund	Due from Primary Government/ Component Unit	Due to Primary Government/ Component Unit
Primary Government:		
General Fund	\$ -	\$ 68,655
Component Unit - School Board:		
School Fund	\$ 68,655	\$ -

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

Fund	Due from	Due to
Primary Government:		
Major Governmental Funds:		
General Fund	\$ 38,472	\$ -
Internal Service Funds:		
Central Stores Fund	-	38,472
Total	\$ 38,472	\$ 38,472

All balances are the results of time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The County expects all balances to be repaid within one year.

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

Fund	Transfers In	Transfers Out
Primary Government:		
Major Governmental Funds:		
General Fund	\$ 1,372,445	\$ 768,415
Industrial Development Fund	582,500	-
Nonmajor Governmental Funds:		
Sheriff Fund	12,000	-
Enterprise Funds:		
Solid Waste Fund	-	1,198,530
Total	\$ 1,966,945	\$ 1,966,945

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 6 - Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 51,136,112	\$ -	\$ (5,899,907)	\$ 45,236,205
Direct borrowings:				
Lease revenue bonds	3,036,582	-	(285,116)	2,751,466
Unamortized bond premiums	2,584,316	-	(604,979)	1,979,337
Capital leases	7,912,215	4,577,477	(1,925,877)	10,563,815
Due to Commonwealth (CSA)	250,000	-	(250,000)	-
Compensated absences	1,196,123	1,018,328	(897,092)	1,317,359
Net pension liability	7,956,410	8,635,580	(3,309,196)	13,282,794
Net OPEB liabilities	3,098,309	642,314	(638,285)	3,102,338
Total	\$ 77,170,067	\$ 14,873,699	\$ (13,810,452)	\$ 78,233,314

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

Year Ending June 30,	General Obligation Bonds		Direct Borrowing Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 6,167,744	\$ 1,797,469	\$ 287,997	\$ 95,578
2023	6,453,720	1,493,991	290,966	85,480
2024	5,272,448	1,207,464	294,025	75,276
2025	5,512,293	947,120	297,178	64,962
2026	3,875,000	698,163	300,428	54,535
2027-2031	17,955,000	1,524,550	1,280,872	123,989
Totals	\$ 45,236,205	\$ 7,668,757	\$ 2,751,466	\$ 499,820

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
General Obligation Bonds:							
General obligation bond (2)	3.00-5.00%	8/21/2015	2/1/2030	\$625,000-3,600,000 a+	\$ 37,660,000	\$ 28,905,000	\$ 3,140,000
General obligation bond (1)	3.00-5.00%	6/2/2016	6/15/2031	\$605,000-1,150,000 a+	13,275,000	9,835,000	800,000
General obligation bond (1)	4.10-5.60%	11/10/2004	7/15/2024	\$999,906-1,010,000 a+	15,735,749	3,806,205	917,744
General obligation bond	2.00-5.00%	4/22/2010	3/1/2023	\$1,189,963-1,414,500 a+	12,485,000	2,690,000	1,310,000
Total general obligation bonds						<u>\$ 45,236,205</u>	<u>\$ 6,167,744</u>
Direct Borrowings - Lease Revenue Bonds:							
Revenue bond - IDA	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$ 1,803,802	\$ 531,378	\$ 68,052
QECB Energy Revenue Bond	3.47%	1/20/2016	3/1/2031	\$216,581-224,519 a+	3,313,595	2,220,088	219,945
Total direct borrowings - lease revenue bonds						<u>\$ 2,751,466</u>	<u>\$ 287,997</u>
Plus:							
Unamortized Premium						\$ 1,979,337	\$ 620,464
Other Obligations:							
Capital leases (Note 7)						\$ 10,563,815	\$ 2,061,965
Compensated absences						1,317,359	988,019
Net pension liability						13,282,794	-
Net OPEB liabilities						3,102,338	-
Total other obligations						<u>\$ 28,266,306</u>	<u>\$ 3,049,984</u>
Total long-term obligations						<u>\$ 78,233,314</u>	<u>\$ 10,126,189</u>

(1) Refunding bond

(2) Advanced refunding bond

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

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

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings:				
Lease revenue bonds	\$ 1,500,577	\$ -	\$ (393,511)	\$ 1,107,066
Unamortized bond premiums	52,798	-	(35,198)	17,600
Landfill closure/post-closure liability	3,219,713	216,987	-	3,436,700
Compensated absences	62,197	63,638	(46,648)	79,187
Net pension liability	263,021	879,824	(515,655)	627,190
Net OPEB liabilities	184,722	66,605	(76,009)	175,318
	<u>5,283,028</u>	<u>1,227,054</u>	<u>(1,067,021)</u>	<u>5,443,061</u>
Total	\$ <u>5,283,028</u>	\$ <u>1,227,054</u>	\$ <u>(1,067,021)</u>	\$ <u>5,443,061</u>

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

Year Ending June 30,	Direct Borrowings	
	Lease Revenue Bonds	
	Principal	Interest
2022	\$ 412,078	\$ 35,642
2023	105,776	24,001
2024	109,609	20,169
2025	113,579	16,198
2026	117,693	12,084
2027-2031	248,331	11,223
Totals	\$ <u>1,107,066</u>	\$ <u>119,317</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 6 - Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings - Lease Revenue Bonds:							
Lease revenue bond	2.125-5.125%	11/16/2011	11/1/2021	\$268,616-317,944 a+	\$2,555,000	\$ 310,000	\$ 310,000
Lease revenue bond	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$1,803,802	797,066	102,078
Total direct borrowings - lease revenue bonds						<u>\$ 1,107,066</u>	<u>\$ 412,078</u>
Plus:							
Unamortized Premium						<u>\$ 17,600</u>	<u>\$ 17,600</u>
Other Obligations:							
Landfill closure/post-closure liability						\$ 3,436,700	\$ -
Compensated absences						79,187	59,390
Net pension liability						627,190	-
Net OPEB liabilities						175,318	-
Total other obligations						<u>\$ 4,318,395</u>	<u>\$ 59,390</u>
Total long-term obligations						<u>\$ 5,443,061</u>	<u>\$ 489,068</u>

Collateral: The County's lease revenue bond issued August 5, 2006 and the lease revenue bond issued January 30, 2018 are secured by the Human Services building. The County's lease revenue bond issued November 16, 2011 for the landfill construction is secured by the County Administration (Moses) building.

Events of Default: The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7 - Capital Leases:

Primary Government

The School Board issued a lease purchase agreement to purchase school buses. The County entered into a capital lease agreements to upgrade its E-911 towers and equipment, school energy improvements, and purchase sheriff vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	School Buses	E-911 Equipment	Sheriff Vehicles	School Energy*	Totals
Machinery and equipment	\$ 1,628,310	\$ 13,220,661	\$ 380,704	\$ -	\$ 15,229,675
Construction in progress	-	2,023,703	-	529,804	2,553,507
Less: Accumulated depreciation	(279,952)	(9,261,707)	(16,375)	-	(9,558,034)
Net capital assets	<u>\$ 1,348,358</u>	<u>\$ 5,982,657</u>	<u>\$ 364,329</u>	<u>\$ 529,804</u>	<u>\$ 8,225,148</u>

*The County also reported unused debt proceeds of \$3,532,028 as restricted investments related to this lease. There is also \$529,804 reported as amounts payable from these funds.

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	School Buses	E-911 Equipment	Sheriff Vehicles	School Energy	Total
2022	\$ 551,907	\$ 1,484,796	\$ 75,751	\$ 173,549	\$ 2,286,003
2023	223,768	1,488,039	75,751	282,020	2,069,578
2024	-	1,491,360	75,751	282,020	1,849,131
2025	-	913,358	75,751	282,020	1,271,129
2026	-	893,608	96,176	282,020	1,271,804
2027-2031	-	-	-	1,410,102	1,410,102
2032-2036	-	-	-	1,410,102	1,410,102
Sub-total	\$ 775,675	\$ 6,271,161	\$ 399,180	\$ 4,121,833	\$ 11,567,849
Less: Amount representing interest	(13,496)	(367,154)	(33,579)	(589,805)	(1,004,034)
Present Value of Lease Agreements	<u>\$ 762,179</u>	<u>\$ 5,904,007</u>	<u>\$ 365,601</u>	<u>\$ 3,532,028</u>	<u>\$ 10,563,815</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 8 - Long-Term Obligations-Component Unit School Board:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2021:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 1,790,215	\$ 1,292,816	\$ (1,342,661)	\$ 1,740,370
Net pension liability	71,456,346	30,158,630	(23,183,758)	78,431,218
Net OPEB liabilities	18,587,007	3,258,676	(4,836,141)	17,009,542
Total	\$ 91,833,568	\$ 34,710,122	\$ (29,362,560)	\$ 97,181,130

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 1,740,370	\$ 1,305,278
Net pension liability	78,431,218	-
Net OPEB liabilities	17,009,542	-
Total other obligations	<u>\$ 97,181,130</u>	<u>\$ 1,305,278</u>
Total long-term obligations	<u>\$ 97,181,130</u>	<u>\$ 1,305,278</u>

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Note 9 - Pension Plans:

Plan Description

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

In fiscal year 2021, the blended component unit Pittsylvania County Service Authority employees became County employees and joined that plan with VRS. However, VRS is currently still maintaining the old plan for them.

Benefit Structures

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

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

Note 9 - Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Blended Component Unit</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	265	3	167
Inactive members:			
Vested inactive members	45	0	12
Non-vested inactive members	88	0	51
Inactive members active elsewhere in VRS	108	1	33
Total inactive members	241	1	96
Active members	343	8	138
Total covered employees	849	12	401

Note 9 - Pension Plans: (Continued)

Contributions

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

The County's contractually required employee contribution rate for the year ended June 30, 2021 was 11.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,854,207 and \$1,383,314 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Blended Component Unit's contractually required employee contribution rate for the year ended June 30, 2021 was 11.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Blended Component Unit were \$32,329 and \$37,786 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2021 was 7.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Pittsylvania County School Board's nonprofessional employees were \$186,140 and \$200,303 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's, Blended Component Unit's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

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

Note 9 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Note 9 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Note 9 - Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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.

Note 9 - Pension Plans: (Continued)

Long-term Expected Rate of Return (Continued)

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater.

Note 9 - Pension Plans: (Continued)

Discount Rate (Continued)

Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 75,635,230	\$ 67,415,799	\$ 8,219,431
Changes for the year:			
Service cost	\$ 1,712,141	\$ -	\$ 1,712,141
Interest	4,951,235	-	4,951,235
Differences between expected and actual experience	2,237,299	-	2,237,299
Assumption changes	-	-	-
Contributions - employer	-	1,383,314	(1,383,314)
Contributions - employee	-	723,955	(723,955)
Net investment income	-	1,297,394	(1,297,394)
Benefit payments, including refunds of employee contributions	(4,567,192)	(4,567,192)	-
Administrative expenses	-	(44,766)	44,766
Other changes	-	(1,493)	1,493
Net changes	\$ 4,333,483	\$ (1,208,788)	\$ 5,542,271
Balances at June 30, 2020	\$ 79,968,713	\$ 66,207,011	\$ 13,761,702

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9 - Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Blended Component Unit		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 1,663,969	\$ 1,965,933	\$ (301,964)
Changes for the year:			
Service cost	\$ 26,359	\$ -	\$ 26,359
Interest	109,092	-	109,092
Benefit changes	-	-	-
Differences between expected and actual experience	408,677	-	408,677
Assumption changes	-	-	-
Contributions - employer	-	38,327	(38,327)
Contributions - employee	-	19,564	(19,564)
Net investment income	-	37,318	(37,318)
Benefit payments, including refunds of employee contributions	(95,582)	(95,582)	-
Administrative expenses	-	(1,283)	1,283
Other changes	-	(44)	44
Net changes	\$ 448,546	\$ (1,700)	\$ 450,246
Balances at June 30, 2020	\$ 2,112,515	\$ 1,964,233	\$ 148,282

Note 9 - Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component Unit - School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 15,102,555	\$ 14,131,581	\$ 970,974
Changes for the year:			
Service cost	\$ 285,762	\$ -	\$ 285,762
Interest	988,487	-	988,487
Differences between expected and actual experience	(164,199)	-	(164,199)
Assumption changes	-	-	-
Contributions - employer	-	199,985	(199,985)
Contributions - employee	-	133,777	(133,777)
Net investment income	-	266,968	(266,968)
Benefit payments, including refunds of employee contributions	(916,597)	(916,597)	-
Administrative expenses	-	(9,423)	9,423
Other changes	-	(311)	311
Net changes	\$ 193,453	\$ (325,601)	\$ 519,054
Balances at June 30, 2020	\$ 15,296,008	\$ 13,805,980	\$ 1,490,028

Note 9 - Pension Plans: (Continued)

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

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
County - Primary Government Net Pension Liability	\$ <u>23,370,973</u>	\$ <u>13,761,702</u>	\$ <u>5,730,782</u>
Blended Component Unit Net Pension Liability	\$ <u>392,884</u>	\$ <u>148,282</u>	\$ <u>(57,802)</u>
Component Unit School Board (Nonprofessional) Net Pension Liability (Asset)	\$ <u>3,046,689</u>	\$ <u>1,490,028</u>	\$ <u>166,848</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9 - Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County, Blended Component Unit, and Component Unit School Board (nonprofessional) recognized pension expense of \$3,845,406, \$5,089, and \$390,736, respectively. At June 30, 2021, the County, Blended Component Unit, and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Blended Component Unit		Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,809,586	\$ -	\$ 337,851	\$ 307,120	\$ -	\$ 91,660
Change in assumptions	771,758	-	31,600	512	20,582	-
Net difference between projected and actual earnings on pension plan investments	1,968,486	-	55,614	-	410,595	-
Change in proportionate share	46,041	-	-	46,041	-	-
Employer contributions subsequent to the measurement date	1,854,207	-	32,329	-	186,140	-
Total	\$ 6,450,078	\$ -	\$ 457,394	\$ 353,673	\$ 617,317	\$ 91,660

\$1,854,207, \$32,329, and \$186,140 reported as deferred outflows of resources related to pensions resulting from the County's, Blended Component Unit's, and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Blended Component Unit	Component Unit School Board (Nonprofessional)
2022	\$ 1,697,030	\$ 4,320	\$ (63,582)
2023	1,501,347	14,943	127,139
2024	717,739	31,804	142,577
2025	633,714	44,560	133,383
2025	-	21,806	-
Thereafter	-	-	-

Note 9 - Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$7,304,728 and \$7,022,807 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$76,941,190 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.52870% as compared to 0.53558% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$8,697,685. 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.

Note 9 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

	Component Unit-School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,509,940
Change in assumptions	5,252,201	-
Net difference between projected and actual earnings on pension plan investments	5,852,230	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,395,322	1,826,019
Employer contributions subsequent to the measurement date	<u>7,304,728</u>	<u>-</u>
Total	<u>\$ 19,804,481</u>	<u>\$ 6,335,959</u>

\$7,304,728 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	Component Unit School Board (Professional)
2022	\$ 46,126
2023	2,102,519
2024	2,439,611
2025	1,703,389
2025	(127,851)
Thereafter	-

Note 9 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 9 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Net Pension Liability

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

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

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

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

Note 9 - Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

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

	Current	
<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>

School division's proportionate share of the
 VRS Teacher Employee Retirement Plan
 Net Pension Liability (Asset)

\$	<u>112,890,006</u>	\$	<u>76,941,190</u>	\$	<u>47,206,975</u>
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Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
VRS Pension Plans:								
Primary Government	\$ 6,450,078	\$ -	\$ 13,761,702	\$ 3,845,406	\$ -	\$ -	\$ -	\$ -
Blended Component Unit	457,394	353,673	148,282	5,089	-	-	-	-
School Board Nonprofessional	-	-	-	-	617,317	91,660	1,490,028	390,736
School Board Professional	-	-	-	-	19,804,481	6,335,959	76,941,190	8,697,685
Totals	<u>\$ 6,907,472</u>	<u>\$ 353,673</u>	<u>\$ 13,909,984</u>	<u>\$ 3,850,495</u>	<u>\$ 20,421,798</u>	<u>\$ 6,427,619</u>	<u>\$ 78,431,218</u>	<u>\$ 9,088,421</u>

Note 10 - Other Postemployment Benefits - Health Insurance:

Plan Description

In addition to the pension benefits described in Note 9, the County and School Board participate in a single employer defined benefit healthcare plan, the Pittsylvania County Post-Retirement Medical Plan (PPRMP). Several entities participate in the defined benefit healthcare plan through the County of Pittsylvania, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

Benefits Provided

PPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues as documented below:

County:

- **Medical Coverage:**
 - Retiree pays 100% of Pre-65 premium.
 - Retiree pays 100% of spousal premium.
 - Medicare eligible retirees pay 100% of carve out premium for retiree and spouse.
 - Effective 10/1/2017, the County no longer allows post 65 retirees to elect coverage but still has 4 retirees that are grandfathered into the plan.
- **Dental Coverage:**
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

School Board:

- **Medical Coverage:**
 - Retiree pays 100% of employee premium.
 - Retiree pays 100% of spousal premium.
 - Coverage stops at age 65.
- **Dental Coverage:**
 - Retiree pays 100% of employee premium less \$12 monthly County credit.
 - Retiree pays 100% of premium for spouse.
 - Coverage stops at death.

