

COUNTY OF BATH, VIRGINIA



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

COUNTY OF BATH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

Prepared by

Ashton Harrison, County Administrator

County of Bath, Virginia

COUNTY OF BATH, VIRGINIA

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Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

Ashton N. Harrison
County Administrator



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December 9, 2019

To the Honorable Board of Supervisors and the Citizens of the County of Bath, Virginia:

Commonwealth of Virginia law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Robinson, Farmer, Cox Associates, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the County of Bath’s financial statements for the year ended June 30, 2019. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. This examination was conducted using guidelines set forth by Government Auditing Standards and the Specification for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts. The independent auditor’s report is located at the front of the financial section of this document.

In addition to meeting requirements set forth by state statutes, the independent audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) to meet the special needs of federal grantor agencies. As a part of the County's single audit, tests are made to determine the adequacy of the system of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2019 provided no instances of material weaknesses in the system of internal control and no violations of applicable laws and regulations. The auditors’ report related specifically to the single audit is included in the Compliance Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion and analysis (MD&A). The MD&A complements the letter of transmittal and should be read in conjunction with it. The County of Bath MD&A immediately follows the independent auditor’s report.

Mission Statement

It is our mission to enrich the quality of life for Bath County citizens and businesses alike. In meeting this commitment, the Board of Supervisors pledges to work in partnership with the citizens of Bath County to achieve the following:

- Provide for the health, safety and welfare of the citizens;
- Foster pride in our community;
- Develop a vibrant and diversified local economy;
- Plan for the County's future;
- Preserve our rural character and heritage;
- Preserve our natural environment; and,
- Be good stewards of the public treasury today as well as tomorrow.

Governance

Bath County is a political subdivision of the Commonwealth of Virginia that is governed by a five-member Board of Supervisors. Board members are residents of and elected from designated magisterial districts: Cedar Creek, Millboro, Warm Springs, Williamsville, and Valley Springs. Policy-making and legislative authority is vested in the governing body (Board). The Board of Supervisors appoints the County Administrator who oversees the County's operations.

Bath County is also served by five Constitutional Officers: Sheriff, Commonwealth Attorney, Treasurer, Commissioner of the Revenue, and Circuit Court Clerk.

The County seat is located in Warm Springs.

Core Government Services

The County provides a wide range of services to its residents: law enforcement, E-911, emergency management, judicial services, sanitation and waste disposal, parks and recreation, tourism, community and economic development, animal control and animal shelter, buildings and grounds maintenance, and general and financial administration.

Utility services (water and sewer) are provided by the Bath County Service Authority.

The Bath County Economic Development Authority assists with the attraction of new businesses and the expansion of existing businesses to help improve the local economy.

Public Education

The Bath County Public School System (BCPS) is fully accredited by the Virginia Department of Education and provides education to approximately 515 students in grades K-12. The County has three schools: two elementary schools (Pre-Kindergarten – Grade 7), one high school (Grades 8 – 12), and a career and technical center.

Higher Education

Bath County is located within an hour's drive of several higher education institutions. These include Washington and Lee University and Virginia Military Institute in Lexington; Southern Virginia University in Buena Vista; and Dabney S. Lancaster Community College in Clifton Forge.

History

Bath County was formed from parts of Augusta, Botetourt, and Greenbrier counties in December 1790. Named for the English resort city of Bath, Bath County was, similarly, to become a resort area of national reputation because of its soothing mineral waters.

At one time, Bath County had 22 commercial springs operating within its boundaries. These mineral waters were used for healing purposes and attracted patrons to the inns and hotels located at Hot Springs, Warm Springs, Bolar Springs, Millboro Springs, Healing Springs, and Bath-Alum Springs. Today, the baths in Hot Springs is still open to the public. The construction of the resort hotel, The Homestead, in the late 1920s, turned the community of Hot Springs into a nationally recognized resort center. Tourism continues to be the main industry in Bath County.

Geography

Bath County encompasses 540 square miles and lies within the Allegheny Mountains and is part of the Valley and Ridge Physiographic Province. The County is characterized by high, narrow, mountain ridges that run northeast to southwest and that form relatively narrow river valleys. Most of the level areas are found on the terraces adjacent to streams and rivers.

The Jackson, Bullpasture, and Cowpasture rivers and other streams lie within Bath County and are subject to moderate to severe flooding during periods of heavy rains or rapid thawing. Soils in the County are primarily mountain soils derived from the weathering of acidic sandstone, shale, quartz, and granite parent material. These soils are often shallow, rocky, and excessively drained. Soils in the valleys range from carbonate soils to alluvial soils along rivers and streams. Colluvial soils resulting from the weathering of the sandstone and shale mountains are also found in the valleys. The predominant geological structure underlying the area is a complex formation of sandstone, limestone, shale, and dolomite.

Demographics

According to the figures from the Census Bureau updated in 2018, the County has 4,292 residents. Median household income was \$44,483. The poverty level was 10.1%. The educational attainment was 87.5% with a high school degree or higher. Approximately 10.8% of persons under the age of 65 were without health insurance. The median housing value was \$151,100.

The Virginia Economic Development Partnership reported the unemployment rate at 2.2% as of September 2019.

Healthcare

Bath Community Hospital, located in Hot Springs, is a full-service medical facility offering 24-hour emergency care. The Lewis Gale Hospital Alleghany, located in nearby Alleghany County, offers full-service, acute and emergency medical care. The Springs Nursing Center is a 90-bed facility providing skilled nursing care in private and shared accommodations.

Culture and Recreation

The cultural blend of the community is comprised of families who have lived in the County for generations and residents from around the country and world who have chosen to live in Bath County.

The County operates three playing fields, two tennis courts, a skatepark, two swimming pools and offers a variety of public recreational programs.

The Bath area offers a wide range of recreation and leisure activities that appeal to both the outdoorsman and those who wish to experience the ultimate in relaxation. Abundant opportunities exist to enjoy camping, hunting, fly and trout fishing, biking and hiking trails, and resorts and spas.

The nationally known Omni Homestead is located on 3,000 acres in Hot Springs. The Omni Homestead includes two championship golf courses, horseback riding, hiking, fishing, tennis, swimming, skeet and trap shooting, falconry, skiing, snowboarding and ice skating.

The Dominion Back Creek recreational area is located adjacent to the world's most powerful pumped storage generating station, a Dominion Resources owned property that is a major taxpayer in the County and provides electricity for millions of homes across six different states. This 325-acre public recreational area contains two lakes that are open on a seasonal basis located just downstream from the lower dam. This area is a popular destination for fishing, non-power boating, picnicking, swimming, hiking and camping.

As a traditional family park for more than 70 years, Douthat is listed on the National Register of Historic Places because its design influenced the development of parks nationwide. Located amid some of Virginia's most breathtaking mountain scenery, visitors enjoy miles of stream fishing, a 50-acre recreation lake stocked with trout, a sandy swimming beach, boat and bicycle rentals, a camp store, miles of hiking, biking, horseback riding trails, cabins, campgrounds and picnic areas.