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

Plan Membership

At July 1, 2020 (measurement date), the following employees were covered by the benefit terms:

	<u>Primary Government</u>	<u>Component Unit - School Board</u>
Total active employees with coverage	346	1,013
Total retirees with coverage	83	335
Total	<u>429</u>	<u>1,348</u>

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board of Supervisors. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$0 and \$639,000, respectively.

Actuarial Assumptions

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

Salary Increase Rates	The salary increase is 2.50% as of July 1, 2020
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Discount Rate	2.45% as of July 1, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.33% for 2021 decreasing by 0.33% per year to an ultimate rate of 5.00%
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on July 1, 2020 valuation data. The methods, assumptions, and participant data used can be found in the July 1, 2020 actuarial valuation report.

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.45% based on the Fidelity Index's "20-year Municipal GO AA Index" as of July 1, 2020.

Changes in Total OPEB Liability

	<u>Primary Government*</u>	<u>Component Unit - School Board</u>
Balances at July 1, 2019*	\$ 1,766,000	\$ 7,413,000
Changes for the year:		
Service cost	73,000	370,000
Interest	58,000	234,000
Difference between expected and actual experience	(274,000)	(1,779,000)
Contributions - employer	-	(639,000)
Benefit payments	98,000	353,000
Net changes	<u>(45,000)</u>	<u>(1,461,000)</u>
Balances at July 1, 2020	<u>\$ 1,721,000</u>	<u>\$ 5,952,000</u>

*as restated for blending of Pittsylvania County Service Authority

Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	<u>Discount Rate</u>		
	<u>1% Decrease (1.45%)</u>	<u>Current (2.45%)</u>	<u>1% Increase (3.45%)</u>
Primary Government	\$ 1,882,000	\$ 1,721,000	\$ 1,578,000
Component Unit - School Board	6,522,000	5,952,000	5,438,000

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

Sensitivity of the Employer's Proportionate Share 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, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
Primary Government	\$ 1,580,000	\$ 1,721,000	\$ 1,885,000
Component Unit - School Board	5,380,000	5,952,000	6,629,000

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the County and School Board reported a liability of \$1,721,000 and \$5,952,000, respectively, for their proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2020 and the total OPEB liability used to calculate the total OPEB Liability was determined by an actuarial valuation as of July 1, 2020 and rolled forward to that date. At June 30, 2021 and 2020, the County's proportion was 22.24% and 18.67%, respectively. At June 30, 2021 and 2020, the School Board's proportion was 76.92% and 80.26%, respectively.

For the year ended June 30, 2021, the County and School Board recognized OPEB expense in the amount of \$48,000 and \$359,000, respectively.

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

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 494,000	\$ 63,000	\$ 1,735,000
Change in assumptions	132,000	46,000	557,000	441,000
Employer contributions subsequent to the measurement date	-	-	639,000	-
Total	\$ 132,000	\$ 540,000	\$ 1,259,000	\$ 2,176,000

Note 10 - Other Postemployment Benefits - Health Insurance: (Continued)

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

\$0 and \$639,000, respectively, are reported as deferred outflows of resources related to OPEB resulting from the County's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2022	\$ (85,000)	\$ (251,000)
2023	(84,000)	(251,000)
2024	(84,000)	(251,000)
2025	(84,000)	(251,000)
2026	(67,000)	(229,000)
Thereafter	(4,000)	(323,000)

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

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

Plan Description

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

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

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

Eligible Employees

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

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

Benefit Amounts

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

Contributions

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

Contributions to the Group Life Insurance Plan from the County were \$90,440 and \$79,244 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$14,841 and \$14,839 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$243,785 and \$238,680 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

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

Primary Government

At June 30, 2021, the entity reported a liability of \$1,269,817 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0761% as compared to 0.0750% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$42,185. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Nonprofessional)

At June 30, 2021, the entity reported a liability of \$231,467 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0139% as compared to 0.0145% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$5,156. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (Professional)

At June 30, 2021, the entity reported a liability of \$3,722,006 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.2230% as compared to 0.2272% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$144,244. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,447	\$ 11,406	\$ 14,847	\$ 2,080	\$ 238,732	\$ 33,430
Net difference between projected and actual earnings on GLI OPEB plan investments	38,145	-	6,953	-	111,806	-
Change in assumptions	63,506	26,515	11,576	4,833	186,143	77,718
Changes in proportionate share	8,506	44,990	-	16,689	72,878	109,366
Employer contributions subsequent to the measurement date	90,440	-	14,841	-	243,785	-
Total	\$ 282,044	\$ 82,911	\$ 48,217	\$ 23,602	\$ 853,344	\$ 220,514

\$90,440, \$14,841, and \$243,785 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2022	\$ 12,888	\$ (184)	\$ 58,370
2023	23,660	1,780	89,944
2024	33,122	3,572	118,761
2025	33,254	4,689	106,677
2026	5,678	130	15,521
Thereafter	91	(213)	(228)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions (continued)

Mortality Rates - Teachers (continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Actuarial Assumptions (continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Net GLI OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

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

Long-Term Expected Rate of Return (Continued)

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

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

Discount Rate

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,669,273	\$ 1,269,817	\$ 945,423
Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	304,282	231,467	172,335
Component Unit School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	4,892,862	3,722,006	2,771,160

GLI Plan Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	<u>130</u>	<u>44</u>
Active members	<u>118</u>	<u>138</u>
Total covered employees	<u><u>248</u></u>	<u><u>182</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's and School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2021 was 0.20% and 1.07%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Plan were \$33,411 and \$28,908 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the School Board (nonprofessional) to the HIC Plan were \$29,130 and \$29,017 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The County's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Actuarial Assumptions

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Actuarial Assumptions: (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS

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

Discount Rate (Continued)

Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 672,342	\$ 411,724	\$ 260,618
Changes for the year:			
Service cost	\$ 11,556	\$ -	\$ 11,556
Interest	44,653	-	44,653
Differences between expected and actual experience	6,486	-	6,486
Contributions - employer	-	28,908	(28,908)
Net investment income	-	8,386	(8,386)
Benefit payments	(21,635)	(21,635)	-
Administrative expenses	-	(816)	816
Other changes	-	(4)	4
Net changes	\$ 41,060	\$ 14,839	\$ 26,221
Balances at June 30, 2020	\$ 713,402	\$ 426,563	\$ 286,839

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

Changes in Net HIC OPEB Liability (Continued)

	Component Unit School Board (Nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 287,789	\$ 124	\$ 287,665
Changes for the year:			
Service cost	\$ 5,185	\$ -	\$ 5,185
Interest	18,519	-	18,519
Benefit changes	6,818	-	6,818
Differences between expected and actual experience	(3,430)	-	(3,430)
Contributions - employer	-	28,999	(28,999)
Net investment income	-	9	(9)
Benefit payments	(26,865)	(26,865)	-
Administrative expenses	-	(4)	4
Net changes	\$ 227	\$ 2,139	\$ (1,912)
Balances at June 30, 2020	\$ 288,016	\$ 2,263	\$ 285,753

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's			
Net HIC OPEB Liability	\$ 354,814	\$ 286,839	\$ 228,643
Component Unit School Board's (Nonprofessional)			
Net HIC OPEB Liability	\$ 312,282	\$ 285,753	\$ 261,975

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

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

For the year ended June 30, 2021, the County and School Board (nonprofessional) recognized HIC Plan OPEB expense of \$45,570 and (\$1,644), respectively. At June 30, 2021, the County and School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's and School Board's (nonprofessional) HIC Program from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,294	\$ -	\$ -	\$ 65,814
Net difference between projected and actual earnings on HIC OPEB plan investments	13,729	-	57	499
Change in assumptions	-	-	3,362	4,825
Employer contributions subsequent to the measurement date	33,411	-	29,130	-
Total	\$ 52,434	\$ -	\$ 32,549	\$ 71,138

\$33,411 and 29,130 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2022	\$ 2,323	\$ (30,022)
2023	5,468	(24,529)
2024	5,591	(12,845)
2025	5,115	(323)
2026	526	-
Thereafter	-	-

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

HIC Plan Data

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$545,677 and \$549,856 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$6,818,316 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was 0.5227% as compared to 0.5312% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$555,703. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 91,056
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	30,216	-
Change in assumptions	134,788	37,253
Changes in proportionate share	165,440	241,003
Employer contributions subsequent to the measurement date	<u>545,677</u>	<u>-</u>
Total	<u>\$ 876,121</u>	<u>\$ 369,312</u>

\$545,677 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (2,673)
2023	322
2024	(682)
2025	4,404
2026	(6,820)
Thereafter	(33,419)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

		Teacher Employee HIC OPEB Plan
		<u> </u>
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		 9.95%

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

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

Long-Term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate.

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

Discount Rate (Continued)

From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,632,394	\$ 6,818,316	\$ 6,126,409

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 14 - Line of Duty Act (LODA) (OPEB):

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 14 - Line of Duty Act (LODA) (OPEB): (Continued)

The current-year OPEB expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$158,121.

Note 15 - Summary of Other Postemployment Benefits (OPEB):

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
Stand-Alone Plan (Note 10)								
County	\$ 132,000	\$ 540,000	\$ 1,721,000	\$ 48,000	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	1,259,000	2,176,000	5,952,000	359,000
VRS OPEB Plans:								
GLI Plan (Note 11)								
County	282,044	82,911	1,269,817	42,185	-	-	-	-
School Board Nonprofessional	-	-	-	-	48,217	23,602	231,467	5,156
School Board Professional	-	-	-	-	853,344	220,514	3,722,006	144,244
HIC Plan (Note 12)								
County	52,434	-	286,839	45,570	-	-	-	-
School Board Nonprofessional	-	-	-	-	32,549	71,138	285,753	(1,644)
Teacher HIC Plan (Note 13)	-	-	-	-	876,121	369,312	6,818,316	555,703
Totals	\$ 466,478	\$ 622,911	\$ 3,277,656	\$ 135,755	\$ 3,069,231	\$ 2,860,566	\$ 17,009,542	\$ 1,062,459

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 16 - Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,510,544	\$ -	\$ -	\$ 5,510,544
Construction in progress	2,029,581	2,317,345	(1,191,754)	3,155,172
Total capital assets not being depreciated	<u>\$ 7,540,125</u>	<u>\$ 2,317,345</u>	<u>\$ (1,191,754)</u>	<u>\$ 8,665,716</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 106,827,132	\$ 1,307,088	-	\$ 108,134,220
Machinery and equipment	32,240,045	4,246,177	(433,223)	36,052,999
Total capital assets being depreciated	<u>\$ 139,067,177</u>	<u>\$ 5,553,265</u>	<u>\$ (433,223)</u>	<u>\$ 144,187,219</u>
Accumulated depreciation:				
Buildings and improvements	\$ (33,285,260)	\$ (2,611,946)	-	\$ (35,897,206)
Machinery and equipment	(23,006,510)	(2,527,174)	370,031	(25,163,653)
Total accumulated depreciation	<u>\$ (56,291,770)</u>	<u>\$ (5,139,120)</u>	<u>\$ 370,031</u>	<u>\$ (61,060,859)</u>
Total capital assets being depreciated, net	<u>\$ 82,775,407</u>	<u>\$ 414,145</u>	<u>\$ (63,192)</u>	<u>\$ 83,126,360</u>
Governmental activities capital assets, net	<u>\$ 90,315,532</u>	<u>\$ 2,731,490</u>	<u>\$ (1,254,946)</u>	<u>\$ 91,792,076</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 16 - Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 595,127	\$ 150,000	\$ -	\$ 745,127
Construction in progress	5,516,989	303,114	(5,382,063)	438,040
Total capital assets not being depreciated	<u>\$ 6,112,116</u>	<u>\$ 453,114</u>	<u>\$ (5,382,063)</u>	<u>\$ 1,183,167</u>
Capital assets, being depreciated:				
Infrastructure	\$ 50,327,938	\$ 81,785	\$ (1,092,414)	\$ 49,317,309
Machinery and equipment	5,425,297	1,057,056	(273,162)	6,209,191
Buildings and improvements	986,763	-	-	986,763
Total capital assets being depreciated	<u>\$ 56,739,998</u>	<u>\$ 1,138,841</u>	<u>\$ (1,365,576)</u>	<u>\$ 56,513,263</u>
Accumulated depreciation:				
Infrastructure	\$ (19,937,204)	\$ (833,846)	\$ 184,356	\$ (20,586,694)
Machinery and equipment	(3,073,163)	(407,911)	273,162	(3,207,912)
Buildings and improvements	(464,435)	(15,343)	-	(479,778)
Total accumulated depreciation	<u>\$ (23,474,802)</u>	<u>\$ (1,257,100)</u>	<u>\$ 457,518</u>	<u>\$ (24,274,384)</u>
Total capital assets being depreciated, net	<u>\$ 33,265,196</u>	<u>\$ (118,259)</u>	<u>\$ (908,058)</u>	<u>\$ 32,238,879</u>
Business-type activities capital assets, net	<u>\$ 39,377,312</u>	<u>\$ 334,855</u>	<u>\$ (6,290,121)</u>	<u>\$ 33,422,046</u>

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

Governmental Activities:

General government administration	\$ 123,629
Judicial administration	15,430
Public safety	2,161,278
Public works	292,344
Health and welfare	108,576
Education	2,177,047
Parks, recreation, and cultural	184,984
Community development	75,832

Total depreciation expense-governmental activities \$ 5,139,120

Business-type Activities:

Solid Waste Fund	\$ 527,069
Water and Sewer Fund	730,031

Total depreciation expense-business-type activities \$ 1,257,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 16 - Capital Assets: (Continued)

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,709,971	\$ -	\$ -	\$ 2,709,971
Construction in progress	218,514	1,516,532	(552,661)	1,182,385
Total capital assets not being depreciated	<u>\$ 2,928,485</u>	<u>\$ 1,516,532</u>	<u>\$ (552,661)</u>	<u>\$ 3,892,356</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 68,307,183	\$ 602,584	\$ -	\$ 68,909,767
Machinery and equipment	20,636,633	1,495,875	(84,071)	22,048,437
Total capital assets being depreciated	<u>\$ 88,943,816</u>	<u>\$ 2,098,459</u>	<u>\$ (84,071)</u>	<u>\$ 90,958,204</u>
Accumulated depreciation:				
Buildings and improvements	\$ (37,719,029)	\$ (1,521,752)	\$ -	\$ (39,240,781)
Machinery and equipment	(16,765,631)	(886,269)	38,724	(17,613,176)
Total accumulated depreciation	<u>\$ (54,484,660)</u>	<u>\$ (2,408,021)</u>	<u>\$ 38,724</u>	<u>\$ (56,853,957)</u>
Total capital assets being depreciated, net	<u>\$ 34,459,156</u>	<u>\$ (309,562)</u>	<u>\$ (45,347)</u>	<u>\$ 34,104,247</u>
Governmental activities capital assets, net	<u>\$ 37,387,641</u>	<u>\$ 1,206,970</u>	<u>\$ (598,008)</u>	<u>\$ 37,996,603</u>

Note 17 - Risk Management:

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 18 - Contingent Liabilities:

Federal programs in which the County participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 19 - Comprehensive Services Act-Amount Due to Commonwealth:

In an Order entered December 16, 2011, the State Executive Council (“SEC”) found that Pittsylvania County is liable for \$7,699,933 in reimbursement for CSA funds used for ineligible students and services based on an audit conducted by the Auditor of Public Accounts. The SEC agreed to allow the CPMB to pay the Commonwealth of Virginia \$250,000 per year for a ten (10) year period, and if the CPMB abides by several probationary actions during the ten (10) year period, the SEC will forgo requiring the CPMB to repay the balance of the amount due and owing. At the December 20, 2011, Pittsylvania County Board of Supervisors’ (“BOS”) meeting, the BOS objected to the findings in the SEC’s Order, but agreed to its disposition of the matter, i.e. repayment of \$2.5 million dollars over a ten (10) year period with probationary measures. The final payment of this Order was paid during fiscal year 2021.

Note 20 - Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Mark Scarce, Clerk of the Circuit Court	\$ 25,000
Vincent Shorter, Treasurer	750,000
Robin Goard, Commissioner of the Revenue	3,000
Michael W. Taylor, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
 <u>VACo Insurance Programs:</u>	
All County employees - blanket bond	\$ 250,000
 <u>National Grange Mutual Insurance Company:</u>	
All Social Services employees - blanket bond	\$ 100,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 21 - Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$5,237,057 is the total estimated closure and postclosure care liability at June 30, 2021. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2021. The liability on the statement of net position of \$3,436,700 is based on the County's estimate that the landfill has reached 100.00% of Phase I and 43.21% of Phase II of capacity with a remaining useful life of 15 years for phase II. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs. The County demonstrated financial assurance requirements for closure, post-closure care and corrective action costs through the submission of a Local Government Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 22 - Self Health Insurance:

The County of Pittsylvania, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2021, a total of \$12,527,909 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$983,000 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2021 and the two previous years were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2020-21	\$ 1,057,168	\$ 12,453,741	\$ (12,527,909)	\$ 983,000
2019-20	1,189,092	11,908,129	(12,040,053)	1,057,168
2018-19	1,268,500	12,658,958	(12,738,366)	1,189,092

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 23 - Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue is comprised of the following:

Delinquent property taxes receivable - 2nd half 2021	\$	16,128,570
Prepaid taxes		4,770,521
Total deferred revenue for governmental activities	\$	<u>20,899,091</u>
Taxes receivable due prior to June 30, 2021, not collected within 60 days		5,217,293
EMS billings due prior to June 30, 2021, not collected		125,110
Total unavailable revenue for governmental funds	\$	<u><u>26,241,494</u></u>

Note 24 - Commitments and Contingencies:

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds. As described in Note 1, the County contributed \$253,380 towards these agreements in fiscal year 2021.

The County and School Board have obligated funds for the projects described below as of June 30, 2021:

	Original Contract	Amount Paid As of 6/30/2021	Retainage Payable	Remaining Contract Amount
County Contracts:				
Regional Collection Center	\$ 280,749	\$ 163,563	\$ -	\$ 117,186
PCSA Plan	183,339	130,556	-	52,783
Wayside Park Bridge	27,550	-	-	27,550
Hurt EMS Building	683,321	124,415	19,941	558,906
Phase 2 Cell C	1,828,100	230,960	-	1,597,140
VFD Generators	151,280	-	-	151,280
Endpoints w/ cellular for water meters	201,175	-	-	201,175
Total Contracts	<u>\$ 3,355,514</u>	<u>\$ 649,494</u>	<u>\$ 19,941</u>	<u>\$ 2,706,020</u>
	Original Contract	Amount Paid As of 6/30/2021	Retainage Payable	Remaining Contract Amount
School Board Contracts:				
High School Sports Field Lighting	\$ 2,492,860	\$ -	\$ -	\$ 2,492,860
County Schools Phase 2 PACT	3,532,028	529,804	26,490	3,002,224
Middle/High Schools Pheno	580,244	489,522	-	90,722
Total Contracts	<u>\$ 6,605,132</u>	<u>\$ 1,019,326</u>	<u>\$ 26,490</u>	<u>\$ 5,585,806</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 24 - Commitments and Contingencies: (Continued)

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County's share of the projects as described below was 50% as of June 30, 2021:

Contractor	Service Provided	Project	Total Contract	Paid as of 6/30/2021	Contract Remaining
Dewberry	Engineering	Cane Creek Centre	\$ 76,986	\$ 50,002	\$ 26,984
Dewberry	Engineering	SOVA Megasite at Berry Hill	990,850	987,879	2,971
Dewberry	Engineering	SOVA Megasite at Berry Hill	421,250	417,050	4,200
Appalachian Power Company	Construction	Construction-SOVA Megasite at Berry Hill	6,155,000	5,178,500	976,500
Dewberry	Engineering	Berry Hill Industrial Park-Lot 1&2 Site Development	379,300	214,800	164,500
Totals			\$ 8,023,386	\$ 6,848,231	\$ 1,175,155
County's 50% obligation			\$ 4,011,693	\$ 3,424,116	\$ 587,578

School Board Early Retirement Incentive Program:

The Component Unit - School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program. Employees are required to work twenty days per year to receive their payment. At June 30, 2021 the commitment related to the Early Retirement Incentive Program was \$3,841,174.

Note 25 - Litigation:

At June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decision on pending matters not be favorable.

Note 26 - Economic Incentive Tax Abatement Programs:

A tax abatement consists of "a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments."

Pittsylvania County has multiple agreements, all for the purpose of economic development, that conform to that definition. Tax abatements related to real estate and machinery and tools taxes of \$1,739,129 and \$1,772,850, respectively, have been agreed to in aggregate and are applied over the next 3-7 years on a declining scale. The entities regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any entity failing to maintain their end of the agreement will forfeit any further abatement reimbursements. During fiscal year 2021, there were three new tax rebate incentives provided to companies which are included in the totals above. To date, none of these incentive payments have been made as these companies have yet to meet their performance requirements to obtain such incentives.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 27 - Restatement:

	Primary Government		
	General Fund	Workforce Fund	Sheriff's Inmate Trust Fund
Fund Balance, July 1, 2020, as previously stated	\$ 32,183,029	\$ 677,327	\$ -
Change presentation to custodial fund (GASB Stmt. No. 84)	-	(677,327)	-
Change presentation to special revenue fund (GASB Stmt. No. 84)	-	-	11,102
Correction of posting of Commonwealth fines	(173,915)	-	-
Fund Balance, July 1, 2020, as restated	\$ 32,009,114	\$ -	\$ 11,102

	Discretely Presented CU	
	School Board	School Activity Fund
Fund Balance, July 1, 2020, as previously stated	\$ -	-
Inclusion of School Activity Funds (GASB Stmt No. 84)	2,013,336	-
Fund Balance, July 1, 2020, as restated	\$ 2,013,336	-

	Primary Government		Component Unit
	Governmental Activities	Business-type Activities	School Board
Net Position, July 1, 2020, as previously stated	\$ 65,037,724	\$ 3,849,859	\$ (41,796,303)
Above fund balance restatements	(840,140)	-	2,013,336
Blending of Pittsylvania County Service Authority (PCSA)	-	38,883,249	-
PCSA changed year-end from December to June	-	(259,766)	-
Net Position, July 1, 2020, as restated	\$ 64,197,584	\$ 42,473,342	\$ (39,782,967)

In addition to the above restatements, the special welfare fund, cash bond fund, and sheriff inmate trust fund were determined to be custodial funds and \$43,580, \$1,016,269, and \$7,317, respectively, that were previously reported as liabilities in the fiduciary funds are now restated to be reported as net position in those funds.

Note 28— Adoption of Accounting Principle:

The County and School Board implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of fund balance and net position as identified in the previous Note (Note 27).

Note 29— Subsequent Events:

In October 2021, the County issued new bonds to obtain funding for landfill projects and refund some prior landfill related debt.

- Issued a 2021 Virginia Resources Authority (VRA) nontaxable refunding bond of \$3,885,000 with a \$692,583 premium issued to obtain new funding of \$4,093,887 and refund outstanding debt service of \$393,376. The bond carries an effective interest rate of 1.90%.
- Issued a 2021 Virginia Resources Authority (VRA) taxable refunding bond of \$3,430,000 with a \$105,342 premium issued to obtain new funding of \$3,092,343 and refund outstanding debt service of \$367,997. The bond carries an effective interest rate of 1.95%.

Note 30—COVID-19 Pandemic:

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

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$10,941,947. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$1,439,708. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$534,701 are reported as unearned revenue as of June 30.

ARPA Funding

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

On June 24, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$5,861,529 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

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

Note 31 - Upcoming Pronouncements:

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

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

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

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

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

Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 41,131,044	\$ 41,024,741	\$ 41,443,346	\$ 418,605
Other local taxes	7,683,954	7,683,954	9,184,153	1,500,199
Permits, privilege fees, and regulatory licenses	145,150	145,150	279,987	134,837
Fines and forfeitures	145,000	145,000	132,512	(12,488)
Revenue from the use of money and property	399,500	399,511	316,142	(83,369)
Charges for services	428,500	1,001,416	959,881	(41,535)
Miscellaneous	1,114,348	423,418	676,390	252,972
Recovered costs	742,152	1,728,860	1,950,986	222,126
Intergovernmental	24,538,811	33,499,408	29,175,046	(4,324,362)
Total revenues	\$ 76,328,459	\$ 86,051,458	\$ 84,118,443	\$ (1,933,015)
EXPENDITURES				
Current:				
General government administration	\$ 4,696,360	\$ 6,508,692	\$ 5,827,459	\$ 681,233
Judicial administration	2,181,609	2,271,314	2,155,413	115,901
Public safety	19,060,398	25,398,938	23,101,337	2,297,601
Public works	1,025,048	2,566,835	2,427,115	139,720
Health and welfare	14,435,856	14,553,749	13,094,638	1,459,111
Education	18,641,085	22,840,496	14,522,833	8,317,663
Parks, recreation, and cultural	1,998,724	2,098,787	1,970,591	128,196
Community development	1,907,034	5,870,234	2,201,972	3,668,262
Nondepartmental	1,370,238	863,218	61,283	801,935
Capital projects	332,700	2,393,614	1,142,694	1,250,920
Debt service:				
Principal retirement	8,102,655	8,102,655	8,110,900	(8,245)
Interest and other fiscal charges	2,369,840	2,369,840	2,372,252	(2,412)
Total expenditures	\$ 76,121,547	\$ 95,838,372	\$ 76,988,487	\$ 18,849,885
Excess (deficiency) of revenues over (under) expenditures	\$ 206,912	\$ (9,786,914)	\$ 7,129,956	\$ 16,916,870
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 193,800	\$ 1,557,496	\$ 1,372,445	\$ (185,051)
Transfers out	(776,300)	(1,115,380)	(768,415)	346,965
Issuance of capital leases	-	664,745	4,577,477	3,912,732
Total other financing sources (uses)	\$ (582,500)	\$ 1,106,861	\$ 5,181,507	\$ 4,074,646
Net change in fund balances	\$ (375,588)	\$ (8,680,053)	\$ 12,311,463	\$ 20,991,516
Fund balances - beginning, as restated	375,588	8,680,053	32,009,114	23,329,061
Fund balances - ending	\$ -	\$ -	\$ 44,320,577	\$ 44,320,577

County of Pittsylvania, Virginia
Special Revenue Fund - Industrial Development
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ -	\$ 6,334	\$ 6,334	\$ -
Recovered costs	-	-	1,150,000	1,150,000
Intergovernmental	-	1,992,506	94,515	(1,897,991)
Total revenues	<u>\$ -</u>	<u>\$ 1,998,840</u>	<u>\$ 1,250,849</u>	<u>\$ (747,991)</u>
EXPENDITURES				
Current:				
Community development	<u>\$ 582,500</u>	<u>\$ 4,592,289</u>	<u>\$ 1,801,461</u>	<u>\$ 2,790,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (582,500)</u>	<u>\$ (2,593,449)</u>	<u>\$ (550,612)</u>	<u>\$ 2,042,837</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 582,500</u>	<u>\$ 582,500</u>	<u>\$ 582,500</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,010,949)</u>	<u>\$ 31,888</u>	<u>\$ 2,042,837</u>
Fund balances - beginning	-	2,010,949	2,071,613	60,664
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,103,501</u>	<u>\$ 2,103,501</u>

County of Pittsylvania, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of July 1, 2017 through July 1, 2020

	2020 (1)	2019	2018	2017
Total OPEB liability				
Service cost	\$ 73,000	\$ 68,000	\$ 94,000	\$ 92,000
Interest	58,000	62,000	78,000	75,000
Changes in assumptions	98,000	67,000	(75,000)	-
Differences between expected and actual experience	(274,000)	(43,000)	(396,000)	-
Benefit payments	-	(171,000)	(104,000)	(64,000)
Net change in total OPEB liability	\$ (45,000)	\$ (17,000)	\$ (403,000)	\$ 103,000
Total OPEB liability - beginning	1,766,000	1,741,000	2,144,000	2,041,000
Total OPEB liability - ending	\$ 1,721,000	\$ 1,724,000	\$ 1,741,000	\$ 2,144,000
Covered-employee payroll	\$ 16,254,000	\$ 11,392,288	\$ 11,659,905	\$ 11,312,022
County's total OPEB liability (asset) as a percentage of covered-employee payroll	10.59%	15.13%	14.93%	18.95%

(1) Pittsylvania County Service Authority's net pension liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

County of Pittsylvania, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 School Board
 For the Measurement Dates of July 1, 2017 through July 1, 2020

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 370,000	\$ 355,000	\$ 285,000	\$ 278,000
Interest	234,000	267,000	284,000	287,000
Changes in assumptions	353,000	336,000	(720,000)	-
Differences between expected and actual experience	(1,779,000)	(246,000)	102,000	-
Benefit payments	(639,000)	(575,000)	(741,000)	(555,000)
Net change in total OPEB liability	\$ (1,461,000)	\$ 137,000	\$ (790,000)	\$ 10,000
Total OPEB liability - beginning	7,413,000	7,276,000	8,066,000	8,056,000
Total OPEB liability - ending	\$ 5,952,000	\$ 7,413,000	\$ 7,276,000	\$ 8,066,000
Covered-employee payroll	\$ 42,170,000	\$ 48,985,515	\$ 48,729,160	\$ 42,557,261
Pittsylvania School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	14.11%	15.13%	14.93%	18.95%

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

County of Pittsylvania, Virginia
Notes to Required Supplementary Information - Health Insurance OPEB
For the Year Ended June 30, 2021