Lake Moomaw and the Bolar Mountain recreational areas are among the most popular developed recreational areas in the George Washington National Forest and provide an endless array of activities including boating, fishing, hiking, biking and camping. The Grouse Point Overlook and the Island Overlook are also two popular vista locations in the Bolar Mountain region which offer a scenic panoramic view of Lake Moomaw. Approved by Congress in 1947 the Gathright Dam and most of the recreation facilities were constructed by the Army Corps of Engineers between 1965 and 1979. Gathright Dam and Lake Moomaw provide flood and water quality control along the Jackson and the James Rivers. Adjacent to the dam is 13,428 acres known as the T.M. Gathright Wildlife Management Area which is managed by the Virginia Department of Game and Inland Fisheries. The area is devoted to the enhancement and management of wildlife, especially wild turkey.

Economic Development

The Bath County Economic Development Authority is prepared to assist qualified businesses and industries to expand or locate in the County. The Authority is comprised of a seven-member Board comprised of one member from each Magisterial District and two at-large members appointed by the Board of Supervisors. The County is committed to free enterprise and maintaining a business-friendly environment.

The County is accessible to Interstate 81 and Interstate 64 via U.S. Route 220 which provides the main routes of transportation to and from Bath County. General aviation service is available through the Ingalls Field Airport located in Hot Springs. Domestic flights are accessible within 66 miles of the County via the Shenandoah Valley Regional Airport and within 73 miles via the Greenbrier Valley Airport in Lewisburg, West Virginia.

The Bath County Board of Supervisors and the Economic Development Authority Board of Directors has adopted an Economic Development Strategic Plan. The primary objective of the Bath County Economic Development Strategic Plan is to present a range of implementable action steps that capitalize on the County's existing strengths and opportunities to increase the level of economic activity within the County. The Strategic Plan is available for public review and is on the County's website www.bathcountyva.org.

Taxes

The property tax rate is \$0.50 per \$100 in assessed valuation. The personal property tax rate is \$0.35 per \$100 in assessed valuation.

The sales tax rate is 1%.

The meals tax rate is 4%.

The lodging tax rate is 4%. The General Fund receives 2% of the taxes and the Lodging Tax – Marketing/Capital Fund receives 2%.

Relevant Financial Policies

The Bath County Fund Balance Policy includes the goal to maintain a fund balance for cash liquidity purposes. At the close of each fiscal year, the County's unassigned General Fund balance should be equal to at least 20% of the County's total General Fund expenditures. If the County does not meet its target, it will develop a plan during the annual budget adoption process to replenish the unassigned fund balance to the 20% target level over a period of not more than three to five fiscal years. The County's unassigned General Fund balance is 50% for the fiscal year ending June 30, 2018.

Major Initiatives

The County has instituted an additional lodging tax of 5% on specific historic lodging establishments for the purpose of providing economic incentive grants to said historic lodging establishments. The County has entered into a 30-year agreement with The Homestead, L.C. and the EDA to incentivize significant capital improvements to the Omni Homestead resort, Bath County's largest employer and a major taxpayer.

The County has completed the architectural plans for a Visitors Center on property it owns in Mitchelltown, Virginia. The project will be bid in December 2019 with construction beginning early Spring 2020.

The County has entered into partnerships with neighboring jurisdictions and the private sector to expand broadband Internet in the region.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officer's Association of the United States and Canada (GFOA) awards Certificate of Achievement for Excellence in Financial Reporting to governmental units that exemplify excellence in financial reporting and conform to stringent reporting requirements promulgated by that Association and various authoritative bodies.

To earn a Certificate of Achievement, the County has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

Bath County was proud to receive its first Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending June 30, 2018.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current CAFR meets the Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

Conclusion

I want to thank the dedicated staff of the County Administrator's Office and the Office of the County Treasurer for their hard work in helping prepare this report. Additionally, all Constitutional officers and departments heads should be commended for making the most efficient use of their budgets. Finally, credit is due to the Board of Supervisors for their strong commitment to maintaining sound fiscal policy. My office looks forward to continuing to work with the Board of Supervisors and all County departments in ensuring the health, safety, and welfare of our citizens.

Respectfully Submitted,



Ashton N. Harrison
County Administrator
County of Bath, Virginia



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Bath County
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