County and School Board

Valuation Date: 7/1/2020

Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.45% as of July 1, 2020
Inflation	2.50% per year as of July 1, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.33% for 2021 decreasing by 0.33% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase is 2.50% as of July 1, 2020
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2020.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.0761% \$	1,269,817	\$ 15,239,249	8.33%	52.64%
2019	0.0750%	1,221,101	14,700,404	8.31%	52.00%
2018	0.0777%	1,181,000	14,778,504	7.99%	51.22%
2017	0.0776%	1,167,000	14,305,441	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 90,440	\$ 90,440	-	\$ 16,748,120	0.54%
2020	79,244	79,244	-	15,239,249	0.52%
2019	76,404	76,404	-	14,700,404	0.52%
2018	76,806	76,806	-	14,778,504	0.52%
2017	74,388	74,388	-	14,305,441	0.52%
2016	66,525	66,525	-	13,859,466	0.48%
2015	63,900	63,900	-	13,312,443	0.48%
2014	62,160	62,160	-	12,950,023	0.48%
2013	60,070	60,070	-	12,514,511	0.48%
2012	34,649	34,649	-	12,374,704	0.28%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.2230% \$	3,722,006 \$	45,921,268	8.11%	52.64%
2019	0.2272%	3,697,312	44,492,645	8.31%	52.00%
2018	0.2324%	3,529,000	44,186,097	7.99%	51.22%
2017	0.2242%	3,374,000	41,346,360	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Teacher
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 243,785	\$ 243,785	-	\$ 45,145,382	0.54%
2020	238,680	238,680	-	45,921,268	0.52%
2019	231,359	231,359	-	44,492,645	0.52%
2018	229,700	229,700	-	44,186,097	0.52%
2017	215,001	215,001	-	41,346,360	0.52%
2016	193,522	193,522	-	40,317,085	0.48%
2015	191,106	191,106	-	39,813,789	0.48%
2014	183,735	183,735	-	38,278,122	0.48%
2013	178,288	178,288	-	37,143,367	0.48%
2012	108,737	108,737	-	38,834,816	0.28%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.0139% \$	231,467 \$	2,865,412	8.08%	52.64%
2019	0.0145%	235,629	2,865,151	8.22%	52.00%
2018	0.0148%	224,000	2,810,568	7.97%	51.22%
2017	0.0154%	232,000	2,843,865	8.16%	48.86%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 14,841	\$ 14,841	-	\$ 2,748,413	0.54%
2020	14,839	14,839	-	2,865,412	0.52%
2019	14,898	14,898	-	2,865,151	0.52%
2018	14,609	14,609	-	2,810,568	0.52%
2017	14,788	14,788	-	2,843,865	0.52%
2016	13,408	13,408	-	2,793,343	0.48%
2015	13,009	13,009	-	2,710,136	0.48%
2014	14,744	14,744	-	3,071,713	0.48%
2013	14,191	14,191	-	2,956,535	0.48%
2012	8,470	8,470	-	3,024,896	0.28%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 11,556	\$ 11,294	\$ 10,816	\$ 12,454
Interest	44,653	42,354	40,909	40,771
Differences between expected and actual experience	6,486	17,194	9,815	-
Changes in assumptions	-	15,274	-	(16,465)
Benefit payments	(21,635)	(37,661)	(44,133)	(25,441)
Net change in total HIC OPEB liability	\$ 41,060	\$ 48,455	\$ 17,407	\$ 11,319
Total HIC OPEB Liability - beginning	672,342	623,887	606,480	595,161
Total HIC OPEB Liability - ending (a)	\$ 713,402	\$ 672,342	\$ 623,887	\$ 606,480
Plan fiduciary net position				
Contributions - employer	\$ 28,908	\$ 27,906	\$ 28,042	\$ 27,160
Net investment income	8,386	25,066	27,141	40,026
Benefit payments	(21,635)	(37,661)	(44,133)	(25,441)
Administrative expense	(816)	(543)	(624)	(650)
Other	(4)	(30)	(2,018)	2,018
Net change in plan fiduciary net position	\$ 14,839	\$ 14,738	\$ 8,408	\$ 43,113
Plan fiduciary net position - beginning	411,724	396,986	388,578	345,465
Plan fiduciary net position - ending (b)	\$ 426,563	\$ 411,724	\$ 396,986	\$ 388,578
County of Pittsylvania's net HIC OPEB liability - ending (a) - (b)	\$ 286,839	\$ 260,618	\$ 226,901	\$ 217,902
Plan fiduciary net position as a percentage of the total HIC OPEB liability	59.79%	61.24%	63.63%	64.07%
Covered payroll	\$ 15,215,002	\$ 14,663,677	\$ 14,759,147	\$ 14,294,169
County of Pittsylvania's net HIC OPEB liability as a percentage of covered payroll	1.89%	1.78%	1.54%	1.52%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - County
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 33,411	\$ 33,411	-	\$ 16,705,523	0.20%
2020	28,908	28,908	-	15,215,002	0.19%
2019	27,861	27,861	-	14,663,677	0.19%
2018	28,652	28,652	-	14,759,147	0.19%
2017	27,160	27,160	-	14,294,169	0.19%
2016	26,313	26,313	-	13,848,961	0.19%
2015	25,288	25,288	-	13,309,410	0.19%
2014	16,808	16,808	-	12,928,613	0.13%
2013	16,235	16,235	-	12,488,170	0.13%
2012	19,766	19,766	-	12,353,575	0.16%

County of Pittsylvania, Virginia
 Schedule of Changes in the School Board's Nonprofessional Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 5,185	\$ 4,729	\$ 9,246	\$ 10,897
Interest	18,519	26,022	13,464	12,310
Changes of benefit terms	6,818	-	-	-
Differences between expected and actual experience	(3,430)	(109,019)	(6,419)	-
Changes in assumptions	-	6,018	-	(32,389)
Benefit payments	(26,865)	(23,420)	(22,067)	(21,078)
Net change in total HIC OPEB liability	\$ 227	\$ (95,670)	\$ (5,776)	\$ (30,260)
Total HIC OPEB Liability - beginning	287,789	383,459	389,235	419,495
Total HIC OPEB Liability - ending (a)	\$ 288,016	\$ 287,789	\$ 383,459	\$ 389,235
Plan fiduciary net position				
Contributions - employer	\$ 28,999	\$ 28,909	\$ 26,449	\$ 26,507
Net investment income	9	5	1	-
Benefit payments	(26,865)	(23,420)	(22,067)	(21,078)
Administrative expense	(4)	-	-	-
Net change in plan fiduciary net position	\$ 2,139	\$ 5,494	\$ 4,383	\$ 5,429
Plan fiduciary net position - beginning	124	(5,370)	(9,753)	(15,182)
Plan fiduciary net position - ending (b)	\$ 2,263	\$ 124	\$ (5,370)	\$ (9,753)
Pittsylvania School Board's net HIC OPEB liability - ending (a) - (b)	\$ 285,753	\$ 287,665	\$ 388,829	\$ 398,988
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.79%	0.04%	-1.40%	-2.51%
Covered payroll	\$ 2,856,626	\$ 2,849,165	\$ 2,803,851	\$ 2,819,928
Pittsylvania School Board's net HIC OPEB liability as a percentage of covered payroll	10.00%	10.10%	13.87%	14.15%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions - School Board's Nonprofessional
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2016 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 29,130	\$ 29,130	-	2,722,447	1.07%
2020	29,017	29,017	-	2,856,626	1.02%
2019	28,931	28,931	-	2,849,165	1.02%
2018	26,330	26,330	-	2,803,851	0.94%
2017	26,507	26,507	-	2,819,928	0.94%
2016	13,371	13,371	-	2,785,662	0.48%
2015	12,750	12,750	-	2,656,294	0.48%

This Schedule is intended to show 10 years of information but the School Board only started participating in fiscal year 2015. Additional years will be added as they are available.

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.5227% \$	6,818,316 \$	45,841,970	14.87%	9.95%
2019	0.5312%	6,953,401	44,492,580	15.63%	8.97%
2018	0.5446%	6,914,000	44,028,760	15.70%	8.08%
2017	0.5232%	6,637,000	41,273,292	16.08%	7.04%

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

County of Pittsylvania, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 545,677	\$ 545,677	-	\$ 45,097,251	1.21%
2020	549,856	549,856	-	45,841,970	1.20%
2019	533,911	533,911	-	44,492,580	1.20%
2018	541,549	541,549	-	44,028,760	1.23%
2017	458,330	458,330	-	41,273,292	1.11%
2016	425,552	425,552	-	39,808,563	1.07%
2015	420,878	420,878	-	39,414,097	1.07%
2014	424,044	424,044	-	38,164,275	1.11%
2013	410,850	410,850	-	37,015,327	1.11%
2012	232,157	232,157	-	38,692,772	0.60%

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

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

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

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

County of Pittsylvania, Virginia
 Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government

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

	2020 (1)	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 1,738,500	\$ 1,566,727	\$ 1,552,874	\$ 1,627,407	\$ 1,592,178	\$ 1,561,447	\$ 1,597,926
Interest	5,060,327	4,787,083	4,557,967	4,386,198	4,226,561	4,054,448	3,853,717
Changes in benefit terms	-	-	260,443	-	-	-	-
Differences between expected and actual experience	2,645,976	687,864	474,277	(157,351)	(430,827)	(255,709)	-
Changes in assumptions	-	2,091,004	-	(171,451)	-	-	-
Benefit payments	(4,662,774)	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
Net change in total pension liability	\$ 4,782,029	\$ 5,363,988	\$ 3,469,290	\$ 2,599,154	\$ 2,258,785	\$ 2,686,474	\$ 2,957,238
Total pension liability - beginning	77,299,199	70,271,242	66,801,952	64,202,798	61,944,013	59,257,539	56,300,301
Total pension liability - ending (a)	\$ 82,081,228	\$ 75,635,230	\$ 70,271,242	\$ 66,801,952	\$ 64,202,798	\$ 61,944,013	\$ 59,257,539
Plan fiduciary net position							
Contributions - employer	\$ 1,421,641	\$ 1,356,116	\$ 1,392,480	\$ 1,358,939	\$ 1,259,536	\$ 1,217,249	\$ 1,162,861
Contributions - employee	743,519	710,681	716,663	705,141	684,974	666,219	649,664
Net investment income	1,334,712	4,279,923	4,533,806	6,785,854	950,219	2,482,371	7,499,569
Benefit payments	(4,662,774)	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
Administrator charges	(46,049)	(43,099)	(39,457)	(39,392)	(35,171)	(34,270)	(40,586)
Other	(1,537)	(2,691)	(4,027)	(6,026)	(410)	(526)	396
Net change in plan fiduciary net position	\$ (1,210,488)	\$ 2,532,240	\$ 3,223,194	\$ 5,718,867	\$ (269,979)	\$ 1,657,331	\$ 6,777,499
Plan fiduciary net position - beginning	69,381,732	64,883,559	61,660,365	55,941,498	56,211,477	54,554,146	47,776,647
Plan fiduciary net position - ending (b)	\$ 68,171,244	\$ 67,415,799	\$ 64,883,559	\$ 61,660,365	\$ 55,941,498	\$ 56,211,477	\$ 54,554,146
County's net pension liability - ending (a) - (b)	\$ 13,909,984	\$ 8,219,431	\$ 5,387,683	\$ 5,141,587	\$ 8,261,300	\$ 5,732,536	\$ 4,703,393
Plan fiduciary net position as a percentage of the total pension liability	83.05%	89.13%	92.33%	92.30%	87.13%	90.75%	92.06%
Covered payroll	\$ 15,635,460	\$ 14,663,677	\$ 14,759,147	\$ 14,294,168	\$ 13,848,961	\$ 13,309,411	\$ 12,928,614
County's net pension liability as a percentage of covered payroll	88.96%	56.05%	36.50%	35.97%	59.65%	43.07%	36.38%

(1) Pittsylvania County Service Authority's net pension liability was absorbed by Pittsylvania County during fiscal year 2021 and is restated as noted in the 2020 measurement.

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

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

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 285,762	\$ 283,647	\$ 284,563	\$ 287,778	\$ 288,380	\$ 346,582	\$ 331,124
Interest	988,487	983,847	953,988	959,558	965,041	944,972	918,214
Differences between expected and actual experience	(164,199)	(133,520)	107,647	(246,249)	(413,256)	(93,323)	-
Changes of assumptions	-	363,620	-	(148,814)	-	-	-
Benefit payments	(916,597)	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
Net change in total pension liability	\$ 193,453	\$ 597,598	\$ 406,917	\$ (72,127)	\$ (72,444)	\$ 287,796	\$ 425,604
Total pension liability - beginning	15,102,555	14,504,957	14,098,040	14,170,167	14,242,611	13,954,815	13,529,211
Total pension liability - ending (a)	\$ 15,296,008	\$ 15,102,555	\$ 14,504,957	\$ 14,098,040	\$ 14,170,167	\$ 14,242,611	\$ 13,954,815
Plan fiduciary net position							
Contributions - employer	\$ 199,985	\$ 202,266	\$ 214,640	\$ 217,553	\$ 295,254	\$ 283,578	\$ 228,996
Contributions - employee	133,777	133,890	133,817	135,498	135,599	132,471	152,042
Net investment income	266,968	900,296	976,204	1,494,086	212,712	570,904	1,768,407
Benefit payments	(916,597)	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
Administrator charges	(9,423)	(9,304)	(8,749)	(9,014)	(8,145)	(8,196)	(9,813)
Other	(311)	(564)	(857)	(1,312)	(92)	(120)	93
Net change in plan fiduciary net position	\$ (325,601)	\$ 326,588	\$ 375,774	\$ 912,411	\$ (277,281)	\$ 68,202	\$ 1,315,991
Plan fiduciary net position - beginning	14,131,581	13,804,993	13,429,219	12,516,808	12,794,089	12,725,887	11,409,896
Plan fiduciary net position - ending (b)	\$ 13,805,980	\$ 14,131,581	\$ 13,804,993	\$ 13,429,219	\$ 12,516,808	\$ 12,794,089	\$ 12,725,887
School Division's net pension liability - ending (a) - (b)	\$ 1,490,028	\$ 970,974	\$ 699,964	\$ 668,821	\$ 1,653,359	\$ 1,448,522	\$ 1,228,928
Plan fiduciary net position as a percentage of the total pension liability	90.26%	93.57%	95.17%	95.26%	88.33%	89.83%	91.19%
Covered payroll	\$ 2,843,229	\$ 2,849,165	\$ 2,803,851	\$ 2,819,928	\$ 2,785,662	\$ 2,656,294	\$ 3,045,724
School Division's net pension liability as a percentage of covered payroll	52.41%	34.08%	24.96%	23.72%	59.35%	54.53%	40.35%

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

County of Pittsylvania, Virginia
 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.5287%	0.5356%	0.5473%	0.5246%	0.5265%	0.5340%	0.5224%
Employer's Proportionate Share of the Net Pension Liability	\$ 76,941,190	\$ 70,485,372	\$ 64,357,000	\$ 64,515,000	\$ 73,790,000	\$ 67,217,000	\$ 63,129,000
Employer's Covered Payroll	\$ 45,841,970	\$ 44,492,580	\$ 44,028,760	\$ 41,273,292	\$ 39,808,563	\$ 39,414,097	\$ 38,164,275
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	167.84%	158.42%	146.17%	156.31%	185.36%	170.54%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 1,886,536	\$ 1,886,536	\$ -	\$ 16,705,523	11.29%
2020	1,421,641	1,421,641	-	15,635,460	9.09%
2019	1,353,100	1,353,100	-	14,663,677	9.23%
2018	1,392,480	1,392,480	-	14,759,147	9.43%
2017	1,358,939	1,358,939	-	14,294,168	9.51%
2016	1,592,630	1,261,351	331,279	13,848,961	9.11%
2015	1,530,582	1,217,249	313,333	13,309,411	9.15%
2014	1,595,391	1,163,575	431,816	12,928,614	9.00%
2013	1,542,684	1,125,134	417,550	12,501,494	9.00%
2012	1,111,822	1,111,822	-	12,353,575	9.00%
Component Unit School Board (nonprofessional)					
2021	\$ 186,140	\$ 186,140	\$ -	\$ 2,722,447	6.84%
2020	200,303	200,303	-	2,843,229	7.04%
2019	203,666	203,666	-	2,849,165	7.15%
2018	214,640	214,640	-	2,803,851	7.66%
2017	217,553	217,553	-	2,819,928	7.71%
2016	295,656	295,656	-	2,785,662	10.61%
2015	283,578	283,578	-	2,656,294	10.68%
2014	327,415	229,343	98,072	3,045,724	7.53%
2013	316,132	221,440	94,692	2,940,764	7.53%
2012	201,188	201,188	-	2,980,557	6.75%
Component Unit School Board (professional)					
2021	\$ 7,304,728	\$ 7,304,728	\$ -	\$ 45,074,365	16.21%
2020	7,022,807	7,022,807	-	45,841,970	15.32%
2019	6,854,257	6,854,257	-	44,492,580	15.41%
2018	7,075,682	7,075,682	-	44,028,760	16.07%
2017	5,997,754	5,997,754	-	41,273,292	14.53%
2016	5,597,084	5,597,084	-	39,808,563	14.06%
2015	5,715,044	5,715,044	-	39,414,097	14.50%
2014	5,430,544	5,430,544	-	38,164,275	14.23%
2013	6,167,731	6,167,731	-	37,015,327	16.66%
2012	4,383,891	4,383,891	-	38,692,772	11.33%

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees:

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

Other Supplementary Information

NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUND

Forfeited Assets - The Forfeited Assets fund accounts for financial resources to be used in connection with the Sheriff's asset forfeited funds.

Sheriff Fund - The Sheriff Fund accounts for the activity of the investigation account and the canteen account as maintained by the Sheriff.

County of Pittsylvania, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	Sheriff <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 454,727	\$ 204,092	\$ -	\$ 658,819
Cash in custody of others	-	-	15,631	15,631
Total assets	<u>\$ 454,727</u>	<u>\$ 204,092</u>	<u>\$ 15,631</u>	<u>\$ 674,450</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Restricted:				
Forfeited Assets Fund	\$ 454,727	\$ -	\$ -	\$ 454,727
Assigned:				
Debt service	-	204,092	-	204,092
Jail canteen	-	-	6,556	6,556
Sheriff investigations	-	-	9,075	9,075
Total fund balances	<u>\$ 454,727</u>	<u>\$ 204,092</u>	<u>\$ 15,631</u>	<u>\$ 674,450</u>
Total liabilities and fund balances	<u>\$ 454,727</u>	<u>\$ 204,092</u>	<u>\$ 15,631</u>	<u>\$ 674,450</u>

County of Pittsylvania, Virginia
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2021

	<u>Forfeited Assets</u> <u>Fund</u>	<u>Debt</u> <u>Service Reserve</u> <u>Fund</u>	<u>Sheriff</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 280	\$ -	\$ -	\$ 280
Charges for services	-	-	30,709	30,709
Miscellaneous	376	-	-	376
Intergovernmental	18,100	-	-	18,100
Total revenues	\$ 18,756	\$ -	\$ 30,709	\$ 49,465
EXPENDITURES				
Current:				
Public safety	\$ 45,138	\$ -	\$ 38,180	\$ 83,318
Total expenditures	\$ 45,138	\$ -	\$ 38,180	\$ 83,318
Excess (deficiency) of revenues over (under) expenditures	\$ (26,382)	\$ -	\$ (7,471)	\$ (33,853)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 12,000	\$ 12,000
Net change in fund balances	\$ (26,382)	\$ -	\$ 4,529	\$ (21,853)
Fund balances - beginning, as restated	481,109	204,092	11,102	696,303
Fund balances - ending	\$ 454,727	\$ 204,092	\$ 15,631	\$ 674,450

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Fund
 For the Year Ended June 30, 2021

	Forfeited Assets Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 300	\$ 300	\$ 280	\$ (20)
Miscellaneous	-	-	376	376
Intergovernmental	-	-	18,100	18,100
Total revenues	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 18,756</u>	<u>\$ 18,456</u>
EXPENDITURES				
Current:				
Public safety	\$ 145,000	\$ 145,000	\$ 45,138	\$ 99,862
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (144,700)</u>	<u>\$ (144,700)</u>	<u>\$ (26,382)</u>	<u>\$ 118,318</u>
Net change in fund balances	\$ (144,700)	\$ (144,700)	\$ (26,382)	\$ 118,318
Fund balances - beginning	144,700	144,700	481,109	336,409
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,727</u>	<u>\$ 454,727</u>

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Reserve Fund
 For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	204,092	204,092
Fund balances - ending	\$ -	\$ -	204,092	\$ 204,092

INTERNAL SERVICE FUNDS

Central Stores - The Central Stores fund accounts for the Primary Government's consolidated purchasing. The Primary Government bills internally for the department's usage.

Self-Insurance - The Self-Health Insurance fund accounts for insurance premiums paid by the County and for all departments. Internal billings are prepared for all departments.

County of Pittsylvania, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 5,369,794	\$ 5,369,794
Accounts receivables, net of allowances for uncollectibles	22,333	1,157,475	1,179,808
Inventories	5,577	-	5,577
Total assets	<u>\$ 27,910</u>	<u>\$ 6,527,269</u>	<u>\$ 6,555,179</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 11,346	\$ -	\$ 11,346
Estimate of incurred but unreported health claims	-	983,000	983,000
Due to other funds	38,472	-	38,472
Total liabilities	<u>\$ 49,818</u>	<u>\$ 983,000</u>	<u>\$ 1,032,818</u>
NET POSITION			
Restricted for health insurance claims	\$ -	\$ 5,544,269	\$ 5,544,269
Unrestricted (deficit)	(21,908)	-	(21,908)
Total net position	<u>\$ (21,908)</u>	<u>\$ 5,544,269</u>	<u>\$ 5,522,361</u>

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

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 274,314	\$ -	\$ 274,314
Insurance premiums	-	12,027,667	12,027,667
Total operating revenues	<u>\$ 274,314</u>	<u>\$ 12,027,667</u>	<u>\$ 12,301,981</u>
OPERATING EXPENSES			
Supplies, insurance and telephone	\$ 307,340	\$ -	\$ 307,340
Insurance claims and expenses	-	12,527,909	12,527,909
Total operating expenses	<u>\$ 307,340</u>	<u>\$ 12,527,909</u>	<u>\$ 12,835,249</u>
Operating income (loss)	<u>\$ (33,026)</u>	<u>\$ (500,242)</u>	<u>\$ (533,268)</u>
Total net position - beginning	11,118	6,044,511	6,055,629
Total net position (deficit) - ending	<u>\$ (21,908)</u>	<u>\$ 5,544,269</u>	<u>\$ 5,522,361</u>

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 272,897	\$ -	\$ 272,897
Receipts for insurance premiums	-	12,068,156	12,068,156
Payments to suppliers	(309,586)	-	(309,586)
Payments for premiums	-	(12,602,077)	(12,602,077)
Net cash provided by (used for) operating activities	<u>\$ (36,689)</u>	<u>\$ (533,921)</u>	<u>\$ (570,610)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	<u>\$ 36,689</u>	<u>\$ -</u>	<u>\$ 36,689</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ (533,921)	\$ (533,921)
Cash and cash equivalents - beginning	-	5,903,715	5,903,715
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 5,369,794</u>	<u>\$ 5,369,794</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (33,026)	\$ (500,242)	\$ (533,268)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	(1,417)	40,489	39,072
(Increase) decrease in inventories	402	-	402
Increase (decrease) in accounts payable	(2,648)	(74,168)	(76,816)
Total adjustments	<u>\$ (3,663)</u>	<u>\$ (33,679)</u>	<u>\$ (37,342)</u>
Net cash provided by (used for) operating activities	<u>\$ (36,689)</u>	<u>\$ (533,921)</u>	<u>\$ (570,610)</u>

FIDUCIARY FUNDS

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

Cash Bond Fund - The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Workforce Investment Board Fund - The Workforce Investment Board (WIB) Fund accounts for the fiduciary activity of the regional nonprofit WIB as contracted through the County.

Sheriff Inmate Trust Fund- The Sheriff Inmate Trust accounts for the funds deposited on behalf of the inmates for their benefit.

County of Pittsylvania, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	<u>Special Welfare</u>	<u>Cash Bond Fund</u>	<u>Workforce Investment Board Fund</u>	<u>Sheriff's Inmate Trust Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 43,815	\$ 267,600	\$ 298,940	\$ -	\$ 610,355
Cash in custody of others	-	-	-	41,449	41,449
Receivables:					
Due from other governments	-	-	769,886	-	769,886
Total assets	<u>\$ 43,815</u>	<u>\$ 267,600</u>	<u>\$ 1,068,826</u>	<u>\$ 41,449</u>	<u>\$ 1,421,690</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 289,136	\$ -	\$ 289,136
NET POSITION					
Restricted:					
Social services welfare	\$ 43,815	\$ -	\$ -	\$ -	\$ 43,815
Escrows for developers	-	267,600	-	-	267,600
Workforce Investment Board	-	-	779,690	-	779,690
Amounts held for inmates	-	-	-	41,449	41,449
Total liabilities	<u>\$ 43,815</u>	<u>\$ 267,600</u>	<u>\$ 779,690</u>	<u>\$ 41,449</u>	<u>\$ 1,132,554</u>

County of Pittsylvania, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	<u>Special Welfare</u>	<u>Cash Bond Fund</u>	<u>Workforce Investment Board Fund</u>	<u>Sheriff's Inmate Trust Fund</u>	<u>Total</u>
ADDITIONS					
Contributions:					
Government grants	\$ -	\$ -	\$ 2,948,458	\$ -	\$ 2,948,458
Rental income	-	-	313,983	-	313,983
Social security and welfare receipts	45,632	-	-	-	45,632
Inmate deposits	-	-	-	119,048	119,048
Miscellaneous	-	-	16,210	-	16,210
Total contributions	<u>\$ 45,632</u>	<u>\$ -</u>	<u>\$ 3,278,651</u>	<u>\$ 119,048</u>	<u>\$ 3,443,331</u>
DEDUCTIONS					
Workforce Investment Board expenses	\$ -	\$ -	\$ 3,096,066	\$ -	\$ 3,096,066
Administrative fees	-	-	80,222	-	80,222
Refunds of developers escrow deposits	-	748,669	-	-	748,669
Welfare payments	45,397	-	-	-	45,397
Inmate purchases and withdrawals	-	-	-	84,916	84,916
Total deductions	<u>\$ 45,397</u>	<u>\$ 748,669</u>	<u>\$ 3,176,288</u>	<u>\$ 84,916</u>	<u>\$ 4,055,270</u>
Net increase (decrease) in fiduciary net position	\$ 235	\$ (748,669)	\$ 102,363	\$ 34,132	\$ (611,939)
Net position - beginning, as restated	43,580	1,016,269	677,327	7,317	\$ 1,744,493
Net position - ending	<u>\$ 43,815</u>	<u>\$ 267,600</u>	<u>\$ 779,690</u>	<u>\$ 41,449</u>	<u>\$ 1,132,554</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

NON-MAJOR GOVERNMENTAL FUNDS

School Activity Fund - The School Activity Fund accounts for the activity of each bank account maintained at the school as maintained by each school principal.

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

	School Operating Fund	Nonmajor School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,816,677	\$ -	\$ 1,816,677
Cash in custody of others	-	2,077,880	2,077,880
Receivables (net of allowance for uncollectibles):			
Accounts receivable	22,987	-	22,987
Due from primary government	68,655	-	68,655
Due from other governmental units	4,299,226	-	4,299,226
Restricted assets:			
Investments	38,556	-	38,556
Total assets	<u>\$ 6,246,101</u>	<u>\$ 2,077,880</u>	<u>\$ 8,323,981</u>
LIABILITIES			
Accounts payable	\$ 1,745,746	\$ 11,706	\$ 1,757,452
Salaries payable	2,623,621	-	2,623,621
Total liabilities	<u>4,369,367</u>	<u>\$ 11,706</u>	<u>\$ 4,381,073</u>
FUND BALANCES			
Restricted:			
School cafeteria	\$ 1,876,734	\$ -	\$ 1,876,734
Committed:			
School activities	-	2,066,174	2,066,174
Total fund balances	<u>\$ 1,876,734</u>	<u>\$ 2,066,174</u>	<u>\$ 3,942,908</u>
Total liabilities and fund balances	<u>\$ 6,246,101</u>	<u>\$ 2,077,880</u>	<u>\$ 8,323,981</u>

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

Total fund balances per above \$ 3,942,908

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 2,709,971	
Construction in progress	1,182,385	
Buildings and improvements	29,668,986	
Machinery and equipment	<u>4,435,261</u>	37,996,603

Prepaid items are reported in the funds using the purchases method and, therefore, are reported as expenditures in the funds.

Prepaid items		1,155,285
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 20,421,798	
OPEB related items	<u>3,069,231</u>	23,491,029

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$ (78,431,218)	
Net OPEB liabilities	(17,009,542)	
Compensated absences	<u>(1,740,370)</u>	(97,181,130)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (6,427,619)	
OPEB related items	<u>(2,860,566)</u>	(9,288,185)

Net position of governmental activities		<u>\$ (39,883,490)</u>
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County of Pittsylvania, Virginia
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	<u>School Operating Fund</u>	<u>Nonmajor School Activity Fund*</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ 8,608	\$ -	\$ 8,608
Charges for services	295,388	-	295,388
Miscellaneous	468,582	667,745	1,136,327
Recovered costs	1,041,558	-	1,041,558
Intergovernmental	94,292,692	-	94,292,692
Total revenues	<u>\$ 96,106,828</u>	<u>\$ 667,745</u>	<u>\$ 96,774,573</u>
EXPENDITURES			
Current:			
Education	\$ 94,609,529	\$ 1,899,978	\$ 96,509,507
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,497,299</u>	<u>\$ (1,232,233)</u>	<u>\$ 265,066</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 1,285,071	\$ 1,285,071
Transfers out	(1,285,071)	-	(1,285,071)
Total other financing sources and uses	<u>\$ (1,285,071)</u>	<u>\$ 1,285,071</u>	<u>\$ -</u>
Net change in fund balances	\$ 212,228	\$ 52,838	\$ 265,066
Fund balances - beginning, as restated	1,664,506	2,013,336	3,677,842
Fund balances - ending	<u>\$ 1,876,734</u>	<u>\$ 2,066,174</u>	<u>\$ 3,942,908</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above		\$ 265,066
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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 the capital asset additions exceeded depreciation expense in the current period.

Capital asset additions	\$ 3,062,330	
Depreciation expense	<u>(2,408,021)</u>	654,309

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net capital assets.		(45,347)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ 49,845	
Change in net pension liabilities and related deferred items	(1,600,615)	
Change in net OPEB liabilities and related deferred items	<u>481,553</u>	(1,069,217)

Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.

Change in prepaid items		94,666
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Change in net position of governmental activities		<u>\$ (100,523)</u>
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*The School Activity Fund does not require a legally adopted budget.