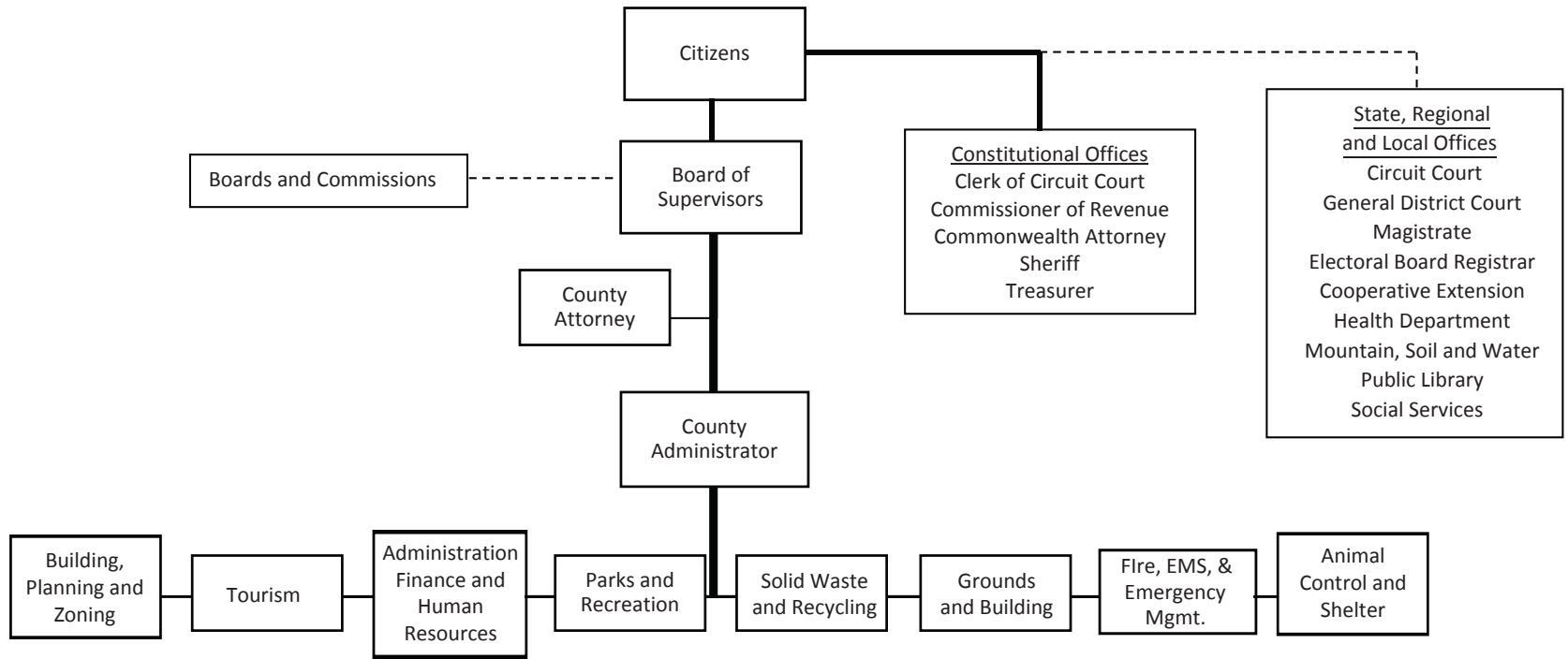
June 30, 2018

Christopher P. Morill

Executive Director/CEO



County of Bath Organizational Chart



COUNTY OF BATH, VIRGINIA

BOARD OF SUPERVISORS

Bart Perdue, Vice-Chairman
Ron Shifflett

Richard B. Byrd, Chairman

Stuart L. Hall
Edward T. Hicklin

COUNTY SCHOOL BOARD

Bryan Secoy
Cathy Lowry

Rhonda Grimm, Chairman

Roy Burns, Vice-Chairman
Eddie Ryder

DEPARTMENT OF SOCIAL SERVICES BOARD

Richard B. Byrd

Beatrice Clark, Chairman

Charlotte Haynes, Vice-Chairman

PUBLIC SERVICE AUTHORITY

Chad Carpenter, Vice-Chairman
Bartlett Ailstock

Bart Perdue, Chairman

David Lindsay, Secretary/Treasurer
Greg Tunning

OTHER OFFICIALS

Judge of the Circuit Court John E. Wetsel, Jr.
Clerk of the Circuit Court..... Annette T. Loan
Judge of the General District Court..... J. Gregory Mooney
Judge of the Juvenile & Domestic Relations Court..... Laura L. Dascher
Commonwealth's Attorney John C. Singleton
Commissioner of the Revenue..... Angel M. Grimm
Treasurer Pamela H. Webb
Sheriff..... Robert W. Plecker
Superintendent of Schools..... Sue Hirsh
Director of Social Services..... Jason Miller
County Administrator Ashton Harrison

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, Virginia, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 2 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. 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 4-11, 102-103, and 104-128 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 County of Bath, Virginia's basic financial statements. The other supplementary information and 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

The statistical information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of County of Bath, 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 Bath, 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 Bath, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a narrative overview and analysis of the financial activities of the County of Bath, Virginia for the fiscal year ended June 30, 2019.

Financial Highlights

Government-Wide Financial Statements

The assets and deferred outflows of the primary government of County of Bath, Virginia exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8,638,461. Of this amount, \$6,685,387 was unrestricted (an increase of \$60,222 from the previous fiscal year), and may be used to meet the government's ongoing obligations to creditors and citizens. Of the net position, there is \$1,200,664 invested in capital assets, net of related debt (a decrease of \$112,854 from the previous fiscal year), and \$752,410 restricted for economic development. The School Board's net position was \$1,638,678 of which there was an unrestricted deficit in the amount of (\$10,666,675). The Service Authority's net position was \$7,411,167, of which there was an unrestricted net position of (\$207,253). The Economic Development Authority's net position was \$431,883, of which there was an unrestricted net position of \$208,977. Exhibit 1 contains the Statement of Net Position for the Primary Government and the Component Units.

The Primary Government's overall net position increased by \$699,778. The School Board's net position increased by \$1,909,113, and the Service Authority's net position decreased by \$266,087. (See Exhibit 2.)

Fund Financial Statements

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$7,841,447. (See Exhibit 3.) This amount includes taxes and other accounts receivable collected within 60 days of the fiscal year end reflected in the fiscal year 2018-19 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,840,996 of which \$7,841,447 is available for spending at the government's discretion (unassigned fund balance). (See Exhibit 3.)

Overview of the Financial Statements

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

Local government accounting and financial reporting originally focused on funds 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 justification from the government that public funds have been used to comply with public decisions and whether operating objectives have been met efficiently and effectively and can continue 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, deferred outflows, liabilities, and deferred inflows 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, liabilities, deferred inflows, and net position. The difference between assets and deferred outflows and liabilities and deferred inflows 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 that are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in governments, revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate government activities and business-type activities of the County. The primary sources of funding for government activities are taxes and intergovernmental revenues. Government activities include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation, cultural, and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently presents the Bath County Public Service Authority as a component unit that can be classified as a business-type activity.

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Bath County School Board, 2) the Bath County Economic Development Authority, and 3) the Bath County Public Service Authority. Although the 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 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 operational funding of the component unit.

Fund Financial Statements

Only major or significant funds are presented in separate columns of the fund financial statements. 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 a reconciliation between the two methods is provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

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 the accrual basis of accounting, similar to private sector business.

Fiduciary Funds

Fiduciary funds account for assets held by the government as a trustee or agent 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 statements because the funds are not available to support the County's own activities.

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. For the County of Bath, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,638,461 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.

Statement of Net Position June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Current and other assets	\$ 10,910,358	\$ 10,358,437
Capital assets	4,325,664	5,433,518
Total assets	<u>\$ 15,236,022</u>	<u>\$ 15,791,955</u>
Deferred Outflows of Resources	\$ 345,200	\$ 393,114
Long-term liabilities	\$ 5,494,657	\$ 7,087,744
Other liabilities	544,271	599,586
Total liabilities	<u>\$ 6,038,928</u>	<u>\$ 7,687,330</u>
Deferred Inflows of Resources	\$ 903,833	\$ 559,056
Net investment in capital assets	\$ 1,200,664	\$ 1,313,518
Restricted-economic development	752,410	-
Unrestricted	6,685,387	6,625,165
Total net position	<u>\$ 8,638,461</u>	<u>\$ 7,938,683</u>

For the County, 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 13.90 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 debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$752,410, representing 8.70% of total net position is subject to external restrictions and must be used for economic development.

The remaining balance of unrestricted net position, which is \$6,685,387 or 77.40% percent of total net position, may be used to meet government's ongoing obligations to citizens and creditors.

The government's net position increased by \$699,778 during the current fiscal year, compared to an increase of \$354,522 in FY 2018.

Governmental Activities

Governmental activities increased the County's net position by \$699,778. Key elements of this increase are as follows:

		Governmental Activities	
		2019	2018
Revenues:			
Program revenues:			
Charges for services	\$	137,794	\$ 131,774
Operating grants and contributions		1,765,539	1,667,338
Capital grants and contributions		59,328	57,361
General revenues:			
General property taxes		11,511,516	11,596,114
Other local taxes		3,612,045	3,458,784
Use of money and property		112,172	56,350
Miscellaneous		62,142	49,353
Grants and contributions not restricted to specific programs		499,335	395,213
Total revenues	\$	<u>17,759,871</u>	\$ <u>17,412,287</u>
Expenses:			
General government	\$	1,109,785	\$ 1,134,535
Judicial administration		400,581	428,181
Public safety		2,549,396	2,787,707
Public works		1,343,309	1,179,161
Health and welfare		1,032,741	984,438
Education		9,214,671	9,296,708
Parks, recreation, and cultural		583,930	553,239
Community development		634,872	496,504
Nondepartmental		88,741	78,239
Interest on long-term debt		102,067	119,053
Total expenses	\$	<u>17,060,093</u>	\$ <u>17,057,765</u>
Increase (decrease) in net position	\$	699,778	\$ 354,522
Beginning net position		7,938,683	7,584,161
Ending net position	\$	<u>8,638,461</u>	\$ <u>7,938,683</u>