County of Pittsylvania, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 7,260	\$ 7,260	\$ 8,608	\$ 1,348
Charges for services	5,568,225	5,568,225	295,388	(5,272,837)
Miscellaneous	661,617	432,750	468,582	35,832
Recovered costs	348,447	6,020,864	1,041,558	(4,979,306)
Intergovernmental	93,608,116	99,908,988	94,292,692	(5,616,296)
Total revenues	<u>\$ 100,193,665</u>	<u>\$ 111,938,087</u>	<u>\$ 96,106,828</u>	<u>\$ (15,831,259)</u>
EXPENDITURES				
Current:				
Education	\$ 98,908,594	\$ 110,653,016	\$ 94,609,529	\$ 16,043,487
Excess (deficiency) of revenues over (under) expenditures				
	<u>\$ 1,285,071</u>	<u>\$ 1,285,071</u>	<u>\$ 1,497,299</u>	<u>\$ 212,228</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,285,071)	\$ (1,285,071)	\$ (1,285,071)	\$ -
Net change in fund balances	\$ -	\$ -	\$ 212,228	\$ 212,228
Fund balances - beginning	-	-	1,664,506	1,664,506
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,876,734</u>	<u>\$ 1,876,734</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 26,166,327	\$ 26,314,613	\$ 26,213,465	\$ (101,148)
Real and Personal PSC Tax	3,015,539	3,015,539	2,624,690	(390,849)
Personal Property Tax	8,681,711	8,708,391	9,256,520	548,129
Mobile Home Tax	250,562	253,141	256,033	2,892
Machinery and Tools Tax	1,856,306	1,568,466	1,737,787	169,321
Merchants Capital	335,599	339,591	432,700	93,109
Penalties	480,000	480,000	448,459	(31,541)
Interest	345,000	345,000	473,692	128,692
Total general property taxes	<u>\$ 41,131,044</u>	<u>\$ 41,024,741</u>	<u>\$ 41,443,346</u>	<u>\$ 418,605</u>
Other local taxes:				
Local Sales and Use Tax	\$ 2,875,000	\$ 2,875,000	\$ 3,523,458	\$ 648,458
Consumers' Utility Tax	1,320,000	1,320,000	1,327,278	7,278
Consumption Taxes	205,000	205,000	191,147	(13,853)
Franchise License Tax	-	-	19,993	19,993
Business License Tax	500	500	50	(450)
Meals Tax	770,000	770,000	826,345	56,345
Motor Vehicle Licenses	2,088,454	2,088,454	2,718,128	629,674
Bank Stock Tax	85,000	85,000	70,031	(14,969)
Taxes on Recordation and Wills	340,000	340,000	507,723	167,723
Total other local taxes	<u>\$ 7,683,954</u>	<u>\$ 7,683,954</u>	<u>\$ 9,184,153</u>	<u>\$ 1,500,199</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 75,000	\$ 75,000	\$ 137,721	\$ 62,721
Cellular tower fees	21,900	21,900	62,564	40,664
Animal licenses	30,150	30,150	21,272	(8,878)
Permits and other licenses	18,100	18,100	58,430	40,330
Total permits, privilege fees, and regulatory licenses	<u>\$ 145,150</u>	<u>\$ 145,150</u>	<u>\$ 279,987</u>	<u>\$ 134,837</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 145,000	\$ 145,000	\$ 132,512	\$ (12,488)
Revenue from use of money and property:				
Revenue from use of money	\$ 245,000	\$ 245,011	\$ 170,274	\$ (74,737)
Revenue from use of property	154,500	154,500	145,868	(8,632)
Total revenue from use of money and property	<u>\$ 399,500</u>	<u>\$ 399,511</u>	<u>\$ 316,142</u>	<u>\$ (83,369)</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for emergency services	\$ 164,000	\$ 736,916	\$ 667,948	\$ (68,968)
Charges for courthouse security	50,000	50,000	67,324	17,324
Charges for parks and recreation	45,000	45,000	-	(45,000)
Charges for jail inmates	55,000	55,000	80,472	25,472
Charges for administration	21,000	21,000	21,000	-
Charges for library	8,000	8,000	10,819	2,819
Charges for courthouse maintenance	-	-	11,590	11,590
Charges for law library	8,000	8,000	10,098	2,098
Charges for fire prevention	2,000	2,000	1,375	(625)
Charges for commonwealth's attorney	3,500	3,500	3,568	68
Charges for law enforcement	4,500	4,500	4,173	(327)
Charges for animal control	59,600	59,600	51,309	(8,291)
Other charges for services	7,900	7,900	30,205	22,305
Total charges for services	<u>\$ 428,500</u>	<u>\$ 1,001,416</u>	<u>\$ 959,881</u>	<u>\$ (41,535)</u>
Miscellaneous:				
Sale of surplus	\$ 900,000	\$ 29,503	\$ 29,503	\$ -
Miscellaneous other	29,100	29,100	249,072	219,972
Local grants and donations	126,400	305,967	331,842	25,875
City of Danville, Virginia revenue sharing	58,848	58,848	65,973	7,125
Total miscellaneous	<u>\$ 1,114,348</u>	<u>\$ 423,418</u>	<u>\$ 676,390</u>	<u>\$ 252,972</u>
Recovered costs:				
Jail reimbursements	\$ 296,252	\$ 234,689	\$ 216,996	\$ (17,693)
Sheriffs extra duty	30,000	30,000	12,394	(17,606)
Soil and water conservation district	113,742	146,497	147,977	1,480
School resource officer	110,000	110,000	117,595	7,595
City of Danville, Virginia	27,000	27,000	57,921	30,921
Health department	55,000	55,000	81,751	26,751
Social Services	76,352	76,352	84,414	8,062
Water and sewer reimbursements	-	303,116	303,116	-
Other recovered costs	33,806	746,206	928,822	182,616
Total recovered costs	<u>\$ 742,152</u>	<u>\$ 1,728,860</u>	<u>\$ 1,950,986</u>	<u>\$ 222,126</u>
Total revenue from local sources	<u>\$ 51,789,648</u>	<u>\$ 52,552,050</u>	<u>\$ 54,943,397</u>	<u>\$ 2,391,347</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 88,000	\$ 88,000	\$ 86,602	\$ (1,398)
Mobile home titling tax	65,000	65,000	70,152	5,152
Motor vehicle rental tax	2,700	2,700	4,071	1,371
State recordation tax	75,000	75,000	-	(75,000)
State communications tax	1,800,000	1,800,000	1,671,760	(128,240)
Personal property tax relief act funds	4,139,277	4,139,277	4,139,277	-
Games of skill tax	-	-	127,296	127,296
Total noncategorical aid	<u>\$ 6,169,977</u>	<u>\$ 6,169,977</u>	<u>\$ 6,099,158</u>	<u>\$ (70,819)</u>

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

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 602,706	\$ 602,223	\$ 601,807	\$ (416)
Sheriff	4,412,600	4,447,491	4,413,975	(33,516)
Commissioner of Revenue	166,896	168,419	168,372	(47)
Treasurer	203,292	193,116	191,137	(1,979)
Registrar/electoral board	51,562	52,343	56,846	4,503
Clerk of the Circuit Court	440,947	441,166	452,813	11,647
Circuit Court	65,000	65,000	48,555	(16,445)
Total Shared Expenses	<u>\$ 5,943,003</u>	<u>\$ 5,969,758</u>	<u>\$ 5,933,505</u>	<u>\$ (36,253)</u>
Other categorical aid:				
Victim witness grant	\$ 28,010	\$ 28,010	\$ 27,725	\$ (285)
VJCCA grant	41,765	41,765	41,765	-
Records preservation grant	9,500	30,736	30,736	-
Emergency management preparedness	216,337	408,076	281,401	(126,675)
EMS grants	66,885	66,885	67,150	265
Voting machine	4,250	4,250	-	(4,250)
Fire program funds	217,313	217,313	227,388	10,075
Library grants	165,339	188,032	183,290	(4,742)
Litter control grants	15,841	5,233	5,233	-
Public assistance	2,765,679	2,121,403	1,448,402	(673,001)
Children's Services Act	5,250,000	5,250,000	4,078,770	(1,171,230)
Other state grants	-	3,100	3,100	-
Total other categorical aid	<u>\$ 8,780,919</u>	<u>\$ 8,364,803</u>	<u>\$ 6,394,960</u>	<u>\$ (1,969,843)</u>
Total categorical aid	<u>\$ 14,723,922</u>	<u>\$ 14,334,561</u>	<u>\$ 12,328,465</u>	<u>\$ (2,006,096)</u>
Total revenue from the Commonwealth	<u>\$ 20,893,899</u>	<u>\$ 20,504,538</u>	<u>\$ 18,427,623</u>	<u>\$ (2,076,915)</u>
Revenue from the federal government:				
Noncategorical aid:				
QCEB interest rebate	\$ -	\$ -	\$ 74,953	\$ 74,953
Categorical aid:				
EPA grants	\$ -	\$ 90,745	\$ 100,000	\$ 9,255
Emergency management preparedness	22,803	22,803	22,803	-
FEMA - Ringgold trail	-	2,846,434	229,952	(2,616,482)
Law enforcement grants	45,421	45,421	16,473	(28,948)
Crime victim assistance	84,031	84,031	83,176	(855)
Community development grants	-	330,000	80,980	(249,020)
WIA adult programs, youth activities, and dislocated workers	1,371,254	1,371,254	1,371,254	-
COVID-19 Election grants	-	68,029	68,029	-
COVID-19 Coronavirus relief fund	-	5,370,474	6,137,866	767,392
Public assistance	2,121,403	2,765,679	2,561,937	(203,742)
Total categorical aid	<u>\$ 3,644,912</u>	<u>\$ 12,994,870</u>	<u>\$ 10,672,470</u>	<u>\$ (2,322,400)</u>
Total revenue from the federal government	<u>\$ 3,644,912</u>	<u>\$ 12,994,870</u>	<u>\$ 10,747,423</u>	<u>\$ (2,247,447)</u>
Total General Fund	<u>\$ 76,328,459</u>	<u>\$ 86,051,458</u>	<u>\$ 84,118,443</u>	<u>\$ (1,933,015)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Donations	\$ -	\$ 6,334	\$ 6,334	\$ -
Recovered costs:				
Industrial Development Authority	\$ -	\$ -	\$ 1,150,000	\$ 1,150,000
Total revenue from local sources	\$ -	\$ 6,334	\$ 1,156,334	\$ 1,150,000
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ -	\$ 1,942,606	\$ 44,615	\$ (1,897,991)
Brownfield grants	-	49,900	49,900	-
Total revenue from the Commonwealth	\$ -	\$ 1,992,506	\$ 94,515	\$ (1,897,991)
Total Industrial Development Fund	\$ -	\$ 1,998,840	\$ 1,250,849	\$ (747,991)
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 280	\$ (20)
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 376	\$ 376
Total revenue from local sources	\$ 300	\$ 300	\$ 656	\$ 356
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ -	\$ -	\$ 10,069	\$ 10,069
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ -	\$ -	\$ 8,031	\$ 8,031
Total Forfeited Assets Fund	\$ 300	\$ 300	\$ 18,756	\$ 18,456
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Charges for law enforcement	\$ -	\$ -	\$ 30,709	\$ 30,709
Total Primary Government	\$ 76,328,759	\$ 88,050,598	\$ 85,418,757	\$ (2,631,841)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 988	\$ 988
Revenue from the use of property	7,260	7,260	7,620	360
Total revenue from use of money and property	<u>\$ 7,260</u>	<u>\$ 7,260</u>	<u>\$ 8,608</u>	<u>\$ 1,348</u>
Charges for services:				
School food	\$ 5,237,500	\$ 5,237,500	\$ 67,954	\$ (5,169,546)
Tuition and payments from other divisions	330,725	330,725	227,434	(103,291)
Total charges for services	<u>\$ 5,568,225</u>	<u>\$ 5,568,225</u>	<u>\$ 295,388</u>	<u>\$ (5,272,837)</u>
Miscellaneous:				
Other miscellaneous	\$ 661,617	\$ 432,750	\$ 468,582	\$ 35,832
Recovered costs:				
Other recovered costs	\$ 348,447	\$ 6,020,864	\$ 1,041,558	\$ (4,979,306)
Total revenue from local sources	<u>\$ 6,585,549</u>	<u>\$ 12,029,099</u>	<u>\$ 1,814,136</u>	<u>\$ (10,214,963)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 18,630,633	\$ 22,415,287	\$ 13,847,624	\$ (8,567,663)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,441,705	\$ 10,451,874	\$ 11,153,370	\$ 701,496
Basic Aid	30,993,414	30,849,503	29,343,991	(1,505,512)
Remedial summer education	183,615	183,615	1,235	(182,380)
Regular foster care	69,481	69,481	20,514	(48,967)
Gifted and talented	321,997	321,997	308,355	(13,642)
Remedial education	1,275,602	1,275,602	1,221,560	(54,042)
Special education	4,192,147	4,192,147	4,014,546	(177,601)
Textbook payment	665,480	665,480	637,287	(28,193)
Alternative education	218,571	219,284	229,284	10,000
Algebra readiness	184,583	184,583	181,688	(2,895)
Mentor teacher program	3,160	3,160	4,728	1,568
Social security fringe benefits	1,987,709	1,984,517	1,897,570	(86,947)
Group life	142,422	142,422	136,388	(6,034)
Retirement fringe benefits	4,637,988	4,619,411	4,423,709	(195,702)
Governor's school	17,630	17,630	-	(17,630)
Early reading intervention	222,892	222,892	198,723	(24,169)
Homebound education	115,550	115,550	29,914	(85,636)
Vocation education	1,370,646	1,370,646	1,300,615	(70,031)
JROTC	280,508	287,863	283,145	(4,718)
Special education - foster children	-	-	52,162	52,162
At risk payments	2,815,057	2,437,136	2,333,974	(103,162)
Primary class size	1,576,736	1,576,736	1,427,951	(148,785)

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Technology	\$ 544,000	\$ 544,000	\$ 385,195	\$ (158,805)
At risk four-year olds	1,177,530	1,070,420	871,255	(199,165)
School Food	119,088	119,088	108,906	(10,182)
English as a second language	222,245	205,411	184,300	(21,111)
Other state funds	68,485	67,393	103,637	36,244
GED prep program	25,159	25,159	25,159	-
No loss funding	-	-	2,464,515	2,464,515
Lottery payments	1,948,203	2,309,769	2,472,880	163,111
Total categorical aid	<u>\$ 65,821,603</u>	<u>\$ 65,532,769</u>	<u>\$ 65,816,556</u>	<u>\$ 283,787</u>
Total revenue from the Commonwealth	<u>\$ 65,821,603</u>	<u>\$ 65,532,769</u>	<u>\$ 65,816,556</u>	<u>\$ 283,787</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,463,865	\$ 2,463,865	\$ 2,187,702	\$ (276,163)
Special education	1,905,685	1,905,685	1,843,492	(62,193)
Special education, preschool	28,529	28,529	28,806	277
Vocational education	196,100	196,100	202,910	6,810
School food program	3,605,912	3,605,912	4,562,641	956,729
Adult education	95,123	95,123	65,523	(29,600)
Improving teacher quality	303,656	303,656	293,707	(9,949)
COVID-19 grants	534,323	3,339,375	5,010,230	1,670,855
Temporary assistance for needy families (TANF)	-	-	268,456	268,456
Rural and low income	-	-	737	737
Language acquisition	22,687	22,687	25,330	2,643
Student support	-	-	138,978	138,978
Total categorical aid	<u>\$ 9,155,880</u>	<u>\$ 11,960,932</u>	<u>\$ 14,628,512</u>	<u>\$ 2,667,580</u>
Total revenue from the federal government	<u>\$ 9,155,880</u>	<u>\$ 11,960,932</u>	<u>\$ 14,628,512</u>	<u>\$ 2,667,580</u>
Nonmajor Special Revenue Funds:				
School Activity Fund:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 667,745	\$ 667,745
Total Discretely Presented Component Unit - School Board	<u>\$ 100,193,665</u>	<u>\$ 111,938,087</u>	<u>\$ 96,774,573</u>	<u>\$(15,163,514)</u>

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 225,519	\$ 225,519	\$ 203,521	\$ 21,998
General and financial administration:				
County administrator	\$ 642,232	\$ 729,023	\$ 730,859	\$ (1,836)
Legal services	246,568	272,695	272,784	(89)
Independent auditor	95,500	99,250	87,775	11,475
Human resources	128,169	162,722	178,566	(15,844)
Commissioner of revenue	714,478	724,642	609,990	114,652
Reassessment	442,000	510,402	510,390	12
Treasurer	762,710	866,748	790,142	76,606
Central accounting	576,078	673,140	639,942	33,198
Information technology	517,065	548,420	528,404	20,016
Other Information technology - COVID-19	-	1,190,294	821,832	368,462
Total general and financial administration	\$ 4,124,800	\$ 5,777,336	\$ 5,170,684	\$ 606,652
Board of elections:				
Electoral board	\$ 346,041	\$ 398,432	\$ 345,849	\$ 52,583
Registrar	-	107,405	107,405	-
Total board of elections	\$ 346,041	\$ 505,837	\$ 453,254	\$ 52,583
Total general government administration	\$ 4,696,360	\$ 6,508,692	\$ 5,827,459	\$ 681,233
Judicial administration:				
Courts:				
Circuit court	\$ 164,500	\$ 167,918	\$ 155,751	\$ 12,167
General district court	11,706	11,870	11,878	(8)
Special magistrates	4,500	4,336	2,576	1,760
Juvenile and domestic relations court	19,850	19,850	15,496	4,354
Clerk of the circuit court	725,492	795,623	777,929	17,694
Sheriff - courts	159,088	159,088	132,338	26,750
Law Library	23,000	23,000	12,047	10,953
Victim and witness assistance	112,041	112,041	110,901	1,140
Commissioner of accounts	1,850	1,850	1,639	211
Total courts	\$ 1,222,027	\$ 1,295,576	\$ 1,220,555	\$ 75,021
Commonwealth's attorney:				
Commonwealth's attorney	\$ 959,582	\$ 975,738	\$ 934,858	\$ 40,880
Total judicial administration	\$ 2,181,609	\$ 2,271,314	\$ 2,155,413	\$ 115,901
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 7,002,978	\$ 7,907,404	\$ 7,842,660	\$ 64,744
Sheriff - grants	55,421	76,566	43,311	33,255
Sheriff - E911 system	203,420	413,299	196,347	216,952
Total law enforcement and traffic control	\$ 7,261,819	\$ 8,397,269	\$ 8,082,318	\$ 314,951
Fire and rescue services:				
Fire marshall	\$ -	\$ 787	\$ -	\$ 787
Volunteer fire and rescue agencies	4,123,843	8,128,110	6,774,946	1,353,164
Total fire and rescue services	\$ 4,123,843	\$ 8,128,897	\$ 6,774,946	\$ 1,353,951