Total revenues increased by \$347,584 from fiscal year 2018 to 2019. This change is primarily attributable to

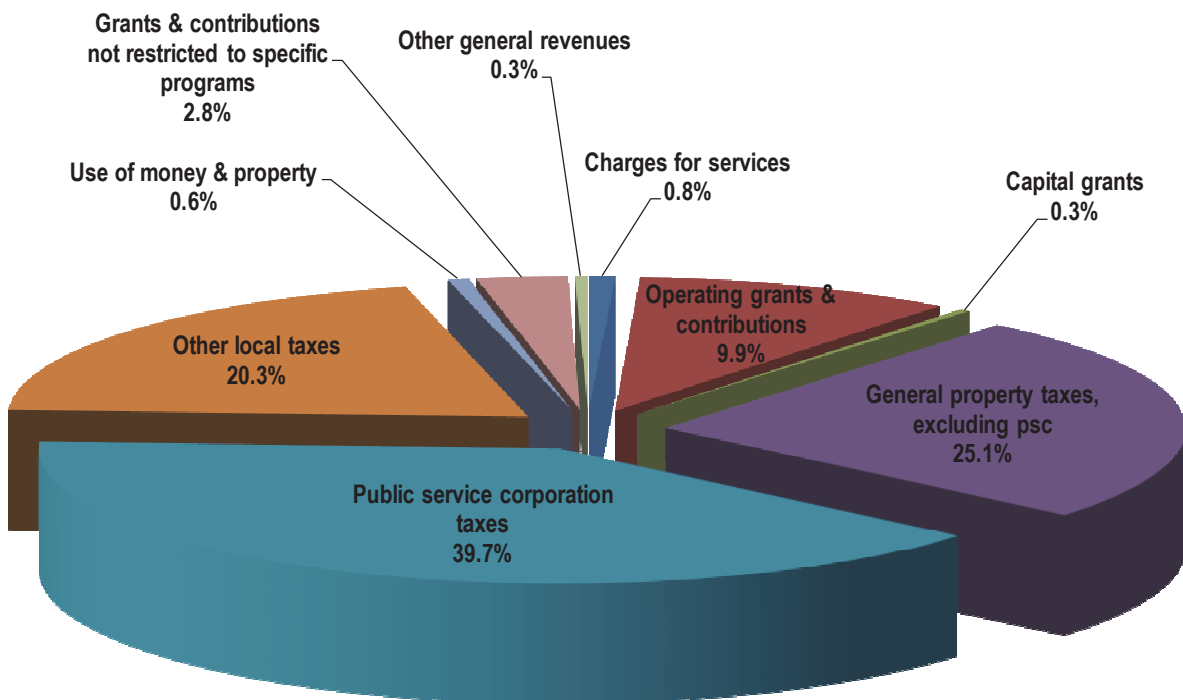
- an increase in operating grants and contributions of \$98,201, mostly due to an increase in public assistance/welfare administration of \$57,749 and an increase in Children's Services Act funding of \$25,794 over the prior year
- a decrease in general property taxes of (\$84,598), comprised primarily of the public service corporation tax category
- a net increase in other local taxes of \$153,261, due to a decrease in recordation/wills tax of \$430,222 resulting from a significant one-time receipt in FY18, offset by a significant increase in hotel/motel room taxes of \$671,891 predominantly due to FY19 being the first year for collection of the historic lodging establishment transient occupancy tax
- an increase in revenue from the use of money and property of \$55,822, due to increased investment returns, and
- an increase in grants and contributions not restricted to specific programs of \$104,122, due to a significant increase in the federal payment in lieu of tax receipt of \$191,391 over the prior year.

Total expenses increased by \$2,328 from fiscal year 2018 to 2019. Some of the significant factors affecting this net increase are:

- a decrease in public safety expenses of \$238,311, mainly due to a large contribution for the acquisition of a new ambulance to fire/rescue agencies in FY18
- an increase in public works expenses of \$164,148, due to increased solid waste disposal costs
- a decrease in education costs of \$82,037
- an increase in community development expense of \$138,368

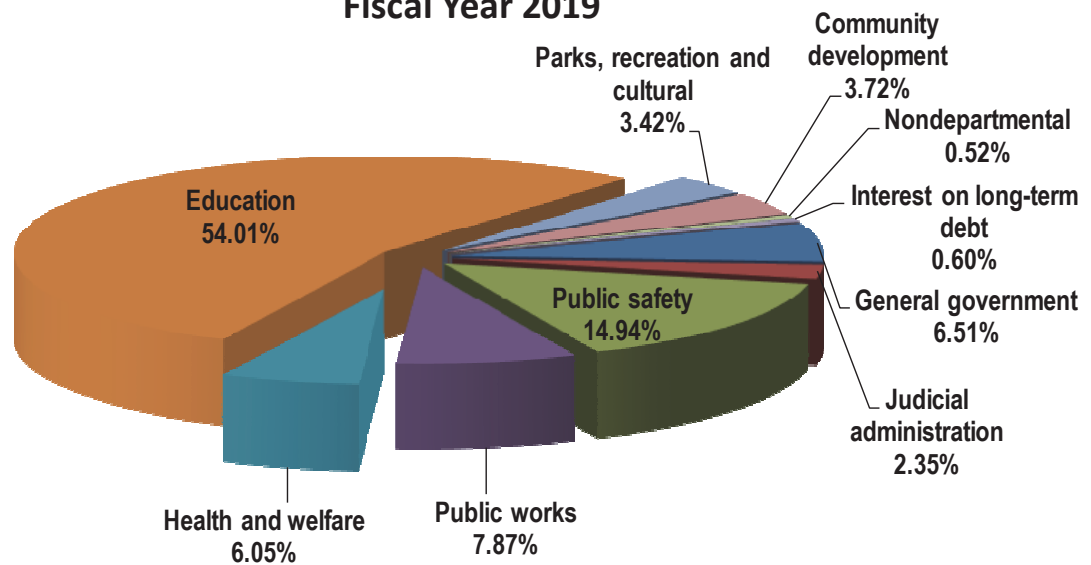
The chart below provides a visual analysis of the sources of revenue by percentage for the County for the year ended June 30, 2019.

Sources of Revenue of Governmental Activities for Fiscal Year 2019



Similarly, the following chart provides an analysis of the expenses of the Governmental Activities by major functional category for the year ended June 30, 2019:

Total Functional Expenses of Governmental Activities for Fiscal Year 2019



Financial Analysis of the Government's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The financial statements of the governmental funds serve 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 \$9,840,996, an increase of \$571,801 from the prior year. Approximately, 79.7 percent of this total amount constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is earmarked.

The general fund is the chief operating fund of the County. As of June 30, 2019, total fund balance of the general fund was \$7,965,270 of which \$7,841,447 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total general fund expenditures. The unassigned fund balance represents 48.92 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$8,157,022. Total general fund balance represents 49.69 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$261,554 during the current fiscal year as compared to an increase of \$257,658 in fiscal 2018.

Fiscal 2019 expenditures unrelated to debt service increased \$77,609 from fiscal 2018. This is partly attributable to an increase of \$80,504 in the Board of Elections department, an increase of \$23,029 in the Registrar department, an increase in law enforcement of \$171,255, a decrease in contributions to fire/rescue of \$210,052, an increase in sanitation and waste removal costs of \$139,824, a decrease in buildings and grounds expenditures of \$61,985, a decrease in school funding of \$145,837 and an increase in parks and recreation administrative expenses of \$75,901.

Total general fund revenues in fiscal year 2019 were down by \$434,776 as compared to fiscal year 2018, or a 2.66 decrease. There was a net decrease in general property tax revenue of \$133,968, partially comprised of a \$35,075 decrease in real estate tax revenue and a \$101,879 decrease in public service corporation tax revenue. The decrease in other local tax revenue is largely due to a one-time receipt of a significant recordation/wills tax that comprised the majority of the decrease in that revenue category of \$430,222. There was also a decrease in meals tax of \$77,353 and a reduction in local sales tax received from the Commonwealth of \$22,293. There was an increase in revenue from the use of money and property which is primarily associated with increased investment earnings, of \$55,717. The net increase in state and federal grants of \$119,089 was primarily associated with a reduction in state recordation taxes of \$91,998, and an increase in federal payment in lieu of taxes of \$191,391. All other categories of revenues sustained slight increases or decreases as compared to the previous fiscal year.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, only in more detail. Total net position of the component unit, Bath County Public Service Authority, at the end of the fiscal year was \$7,411,167. Additional financial information for the Bath County Public Service Authority for the year ended June 30, 2019 can be found in Exhibits 39-41 of the accompanying financial statements.

General Fund Budgetary Highlights

The general fund's original budgeted appropriations amounted to \$16,309,880, the final amended general fund budget was \$17,028,804 representing an increase of \$718,924, or 4.4 percent of the original general fund budget. The most notable amendment to the budget is an increase in anticipated sheriff law enforcement department spending of \$251,224. This budget increase was due to hiring two additional full-time school resource officers along with vehicles and equipment for said deputies. Overall, total General Fund actual expenses amounted to \$16,029,138, which were below both the adopted and amended budgets in total.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of June 30, 2019 is \$4,325,664 (net of accumulated depreciation) and is a decrease of \$1,107,854 from the previous fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and construction in progress. The most significant asset additions for fiscal year 2019 were the new police vehicles and the voting systems.

**Summary of Capital Assets for Governmental Activities
(net of depreciation)**

As of June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Land	\$ 634,478	\$ 634,478
Buildings and improvements	2,968,612	4,133,685
Machinery and equipment	680,604	623,385
Construction in progress	41,970	41,970
Total	\$ 4,325,664	\$ 5,433,518

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:

Summary of Outstanding Debt For the Year Ended June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Revenue bonds	\$ 3,125,000	\$ 4,120,000
Net OPEB liabilities (Notes 10-16)*	588,103	730,676
Compensated absences	120,925	126,605
Net pension liability	1,660,629	2,110,463
Total	<u>\$ 5,494,657</u>	<u>\$ 7,087,744</u>

All debt reported by the Discretely Presented Component Unit - School Board, has been assumed by the Primary Government as required by Section 15.2-1800.1, Code of Virginia, 1950, as amended. There have been no significant changes in debt activity for the current fiscal year. This is the second year the County has reported net Other Post Employment Benefit liability as an indebtedness pursuant to GASB Statements No.75 as discussed in detail in Notes 10, 11, 12, 13, 14, 15, and 16. At June 30, 2019, the County's net pension liability and OPEB obligation represent 30.22% and 10.70% of the County's total outstanding debt, respectively. Much more detail on the Pension Plan of the County can be found in Note 9 of these financial statements.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County as of June 30, 2019 was 2.4 percent, which was a slight decrease (.2%) from the prior year. This compares favorably to the state's average unemployment rate of 2.9 percent and the national average rate of 3.7 percent for the same fiscal period (data from U.S. Bureau of Labor Statistics).

Dominion Power and Omni Homestead Resort and Spa continue to be major employers in, and significant sources of revenue for, the County.

Overall, the financial position of the County is considered stable. The real estate tax rate for fiscal 2020 remains unchanged at \$.50 per \$100 of assessed value.

Sales tax collections decreased by \$22,293 in fiscal year 2019 and are expected to remain flat through fiscal year 2020.

Effective September 1, 2018, the County began assessing an additional 5% lodging tax on specific historic lodging establishments. The proceeds from this tax are dedicated to providing economic incentive grants to those establishments.

During fiscal year 2019, the unassigned fund balance in the general fund decreased by \$76,600 (from \$7,918,047 to \$7,841,447). Nonspendable, committed, and assigned fund balances decreased by \$184,954 (from \$308,777 to \$123,823).

Requests for Information

This financial report is designed to provide readers with a general overview of the County of Bath's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed the Office of the County Administrator, County of Bath, Post Office Box 309, Warm Springs, Virginia 24484.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2019

	Primary Government		Component Units	
	Governmental Activities	School Board	Economic Development Authority	Service Authority
ASSETS				
Cash and cash equivalents	\$ 9,581,112	\$ 675,583	\$ 208,977	\$ 3,409,523
Receivables (net of allowance for uncollectibles):				
Taxes receivable	555,444	-	-	-
Accounts receivable	228,357	-	-	118,714
Notes receivable	56,690	-	-	-
Due from component unit	93,284	-	-	-
Due from other governmental units	354,112	156,689	-	-
Inventories	-	16,206	-	-
Prepaid items	41,359	119,333	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	58,825
Net pension asset	-	92,332	-	-
Capital assets (net of accumulated depreciation):				
Land and land improvements	634,478	238,282	65,799	73,365
Buildings and improvements	2,968,612	10,918,416	157,107	-
Machinery and equipment	680,604	1,446,884	-	10,082
Utility plant in service	-	-	-	7,882,996
Construction in progress	41,970	-	-	7,466
Total assets	<u>\$ 15,236,022</u>	<u>\$ 13,663,725</u>	<u>\$ 431,883</u>	<u>\$ 11,560,971</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 315,474	\$ 906,037	\$ -	\$ 49,145
OPEB related items	29,726	147,084	-	3,666
Total deferred outflows of resources	<u>\$ 345,200</u>	<u>\$ 1,053,121</u>	<u>\$ -</u>	<u>\$ 52,811</u>
LIABILITIES				
Accounts payable	\$ 193,560	\$ -	\$ -	\$ 39,156
Accrued payroll	-	668,485	-	-
Customers' deposits	-	-	-	35,563
Accrued interest payable	2,930	-	-	-
Due to primary government	-	93,284	-	-
Unearned revenue	347,781	134,500	-	3,374,746
Long-term liabilities:				
Due within one year	1,050,231	155,114	-	23,602
Due in more than one year	4,444,426	10,296,979	-	663,555
Total liabilities	<u>\$ 6,038,928</u>	<u>\$ 11,348,362</u>	<u>\$ -</u>	<u>\$ 4,136,622</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 292,757	\$ -	\$ -	\$ -
Pension related items	426,342	1,204,625	-	61,427
OPEB related items	184,734	525,181	-	4,566
Total deferred inflows of resources	<u>\$ 903,833</u>	<u>\$ 1,729,806</u>	<u>\$ -</u>	<u>\$ 65,993</u>
NET POSITION				
Net investment in capital assets	\$ 1,200,664	\$ 12,305,353	\$ 222,906	\$ 7,595,158
Restricted -				
Economic development	752,410	-	-	-
Debt service reserve fund	-	-	-	23,262
Unrestricted (deficit)	6,685,387	(10,666,675)	208,977	(207,253)
Total net position	<u>\$ 8,638,461</u>	<u>\$ 1,638,678</u>	<u>\$ 431,883</u>	<u>\$ 7,411,167</u>