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

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 4,658,577	\$ 4,732,013	\$ 4,548,402	\$ 183,611
Court services unit	465,445	497,099	486,366	10,733
Other correction and detention	62,600	62,600	17,458	45,142
Total correction and detention	<u>\$ 5,186,622</u>	<u>\$ 5,291,712</u>	<u>\$ 5,052,226</u>	<u>\$ 239,486</u>
Inspections:				
Building inspections	\$ 224,455	\$ 227,081	\$ 185,162	\$ 41,919
Other protection:				
Animal control	\$ 235,009	\$ 239,618	\$ 214,685	\$ 24,933
Pet Center	825,876	943,192	838,517	104,675
Medical examiner	2,500	2,500	1,360	1,140
E911 System	1,177,471	1,456,785	1,419,012	37,773
Emergency management	22,803	35,620	25,274	10,346
Other public safety - COVID-19	-	676,264	507,837	168,427
Total other protection	<u>\$ 2,263,659</u>	<u>\$ 3,353,979</u>	<u>\$ 3,006,685</u>	<u>\$ 347,294</u>
Total public safety	<u>\$ 19,060,398</u>	<u>\$ 25,398,938</u>	<u>\$ 23,101,337</u>	<u>\$ 2,297,601</u>
Public works:				
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,025,048	\$ 2,273,486	\$ 2,183,262	\$ 90,224
Other public works - COVID-19	-	293,349	243,853	49,496
Total maintenance of general buildings and grounds	<u>\$ 1,025,048</u>	<u>\$ 2,566,835</u>	<u>\$ 2,427,115</u>	<u>\$ 139,720</u>
Total public works	<u>\$ 1,025,048</u>	<u>\$ 2,566,835</u>	<u>\$ 2,427,115</u>	<u>\$ 139,720</u>
Health and welfare:				
Health:				
Local health department	\$ 587,781	\$ 587,781	\$ 548,625	\$ 39,156
Behavioral Health and Development Services:				
Behavioral health and development services	\$ 448,016	\$ 448,016	\$ 448,016	\$ -
Welfare:				
Welfare administration	\$ 4,838,198	\$ 4,810,055	\$ 3,605,773	\$ 1,204,282
Public assistance	994,824	1,127,982	1,127,982	-
Children's Services Act	6,195,783	6,208,661	5,992,988	215,673
Workforce Investment Board	1,371,254	1,371,254	1,371,254	-
Total welfare	<u>\$ 13,400,059</u>	<u>\$ 13,517,952</u>	<u>\$ 12,097,997</u>	<u>\$ 1,419,955</u>
Total health and welfare	<u>\$ 14,435,856</u>	<u>\$ 14,553,749</u>	<u>\$ 13,094,638</u>	<u>\$ 1,459,111</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 18,630,633	\$ 22,165,287	\$ 13,847,624	\$ 8,317,663
Contribution to local school board - school bus purchase	-	664,757	664,757	-
Contributions to community college	10,452	10,452	10,452	-
Total education	<u>\$ 18,641,085</u>	<u>\$ 22,840,496</u>	<u>\$ 14,522,833</u>	<u>\$ 8,317,663</u>

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

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Administration of parks and recreation	\$ 412,008	\$ 414,080	\$ 293,505	\$ 120,575
State Forestry	35,000	41,280	39,775	1,505
Total parks and recreation	<u>\$ 447,008</u>	<u>\$ 455,360</u>	<u>\$ 333,280</u>	<u>\$ 122,080</u>
Library:				
Library administration	\$ 1,551,716	\$ 1,643,427	\$ 1,637,311	\$ 6,116
Total parks, recreation, and cultural	<u>\$ 1,998,724</u>	<u>\$ 2,098,787</u>	<u>\$ 1,970,591</u>	<u>\$ 128,196</u>
Community development:				
Planning and community development:				
Planning commission	\$ 21,772	\$ 21,877	\$ 21,861	\$ 16
Community & industry development	279,594	3,323,067	558,095	2,764,972
Community development	624,918	656,447	494,308	162,139
Economic development	684,119	1,037,632	652,410	385,222
Other community and industry development - COVID-19	-	473,517	144,634	328,883
Total planning and community development	<u>\$ 1,610,403</u>	<u>\$ 5,512,540</u>	<u>\$ 1,871,308</u>	<u>\$ 3,641,232</u>
Environmental management:				
Soil and water conservation district	\$ 113,742	\$ 147,499	\$ 147,499	\$ -
Other environmental management	15,841	43,147	26,368	16,779
Total environmental management	<u>\$ 129,583</u>	<u>\$ 190,646</u>	<u>\$ 173,867</u>	<u>\$ 16,779</u>
Cooperative extension program:				
Cooperative extension program	\$ 167,048	\$ 167,048	\$ 156,797	\$ 10,251
Total community development	<u>\$ 1,907,034</u>	<u>\$ 5,870,234</u>	<u>\$ 2,201,972</u>	<u>\$ 3,668,262</u>
Nondepartmental:				
Other nondepartmental	\$ 1,370,238	\$ 863,218	\$ 61,283	\$ 801,935
Capital projects:				
Animal shelter	\$ -	\$ -	\$ 21,500	\$ (21,500)
Gretna Library Renovations	121,200	121,200	-	121,200
E911 Towers	-	121,303	119,658	1,645
Roaring Fork Dam	-	50,745	24,190	26,555
Wayside Park	108,000	204,439	57,220	147,219
School energy improvements	-	-	529,804	(529,804)
Other capital projects	103,500	1,895,927	390,322	1,505,605
Total capital projects	<u>\$ 332,700</u>	<u>\$ 2,393,614</u>	<u>\$ 1,142,694</u>	<u>\$ 1,250,920</u>
Debt service:				
Principal retirement	\$ 8,102,655	\$ 8,102,655	\$ 8,110,900	\$ (8,245)
Interest and other fiscal charges	2,369,840	2,369,840	2,372,252	(2,412)
Total debt service	<u>\$ 10,472,495</u>	<u>\$ 10,472,495</u>	<u>\$ 10,483,152</u>	<u>\$ (10,657)</u>
Total General Fund	<u>\$ 76,121,547</u>	<u>\$ 95,838,372</u>	<u>\$ 76,988,487</u>	<u>\$ 18,849,885</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Industrial development	\$ 582,500	\$ 2,493,875	\$ 606,845	\$ 1,887,030
SVMP Park design	-	150,000	-	150,000
Tower improvements - broadband	-	442,606	44,616	397,990
Cane Creek shell building	-	1,500,000	1,150,000	350,000
Hurt Klopman Mills water and sewer improvements	-	5,808	-	5,808
Total planning and community development	<u>\$ 582,500</u>	<u>\$ 4,592,289</u>	<u>\$ 1,801,461</u>	<u>\$ 2,790,828</u>
Total Industrial Development Fund	<u>\$ 582,500</u>	<u>\$ 4,592,289</u>	<u>\$ 1,801,461</u>	<u>\$ 2,790,828</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 145,000	\$ 145,000	\$ 45,138	\$ 99,862
Sheriff Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ -	\$ -	\$ 38,180	\$ (38,180)
Total Primary Government	<u>\$ 76,849,047</u>	<u>\$ 100,575,661</u>	<u>\$ 78,873,266</u>	<u>\$ 21,702,395</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 4,117,407	\$ 4,417,546	\$ 4,224,004	\$ 193,542
Instruction costs:				
Instructional costs	\$ 68,382,423	\$ 69,124,901	\$ 64,911,869	\$ 4,213,032
Technology	2,963,780	6,157,097	5,949,352	207,745
Total instruction costs	<u>\$ 71,346,203</u>	<u>\$ 75,281,998</u>	<u>\$ 70,861,221</u>	<u>\$ 4,420,777</u>
Operating costs:				
Pupil transportation	\$ 5,875,919	\$ 5,957,069	\$ 6,584,285	\$ (627,216)
Operation and maintenance of school plant	8,394,667	14,346,229	7,913,915	6,432,314
Food service and non-instructional	9,174,398	10,050,174	5,026,104	5,024,070
Facilities	-	600,000	-	600,000
Total operating costs	<u>\$ 23,444,984</u>	<u>\$ 30,953,472</u>	<u>\$ 19,524,304</u>	<u>\$ 11,429,168</u>
Nonmajor Special Revenue Funds:				
School Activity Fund:				
Instruction costs:				
Instructional costs	\$ -	\$ -	\$ 1,899,978	\$ (1,899,978)
Total Discretely Presented Component Unit - School Board	<u>\$ 98,908,594</u>	<u>\$ 110,653,016</u>	<u>\$ 96,509,507</u>	<u>\$ 14,143,509</u>

Other Statistical Information

Table 1

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

Fiscal Year	General										Interest on Long-Term Debt	Water and Sewer		Total
	Government Administration	Judicial Administration	Public Safety	Public Works (2)	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Community Development	Water and Sewer				
2020-21	\$ 4,835,772	\$ 2,358,868	\$ 22,941,289	\$ 5,611,653	\$ 13,483,044	\$ 16,150,405	\$ 2,211,036	\$ 2,884,583	\$ 9,889,333	\$ 2,007,488	\$ 82,373,471			
2019-20	3,569,357	2,149,914	19,038,351	5,147,081	12,615,529	17,557,755	2,112,555	2,847,052	-	2,060,530	67,098,124			
2018-19	3,231,084	1,884,640	18,360,059	5,306,662	13,146,418	21,053,924	2,010,342	7,912,185	-	3,013,133	75,918,447			
2017-18	3,887,279	1,858,800	18,156,348	4,010,797	15,621,570	18,851,498	1,885,619	3,187,057	-	3,163,604	70,622,572			
2016-17	3,481,098	1,728,160	16,607,010	3,681,562	15,056,995	16,754,289	2,279,169	2,639,500	-	3,723,137	65,950,920			
2015-16	3,120,093	1,630,364	17,388,780	2,974,772	13,295,781	20,654,247	1,625,932	3,050,989	-	4,600,151	68,341,109			
2014-15	2,761,239	1,570,134	15,971,461	4,208,049	11,762,632	20,144,745	1,653,432	4,328,560	-	4,156,131	66,556,383			
2013-14	2,779,007	1,616,010	15,412,321	3,676,518	11,203,241	17,456,021	1,544,778	3,595,993	-	4,462,480	61,746,369			
2012-13	3,151,761	1,577,467	14,150,804	1,367,550	11,742,309	17,610,398	1,519,663	4,541,281	-	5,044,241	60,705,474			
2011-12	2,352,270	1,604,516	14,004,881	4,504,438	11,725,859	17,483,731	1,389,794	5,297,007	-	4,852,814	63,215,310			

(1) Debt financed assets are transferred to the School Board upon defeasance of debt.

This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

(2) In FY 2012, the County implemented a Solid Waste Fund and in FY 2017 the County closed same to the General Fund.

In FY 2019, the County reimplemented the Solid Waste fund. All expenditures have been reported here in Public Works for comparability.

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	Charges for Services (1)	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (2)	Grants and Contributions Not Restricted to Specific Programs			
2020-21	\$ 9,336,054	\$ 23,021,784	\$ 412,194	\$ 41,537,110	\$ 9,184,153	\$ 329,440	\$ 830,771	\$ 6,174,111	\$ 90,825,617			
2019-20	4,613,263	19,872,881	217,699	39,753,125	8,062,226	763,192	2,496,062	6,344,317	82,122,765			
2018-19	5,744,056	20,829,443	179,825	40,737,447	7,728,921	819,879	616,335	6,420,102	83,076,008			
2017-18	908,173	19,512,825	2,176	39,899,114	7,375,931	530,617	403,055	6,534,738	75,166,629			
2016-17	887,208	18,054,322	34,726	36,635,453	7,255,197	534,540	2,597,060	6,657,163	72,655,669			
2015-16	1,867,410	17,849,640	25,446	36,527,161	6,985,878	760,917	698,427	6,580,065	71,294,944			
2014-15	2,587,105	16,442,410	884,983	34,348,146	6,929,692	729,073	273,313	6,647,166	68,841,888			
2013-14	2,716,427	16,833,132	234,754	32,312,752	7,058,150	817,859	303,887	6,674,699	66,951,660			
2012-13	2,952,151	16,862,088	-	31,959,232	6,759,321	640,925	449,990	6,781,594	66,405,301			
2011-12	924,023	15,633,076	2,405,211	31,373,406	6,805,947	651,947	409,617	6,698,703	64,901,930			

(1) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

(2) During fiscal year 2017 a local nonprofit donated a community center valued at \$2,306,900.

Table 3

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2020-21	\$ 5,827,459	\$ 2,155,413	\$ 23,184,655	\$ 2,427,115	\$ 13,094,638	\$ 97,184,716	\$ 1,970,591	\$ 4,003,433	\$ 1,142,694	\$ 61,283	\$ 10,483,152	\$ 161,535,149
2019-20	3,887,073	2,115,096	18,671,954	1,114,173	12,924,182	91,075,532	2,053,465	2,953,462	1,549,326	35,031	10,669,146	147,048,440
2018-19	3,878,872	1,963,583	18,189,903	1,085,493	13,782,871	92,432,166	1,975,372	8,112,384	1,010,825	11,121	11,124,384	153,566,974
2017-18	4,277,067	1,872,516	17,759,838	3,140,876	15,624,190	89,879,252	1,820,633	3,207,041	2,893,567	17,203	11,306,433	151,798,616
2016-17	3,885,062	1,742,237	15,612,859	4,060,175	15,405,524	86,583,587	1,853,468	2,658,745	5,917,781	-	13,168,887	150,888,325
2015-16	3,274,249	1,629,683	16,035,366	1,467,351	13,227,647	84,200,723	1,606,150	2,437,884	4,346,659	-	17,299,326	145,525,038
2014-15	3,165,000	1,565,244	15,181,758	1,380,874	11,818,253	86,172,273	1,635,900	4,456,982	939,715	-	11,896,121	138,212,120
2013-14	3,294,816	1,575,143	15,788,738	1,113,579	11,225,531	84,740,262	1,497,279	3,842,302	4,840,641	-	11,946,638	139,864,929
2012-13	3,495,374	1,566,578	14,763,371	1,300,429	11,927,840	84,680,673	1,509,918	7,586,932	5,794,131	-	9,450,033	142,075,279
2011-12	2,768,169	1,566,584	14,222,860	1,215,984	11,862,939	85,983,611	1,384,918	5,540,095	3,705,766	-	9,948,658	138,199,584

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

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

(3) In FY 2012, the County implemented a Solid Waste Fund which decreased the Public Works expenditures. In FY 2017, the Solid Waste Fund was merged back into the General Fund. In FY 2019, the Solid Waste Fund was reinstated.