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

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County of Bath, Virginia

Statement of Activities
 Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,109,785	\$ 25,560	\$ 179,403	\$ -
Judicial administration	400,581	22,173	255,032	-
Public safety	2,549,396	76,040	561,337	59,328
Public works	1,343,309	10,859	-	-
Health and welfare	1,032,741	-	639,046	-
Education	9,214,671	-	-	-
Parks, recreation, and cultural	583,930	3,162	-	-
Community development	634,872	-	130,721	-
Nondepartmental	88,741	-	-	-
Interest on long-term debt	102,067	-	-	-
Total governmental activities	<u>\$ 17,060,093</u>	<u>\$ 137,794</u>	<u>\$ 1,765,539</u>	<u>\$ 59,328</u>
COMPONENT UNITS:				
School Board	\$ 10,259,418	\$ 117,650	\$ 2,794,989	\$ -
Economic Development Authority	36,276	-	-	-
Service Authority	1,547,221	1,174,128	-	-
Total component units	<u>\$ 11,842,915</u>	<u>\$ 1,291,778</u>	<u>\$ 2,794,989</u>	<u>\$ -</u>

General revenues:
 General property taxes
 Other local taxes
 Local sales and use taxes
 Restaurant food tax
 Motor vehicle licenses taxes
 Taxes on recordation and wills
 Bank stock taxes
 Hotel and motel room taxes
 Other local taxes
 Unrestricted revenues from use of money and property
 Miscellaneous
 Grants and contributions not restricted to specific programs
 Total general revenues
 Change in net position
 Net position - beginning, as restated
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Economic Development Authority	Service Authority	
\$ (904,822)	\$ -	\$ -	\$ -	\$ -
(123,376)	-	-	-	-
(1,852,691)	-	-	-	-
(1,332,450)	-	-	-	-
(393,695)	-	-	-	-
(9,214,671)	-	-	-	-
(580,768)	-	-	-	-
(504,151)	-	-	-	-
(88,741)	-	-	-	-
(102,067)	-	-	-	-
<u>\$ (15,097,432)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (7,346,779)	\$ -	\$ -	\$ -
-	-	(36,276)	-	-
-	-	-	(373,093)	-
<u>\$ -</u>	<u>\$ (7,346,779)</u>	<u>\$ (36,276)</u>	<u>\$ (373,093)</u>	<u>\$ -</u>
\$ 11,511,516	\$ -	\$ -	\$ -	\$ -
827,700	-	-	-	-
828,554	-	-	-	-
77,603	-	-	-	-
44,840	-	-	-	-
48,833	-	-	-	-
1,762,955	-	-	-	-
21,560	-	-	-	-
112,172	-	37,107	107,006	-
62,142	46,970	-	-	-
499,335	9,208,922	-	-	-
<u>\$ 15,797,210</u>	<u>\$ 9,255,892</u>	<u>\$ 37,107</u>	<u>\$ 107,006</u>	<u>\$ -</u>
\$ 699,778	\$ 1,909,113	\$ 831	\$ (266,087)	\$ -
7,938,683	(270,435)	431,052	7,677,254	-
<u>\$ 8,638,461</u>	<u>\$ 1,638,678</u>	<u>\$ 431,883</u>	<u>\$ 7,411,167</u>	<u>\$ -</u>

FUND FINANCIAL STATEMENTS

Balance Sheet
 Governmental Funds
 June 30, 2019

	<u>General</u>	<u>Lodging Tax Marketing/ Capital Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 7,734,247	\$ 1,846,865	\$ -	\$ 9,581,112
Receivables (net of allowance for uncollectibles):				
Taxes receivable	555,444	-	-	555,444
Accounts receivable	175,433	52,924	-	228,357
Notes receivable	56,690	-	-	56,690
Due from other funds	61,414	-	-	61,414
Due from component unit	93,284	-	-	93,284
Due from other governmental units	291,340	-	62,772	354,112
Prepaid items	41,359	-	-	41,359
Total assets	<u>\$ 9,009,211</u>	<u>\$ 1,899,789</u>	<u>\$ 62,772</u>	<u>\$ 10,971,772</u>
LIABILITIES				
Accounts payable	\$ 168,139	\$ 24,063	\$ 1,358	\$ 193,560
Due to other funds	-	-	61,414	61,414
Unearned revenue	347,781	-	-	347,781
Total liabilities	<u>\$ 515,920</u>	<u>\$ 24,063</u>	<u>\$ 62,772</u>	<u>\$ 602,755</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	\$ 528,021	\$ -	\$ -	\$ 528,021
Total deferred inflows of resources	<u>\$ 528,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,021</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 41,359	\$ -	\$ -	\$ 41,359
Restricted for:				
Economic development	55,403	697,007	-	752,410
Committed:				
Special revenue funds	-	1,178,719	-	1,178,719
Assigned:				
K-9 program	1,960	-	-	1,960
Forfeited assets	7,980	-	-	7,980
Crime prevention	5,094	-	-	5,094
Sheriff's office special programs	6,313	-	-	6,313
Parks and recreation programs	5,714	-	-	5,714
Unassigned	7,841,447	-	-	7,841,447
Total fund balances	<u>\$ 7,965,270</u>	<u>\$ 1,875,726</u>	<u>\$ -</u>	<u>\$ 9,840,996</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,009,211</u>	<u>\$ 1,899,789</u>	<u>\$ 62,772</u>	<u>\$ 10,971,772</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,840,996	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land and land improvements	\$	634,478	
Buildings and improvements		2,968,612	
Machinery and equipment		680,604	
Construction in progress		<u>41,970</u>	
			4,325,664
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.			
Unavailable revenue - property taxes	\$	<u>235,264</u>	
			235,264
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	315,474	
OPEB related items		<u>29,726</u>	
			345,200
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Revenue bond	\$	(3,125,000)	
Net OPEB liabilities		(588,103)	
Net pension liability		(1,660,629)	
Compensated absences		(120,925)	
Accrued interest payable		<u>(2,930)</u>	
			(5,497,587)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(426,342)	
OPEB related items		<u>(184,734)</u>	
			(611,076)
Net position of governmental activities	\$		<u><u>8,638,461</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2019

	General	Lodging Tax Marketing/ Capital Fund	Other Governmental Funds	Total
REVENUES				
General property taxes	\$ 11,479,901	\$ -	\$ -	\$ 11,479,901
Other local taxes	2,404,967	1,207,078	-	3,612,045
Permits, privilege fees, and regulatory licenses	69,300	-	-	69,300
Fines and forfeitures	1,096	-	-	1,096
Revenue from the use of money and property	112,172	-	-	112,172
Charges for services	67,398	-	-	67,398
Miscellaneous	58,366	3,776	-	62,142
Recovered costs	36,683	-	-	36,683
Intergovernmental:				
Commonwealth	1,337,569	-	249,205	1,586,774
Federal	347,587	-	389,841	737,428
Total revenues	<u>\$ 15,915,039</u>	<u>\$ 1,210,854</u>	<u>\$ 639,046</u>	<u>\$ 17,764,939</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,137,128	\$ -	\$ -	\$ 1,137,128
Judicial administration	422,716	-	-	422,716
Public safety	2,624,468	-	-	2,624,468
Public works	1,347,909	-	-	1,347,909
Health and welfare	280,561	-	786,501	1,067,062
Education	8,162,771	-	-	8,162,771
Parks, recreation, and cultural	600,276	-	-	600,276
Community development	266,568	377,499	-	644,067
Nondepartmental	88,741	-	-	88,741
Debt service:				
Principal retirement	995,000	-	-	995,000
Interest and other fiscal charges	103,000	-	-	103,000
Total expenditures	<u>\$ 16,029,138</u>	<u>\$ 377,499</u>	<u>\$ 786,501</u>	<u>\$ 17,193,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (114,099)</u>	<u>\$ 833,355</u>	<u>\$ (147,455)</u>	<u>\$ 571,801</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 147,455	\$ 147,455
Transfers out	<u>(147,455)</u>	<u>-</u>	<u>-</u>	<u>(147,455)</u>
Total other financing sources (uses)	<u>\$ (147,455)</u>	<u>\$ -</u>	<u>\$ 147,455</u>	<u>\$ -</u>
Net change in fund balances	\$ (261,554)	\$ 833,355	\$ -	\$ 571,801
Fund balances - beginning	8,226,824	1,042,371	-	9,269,195
Fund balances - ending	<u>\$ 7,965,270</u>	<u>\$ 1,875,726</u>	<u>\$ -</u>	<u>\$ 9,840,996</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended June 30, 2019

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

Net change in fund balances - total governmental funds	\$	571,801	
<p>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 depreciation exceeded capital outlays in the current period.</p>			
Capital outlays	\$	268,174	
Depreciation expense		(381,028)	
Net allocation of debt financed school assets based on current year repayments		<u>(995,000)</u>	(1,107,854)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents unavailable revenue.</p>			
Property taxes	\$	<u>31,615</u>	31,615
<p>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.</p>			
Principal repayments	\$	995,000	
Accrued interest		<u>933</u>	995,933
<p>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.</p>			
Change in compensated absences	\$	5,680	
Pension expense		194,715	
OPEB expense		<u>7,888</u>	<u>208,283</u>
Change in net position of governmental activities	\$		<u><u>699,778</u></u>

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity

The County of Bath, Virginia (government) is a municipal corporation governed by an elected five-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. 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.

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the County.

The Bath 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 Bath County School Board does not prepare separate financial statements.

The Bath County Service Authority has been determined to be a component unit of Bath County in accordance with Governmental Accounting Standards Board Statement 14. The Authority is a legally separate organization whose Board members are appointed by the Bath County Board of Supervisors. Since the Board of Supervisors is able to impose its will on the Authority, the Authority is a component unit of Bath County. The Bath County Service Authority does not prepare separate financial statements.

The Economic Development Authority of Bath County, Virginia has been determined to be a component unit of Bath County because the Authority's primary use of funds is to provide for economic development of the County, thereby benefiting the County even though it does not provide services directly to the County. The Economic Development Authority of Bath County, Virginia does prepare separate financial statements. Complete financial statements for the Authority may be obtained by contacting Patrick Haynes at the Authority's administrative office at PO Box 13 Warm Springs, VA 24484.

B. Government-wide and fund financial statements

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

B. Government-wide and fund financial statements (continued)

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 expenses – 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 are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 cash is received by the government.

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 and reported in another fund. The general fund includes the activities of the crime prevention, sheriff's carryover, sheriff's forfeited, and recycling funds.

The *special revenue fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the Lodging Tax – Marketing/Capital Fund.

Additionally, the government reports the following fund types:

Special Revenue funds account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Comprehensive Services Act and Virginia Public Assistance funds are nonmajor special revenue funds of the County.

Fiduciary funds (trust and agency 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. There are no fiduciary funds at June 30, 2019.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 Authority enterprise fund are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

External investment pools are measured at amortized cost. All other investments are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations.

2. Receivables and payables

Activity between funds that is 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventory

Inventory, consisting of cafeteria food items and supplies are stated at cost (first-in, first-out method). Inventory is expensed as it is consumed.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

4. Property Taxes

Real estate is assessed at its value on July 1 at which time taxes attach as an enforceable lien. Real estate taxes are payable in two installments on June 5th and December 5th. Personal property is assessed at its value on January 1. Personal property taxes are due and collectible annually on December 5th. 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 \$24,006 at June 30, 2019 and is comprised of uncollectible local taxes of the primary government in the amount of \$5,856 and uncollectible water and sewer accounts receivable of the component unit – Service Authority in the amount of \$18,150.

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. Restricted assets

Certain resources are classified as restricted assets on the balance sheet and are maintained in separate bank accounts. At June 30, 2019, \$23,262 was set aside for the repayment of the component unit – Service Authority’s enterprise fund revenue bonds and their use is limited by applicable bond covenants. In addition, the component unit – Service Authority had \$35,563 in a bank account restricted for customer deposits.

8. Capital assets

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

8. Capital assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

Property, plant, and equipment and infrastructure of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-50
Machinery and equipment	5-15
Utility plant	40

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the Statement of Net Position. No expenditure is reported for these amounts. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The County accrues salary-related payments associated with the payment of compensated absences.

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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

11. Fund equity

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

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

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

The County establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County's policy is to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses. If the unassigned fund balance falls below the established 20% of GAAP basis expenditures minimum, during the annual budget adoption process, a plan to replenish the unassigned fund balance to the target level over a period of not more than three to five fiscal years.

12. 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

13. Net Position Flow Assumption

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

14. Deferred Outflows/Inflows of Resources

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

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

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

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

15. Pensions

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

16. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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

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

16. Other Postemployment Benefits (OPEB) (continued)

Political Subdivision and Teacher Employee Virginia Local Disability Programs (VLDP)

For purposes of measuring the net VLDP OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB, and the VLDP OPEB expenses, information about the fiduciary net position of the VRS Political Subdivision Employee VLDP and VRS Teacher Employee VLDP; and the additions to/deductions from the VRS Political Subdivision Employee and VRS Teacher Employee VLDP's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 2—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

NOTE 3—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 April 1, 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. The following Funds have legally adopted budgets: General Fund, Virginia Public Assistance Fund, Lodging Tax Marketing and Capital Fund, School Operating Fund, and School Cafeteria 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.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 3—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY: (CONTINUED)

A. Budgetary Information (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts between 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 and Special Revenue Funds (except the School fund). The School 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. All budgetary data presented in the accompanying financial statements is the revised budget as of June 30.