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services (3)	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2020-21	\$ 41,443,346	\$ 9,184,153	\$ 279,987	\$ 132,512	\$ 325,030	\$ 1,285,978	\$ 1,819,427	\$ 4,142,544	\$ 109,732,729	\$ 168,345,706
2019-20	41,191,363	8,062,226	212,697	133,108	785,702	1,586,673	1,754,295	2,685,490	98,398,472	154,810,026
2018-19	40,423,061	7,728,921	138,128	190,695	836,921	1,918,034	1,171,969	2,050,849	97,754,802	152,213,380
2017-18	38,092,864	7,375,931	157,376	205,021	567,380	2,319,128	1,991,736	1,917,836	95,725,521	148,352,793
2016-17	36,433,274	7,255,197	157,900	200,936	555,870	2,505,571	1,959,508	1,996,942	92,762,102	143,827,300
2015-16	35,693,771	6,985,878	157,941	207,431	809,547	2,243,356	1,991,633	1,566,935	90,268,791	139,925,283
2014-15	34,603,292	6,929,692	153,455	174,184	771,975	2,079,998	1,530,400	1,959,553	89,836,994	138,039,543
2013-14	32,986,528	7,058,150	175,564	224,057	858,598	2,076,001	1,385,352	4,932,637	87,106,346	136,803,233
2012-13	31,732,883	6,759,321	188,607	197,581	638,443	2,509,379	1,250,731	7,523,537	87,096,527	137,897,009
2011-12	29,536,089	6,805,947	162,287	173,265	670,207	2,393,242	1,270,149	4,672,806	88,822,247	134,506,239

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

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

(3) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

Table 5

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

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of		Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes to Tax Levy
2020-21	\$ 45,176,677	\$ 43,094,172	95.39%	\$ 1,566,300	\$ 44,660,472	98.86%	\$ 5,840,766	12.93%	
2019-20	44,767,886	42,661,051	95.29%	1,866,886	44,527,937	99.46%	5,804,812	12.97%	
2018-19	44,387,221	42,381,905	95.48%	1,352,945	43,734,850	98.53%	5,930,888	13.36%	
2017-18	43,537,449	40,436,259	92.88%	1,030,852	41,467,111	95.24%	5,657,845	13.00%	
2016-17	39,605,816	38,409,842	96.98%	1,343,284	39,753,126	100.37%	4,664,208	11.78%	
2015-16	39,880,759	38,231,862	95.87%	1,601,186	39,833,048	99.88%	4,842,100	12.14%	
2014-15	38,263,674	35,807,738	93.58%	2,291,993	38,099,731	99.57%	5,987,436	15.65%	
2013-14	38,160,477	35,105,305	91.99%	1,417,570	36,522,875	95.71%	5,996,958	15.72%	
2012-13	35,706,993	34,265,018	95.96%	908,882	35,173,900	98.51%	4,969,523	13.92%	
2011-12	34,990,189	32,026,677	91.53%	1,158,500	33,185,177	94.84%	4,388,377	12.54%	

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Merchant's Capital (3)	Mobile Homes	Public Service (2)	Total
2020-21	\$ 4,327,897,800	\$ 160,288,480	\$ 35,738,470	\$ 17,359,514	\$ 42,880,581	\$ 421,719,956	\$ 5,005,884,801
2019-20	4,309,781,500	146,721,189	32,668,500	13,478,436	42,341,668	480,184,634	5,025,175,927
2018-19	4,260,148,100	142,182,223	42,933,670	11,605,436	42,125,545	458,174,427	4,957,169,401
2017-18	4,220,028,900	137,754,840	38,436,500	15,126,580	41,331,258	430,745,366	4,883,423,444
2016-17	3,936,640,945	134,812,310	32,929,860	13,133,790	45,246,180	426,950,518	4,589,713,603
2015-16	3,944,880,745	129,084,080	30,643,700	18,824,710	44,879,870	399,383,840	4,567,696,945
2014-15	3,923,602,695	123,687,595	33,048,510	11,472,330	44,465,390	374,927,366	4,511,203,886
2013-14	3,880,009,003	122,969,818	39,320,240	9,880,649	44,322,009	355,616,806	4,452,118,525
2012-13	3,765,453,474	119,660,633	39,087,600	8,899,321	47,871,206	338,873,822	4,319,846,056
2011-12	3,701,567,643	116,972,188	35,378,260	8,856,290	46,913,277	316,586,962	4,226,274,620

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

(2) Assessed values are established by the State Corporation Commission-includes all property types.

(3) In FY 2017, the County changed the tax assessment methodology for merchant's capital from 30% original cost to a tiered approach based on the total original cost. The tiers consist of 30%, 10% and 5% of original cost.

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Generating Equipment (2)
2020-21	\$ 0.62	\$ 9.00	\$ 4.50	\$ 2.75	\$ 0.62	0.62
2019-20	0.62	9.00	4.50	2.75	0.62	0.62
2018-19	0.62	9.00	4.50	2.75	0.62	0.62
2017-18	0.59/0.62	8.75/9.00	4.50	2.75	0.59/0.62	0.59/0.62
2016-17	0.59	8.75	4.50	2.75	0.59	0.59
2015-16	0.59	8.75	4.50	2.75	0.59	0.59
2014-15	0.59	8.75	4.50	2.75	0.59	0.59
2013-14	0.56/0.59	8.75	4.50	2.75	0.56/0.59	0.56/0.59
2012-13	0.56	8.75	4.50	2.75	0.56	0.56
2011-12	0.52/0.56	8.75	4.50	2.75	0.52/0.56	0.52/0.56

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

(2) Included as part of Public Service Corporations in other schedules

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	63,506	\$ 5,005,885	\$ 47,215,542	\$ 47,215,542	0.94%	\$ 743
2019-20	63,506	5,025,176	53,720,428	53,720,428	1.07%	846
2018-19	63,506	4,957,169	60,251,224	60,251,224	1.22%	949
2017-18	63,506	4,883,423	65,594,489	65,594,489	1.34%	1,033
2016-17	63,506	4,589,714	69,495,208	69,495,208	1.51%	1,094
2015-16	63,506	4,567,697	76,753,162	76,753,162	1.68%	1,209
2014-15	63,506	4,511,204	89,007,609	89,007,609	1.97%	1,402
2013-14	63,506	4,452,119	95,451,194	95,451,194	2.14%	1,503
2012-13	63,506	4,319,846	101,616,973	101,616,973	2.35%	1,600
2011-12	63,506	4,226,275	107,562,022	107,562,022	2.55%	1,694

(1) Bureau of the Census.

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

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

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

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2020-21	\$ 10,483,152	\$ 161,535,149	6.49%
2019-20	10,669,146	147,048,440	7.26%
2018-19	11,124,384	153,566,974	7.24%
2017-18	11,306,433	151,798,616	7.45%
2016-17	13,168,887	150,888,325	8.73%
2015-16	17,299,326	145,525,038	11.89%
2014-15	11,896,121	138,212,120	8.61%
2013-14	11,946,638	139,864,929	8.54%
2012-13	9,450,033	142,075,279	6.65%
2011-12	9,948,658	138,199,584	7.20%

(1) Includes all governmental funds of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit-School Board.

Table 10

County of Pittsylvania, Virginia
Assessed Valuation of Top Ten Taxpayers
Fiscal Year 2021

Taxpayer	Type of Business	2021 Assessed Valuation	Percentage of Total Assessed Valuation
Transcontinental Gas Pipeline	Gas Utility	\$ 115,892,433	2.32%
Appalachian Power Company	Electric Utility	90,913,376	1.82%
Virginia Electric & Power	Electric Utility	62,583,706	1.25%
Mountain Valley Pipeline	Gas Utility	36,634,200	0.73%
Intertape Polymer Corp	Manufacturer	32,846,620	0.66%
Mecklenburg Electric Coop, Inc.	Electric Utility	28,452,855	0.57%
Morgan OlsOn	Manufacturer	27,622,100	0.55%
Colonial Pipeline	Gas Utility	27,091,769	0.54%
Sartomer	Manufacturer	12,953,560	0.26%
DanChem Technologies	Manufacturer	8,666,890	0.17%
Total		\$ 443,657,509	8.86%
All Others		\$ 4,562,227,292	91.14%
Total Assessed Valuation		\$ 5,005,884,801	100.00%

COMPLIANCE SECTION



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

**To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Pittsylvania, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Pittsylvania, Virginia's Response to the Finding

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

Purpose of this Report

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



Blacksburg, Virginia
December 8, 2021



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

To the Board of Supervisors
County of Pittsylvania, Virginia
Chatham, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Pittsylvania, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Pittsylvania, Virginia's major federal programs for the year ended June 30, 2021. County of Pittsylvania, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Pittsylvania, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Pittsylvania, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Pittsylvania, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Pittsylvania, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Other Matters (continued)

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

Report on Internal Control over Compliance

Management of County of Pittsylvania, Virginia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Pittsylvania, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Pittsylvania, Virginia's internal control over compliance.

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

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

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



Blacksburg, Virginia
December 8, 2021

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Education:				
Temporary Assistance for Needy Families	93.558	APE40274	\$ 268,456	
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400120, 0400121	<u>413,811</u>	\$ 682,267
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120, 0500121		1,005
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950119, 0950120		11,718
Low-Income Home Energy Assistance	93.568	0600420, 0600421		68,817
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120, 0760121		86,826
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120, 0900121		206
Foster Care - Title IV-E	93.658	1100120, 1100121		513,321
Adoption Assistance	93.659	1120120, 1120121		108,073
Social Services Block Grant	93.667	1000120, 1000121		333,419
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120		4,601
Children's Health Insurance Program	93.767	0540120, 0540121		490
Medicaid Cluster:				
Medical Assistance Program	93.778	1200120, 1200121		<u>385,578</u>
Total Department of Health and Human Services				<u>\$ 2,196,321</u>
Department of Agriculture:				
Direct payments:				
Watershed Rehabilitation Program	10.916	Not applicable		\$ 100,000
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture & Consumer Services:				
Food Distribution-Schools (Note C)	10.555	Not applicable	\$ 311,640	
Virginia Department of Education:				
COVID-19 National School Lunch Program	10.555	APE40254	<u>47,281</u>	\$ 358,921
Summer Food Service Program for Children	10.559	APE60302	\$ 3,544,289	
COVID-19 Summer Food Service Program for Children	10.559	APE60175, APE60176	<u>629,537</u>	4,173,826
COVID-19 School Breakfast Program	10.553	APE40253		<u>29,894</u>
Total Child Nutrition Cluster				4,562,641
Virginia Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010120, 0010121, 0030120, 0030121, 0040120, 0040121, 0050120, 0050121		<u>634,072</u>
Total Department of Agriculture				<u>\$ 5,296,713</u>
Department of Treasury:				
Direct payments:				
Equitable Sharing Program	21.016	Not applicable		\$ 174,509
Pass Through Payments:				
Virginia Department of Accounts:				
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 8,300,780	\$ 556,067
Virginia Department of Education:				
COVID-19 Coronavirus Relief Fund	21.019	APE70056	<u>1,042,842</u>	9,343,622
Total Department of Treasury				<u>\$ 9,518,131</u>
Department of Justice:				
Direct payments:				
Equitable Sharing Program	16.922	Not applicable		\$ 18,500
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Bulletproof Vest Partnership Program	16.607	Not available		7,475
Crime Victim Assistance	16.575	18VAGX0011		<u>83,176</u>
Total Department of Justice				<u>\$ 109,151</u>
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2020-50139-20139 154AL-2021-51083-21083		\$ 5,756
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FOP-2020-50143-20143 FOP-2021-51088-21088		<u>3,242</u>
Total Department of Transportation				<u>\$ 8,998</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Labor:				
Pass Through Payments:				
Virginia Community College System:				
WIOA Cluster:				
WIOA Adult Program	17.258	534027	\$ 503,811	\$ 503,811
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	534027	\$ 1,348	
WIOA Dislocated Worker Formula Grants	17.278	534027	362,698	364,046
WIOA Youth Activities	17.259	534027	503,397	503,397
Total Workforce Innovation and Opportunity Act Cluster			<u>\$ 1,371,254</u>	
Total Department of Labor			<u>\$ 1,371,254</u>	
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Adult Education - Basic Grants to States	84.002	APE42801	\$ 65,523	
Title I Grants to Local Educational Agencies	84.010	APE42901	2,187,702	
Special Education Cluster:				
Special Education: Grants to States	84.027	APE43071	\$ 1,843,492	
Special Education: Preschool Grants	84.173	APE62521	28,806	
Total Special Education Cluster				1,872,298
Career and Technical Education Basic Grants to States	84.048	APE61095		202,910
English Language Acquisition State Grants	84.365	APE60512		25,330
Supporting Effective Instruction State Grant	84.367	APE61480		293,707
Rural Education	84.358	APE43481		737
COVID-19 Elementary and Secondary Emergency Relief Fund	84.425D	APE60041, APE60042, APE60173, APE60177		1,863,059
Student Support and Academic Enrichment Program	84.424	APE60019		138,978
Total Department of Education				<u>\$ 6,650,244</u>
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
COVID-19 Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	20-20-35 UN/COV19	\$ 80,980	
US Election Assistance Commission:				
Pass Through Payments:				
Virginia Department of Elections:				
COVID-19 HAVA Election Security Grants	90.404	Not available	\$ 68,029	
Department of Homeland Security:				
Pass Through Payments:				
Virginia Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006	\$ 22,803	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4411DRVAP00000001	240,773	
Total Department of Homeland Security				<u>\$ 263,576</u>
Total Expenditures of Federal Awards			<u>\$ 25,563,397</u>	<u>\$ 1,927,321</u>

Notes to the Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Pittsylvania, Virginia and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect an indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any outstanding loans at year end as described in 2 CFR section 200.502(b).
- (5) The County passed funds of \$1,927,321 to subrecipients as noted above.

Note C -- Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the Pittsylvania County School Board had food commodities totaling \$0 in inventory.

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

Note D -- Relationship to Financial Statements

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

Primary government:

General Fund (Schedule 1)	\$ 10,747,423
Less: QCEB interest subsidy (Schedule 1)	(74,953)
Forfeited Assets Fund (Schedule 1)	8,031
Plus: Use of federal Forfeited Assets fund balance	184,978
Water and Sewer Fund (Exhibit 8)	70,428
Less: nonfederal grants	<u>(1,022)</u>

Total primary government: \$ 10,934,885

Component Unit School Board:

School Operating Fund (Schedule 1) \$ 14,628,512

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 25,563,397

County of Pittsylvania, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
21.019	COVID-19 Coronavirus Relief Fund
84.173/84.027	Special Education Cluster
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$766,902
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Auditee qualified as low-risk auditee?	Yes
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County of Pittsylvania, Virginia
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2021

Section II - Financial Statement Findings

2021-001

Criteria:	An entity is required to design, implement, and maintain effective internal controls surrounding financial reporting.
Condition:	The Social Services department did not have an adequate review process over case action payments.
Cause:	The current filing system and process for paying case action forms allowed for a group of forms to be excluded from the annual review process.
Effect:	There is more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by Social Services' internal controls over financial reporting.
Recommendation:	We recommend Social Services implement a more efficient process to ensure all payments are properly reviewed, approved, and documented as same.
Management's Response:	Management agrees with this finding and will implement a more efficient process to ensure all payments are properly reviewed, approved, and documented as same.

County of Pittsylvania, Virginia
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

2021-002

Program Title:	COVID-19 Coronavirus Relief Fund
ALN/CFDA Number:	21.019
Compliance Requirement:	Reporting
Criteria:	Per single audit requirements, prime recipients (i.e. the Commonwealth of Virginia) are required to submit quarterly Financial Progress reports. To assist with the reporting requirement, the Commonwealth required quarterly reports from its subrecipients (the County).
Condition:	The amount reported in the quarterly reports to the Commonwealth totaled a cumulative \$9,535,147 while expenditure reports from the County's system showed a total of \$10,010,380 expended, with a difference of \$475,233.
Questioned Costs:	None
Context:	Quarterly reports prepared for the Commonwealth were based on system generated expenditure detail reports for the same quarter; however, a year-to-date report was not utilized to ensure that aggregate totals reported to the state were updated for any accrual entries.
Effect:	The amounts reported by the County to the Commonwealth are understated resulting in an error in reporting by the Commonwealth to the federal government.
Cause:	Lack of appropriate reconciliation and review processes over the quarterly reporting process.
Recommendation:	Management should establish a reconciliation process and reports should be reviewed by someone other than the preparer prior to submission to ensure accuracy of reporting.
Management's Response:	The Finance staff will implement a reconciliation process that includes proper review and approval by someone other than the report preparer prior to submission to ensure accuracy of reporting.

County of Pittsylvania, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Status of Prior Audit Findings

There were no prior year audit findings.