B. Excess of expenditures over appropriations

For the year ended June 30, 2019, the following fund incurred expenditures exceeding appropriations:

Fund	Function	Excess of Expenditures over Appropriations
General	Debt Service	\$ 10,300
Total General Fund		\$ 10,300
School operating	Education	\$ 39,788
School operating	Debt service	153,840
Total School Fund		\$ 193,628
Cafeteria	School Food Services	\$ 28,347
Total All Other Funds		\$ 28,347

C. Deficit fund equity

At June 30, 2019, there were no funds with deficit fund equity.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 4—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize the County 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 and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the County’s investing activities are managed under the custody of the County Treasurer. Investing is performed in accordance with investment policies adopted by the County Board of Supervisors complying with state statutes. In accordance with the County’s investment policy, County funds may be invested in:

1. Certificates of deposits or other deposits of national banks located within the Commonwealth and state- chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
2. U.S. Treasury Bills (T-Bills).
3. Local Government Investment Pool (LGIP) administered by the Virginia Treasury Board.

The County’s rated debt investments as of June 30, 2019 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
Local Government Investment Pool	\$ 1,620,478

External Investment Pool

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

Interest Rate Risk

All County investments must be in securities maturing within five years. Maturities of the County’s investments are as follows:

Investment	Fair Value	Maturity
		Less than 1 year
Local Government Investment Pool	\$ 1,620,478	\$ 1,620,478

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 5—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>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 67,561
Local sales taxes	158,733	-
Communications Tax	15,627	-
Rolling Stock	86	-
Public assistance and welfare administration	15,625	-
Comprehensive Services Act funds	15,412	-
E-911 wireless	6,952	-
Recordation tax	1,810	-
Shared expenses	104,648	-
Other	2,800	564
Federal Government:		
Public assistance and welfare administration	31,734	-
US forest patrol reimbursement	685	-
Title VIB	-	40,326
Perkins CTE secondary	-	-
School cafeteria	-	48,238
Total	<u>\$ 354,112</u>	<u>\$ 156,689</u>

NOTE 6—INTERFUND COMPONENT-UNIT OBLIGATIONS:

The following balances represent amounts due between funds at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Due to Primary Government/ Component Unit</u>	<u>Due from Primary Government/ Component Unit</u>
Primary Government:				
General Fund	\$ 61,414	\$ -	\$ -	\$ 93,284
CSA Fund	-	14,055	-	-
VPA Fund	-	47,359	-	-
Total	<u>\$ 61,414</u>	<u>\$ 61,414</u>	<u>\$ -</u>	<u>\$ 93,284</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 93,284	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,284</u>	<u>\$ -</u>

The purpose of interfund obligations is to report the balance of local appropriations unspent at year-end due back to the respective funds.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 147,455
Virginia Public Assistance Fund	98,051	-
CSA Fund	49,404	-
Total	<u>\$ 147,455</u>	<u>\$ 147,455</u>

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

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government-Governmental Activities:

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2019</u>
Direct borrowings and placements:				
Revenue bond	\$ 4,120,000	\$ -	\$ 995,000	\$ 3,125,000
Other long-term obligations:				
Net OPEB liabilities	730,676	82,685	225,258	588,103
Compensated absences	126,605	89,274	94,954	120,925
Net pension liability	2,110,463	1,092,501	1,542,335	1,660,629
Total other long-term obligations	<u>\$ 2,967,744</u>	<u>\$ 1,264,460</u>	<u>\$ 1,862,547</u>	<u>\$ 2,369,657</u>
Total Long-Term Obligations	<u>\$ 7,087,744</u>	<u>\$ 1,264,460</u>	<u>\$ 2,857,547</u>	<u>\$ 5,494,657</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,020,000	\$ 70,312
2021	1,040,000	47,362
2022	1,065,000	23,962
Total	<u>\$ 3,125,000</u>	<u>\$ 141,636</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government-Governmental Activities: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and placements:		
\$9,545,000 2012 Series Public Facilities Lease Revenue Bond, issued August 1, 2012, due in annual installments of \$770,000 to \$1,065,000 through June 15, 2022, plus biannual interest payments at 2.25%.	\$ 3,125,000	\$ 1,020,000
Other long-term obligations:		
Net OPEB liabilities	588,103	-
Compensated absences (payable from General Fund)	120,925	30,231
Net pension liability	<u>1,660,629</u>	<u>-</u>
Total long-term obligations	<u>\$ 5,494,657</u>	<u>\$ 1,050,231</u>

The County's outstanding revenue bonds from direct borrowings and direct placements related to governmental activities of \$3,125,000 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The County has pledged to secure the payment and performance of the County's obligations under the bonds with the County's right, title, and interest to the revenues and receipts received by the County.

Discretely Presented Component Unit-Service Authority:

The following is a summary of long-term obligation transactions of the Service Authority for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2019</u>
Direct borrowings and placements:				
Revenue bonds	\$ 399,223	\$ -	\$ 20,472	\$ 378,751
Other long-term obligations:				
Compensated absences	11,880	9,547	8,910	12,517
Net OPEB liabilities	26,324	9,515	6,642	29,197
Net pension liability	297,609	211,058	241,975	266,692
Total long-term obligations	<u>\$ 735,036</u>	<u>\$ 230,120</u>	<u>\$ 277,999</u>	<u>\$ 687,157</u>

The Service Authority's outstanding revenue bonds from direct borrowings and direct placements of \$378,751 contain a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Service Authority has pledged to secure the payment and performance of the Authority's obligations under the bonds with the Authority's right, title, and interest to the revenues and receipts received by the Authority.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit-Service Authority: (continued)

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

Fiscal Year	Direct borrowings and placements:	
	Revenue Bonds	
	Principal	Interest
2020	\$ 20,473	\$ -
2021	20,473	-
2022	20,473	-
2023	20,473	-
2024	20,473	-
2025-2029	102,365	-
2030-2034	102,365	-
2035-2038	71,656	-
Total	\$ <u>378,751</u>	\$ <u>-</u>

Details of Long-term obligations:

	Total Amount	Amount Due Within One Year
Direct borrowings and placements:		
\$529,670 Virginia Resources Authority Revenue Bonds issued August 5, 1998, maturing October 1, 2037 with annual payments of \$36,075 including interest at 3%.	\$ <u>378,751</u>	\$ <u>20,473</u>
Total direct borrowings and placements	\$ <u>378,751</u>	\$ <u>20,473</u>
Other long-term obligations:		
Compensated absences (payable from Component Unit Service Authority)	\$ <u>12,517</u>	\$ <u>3,129</u>
Net OPEB liabilities	\$ <u>29,197</u>	\$ <u>-</u>
Net pension liability	\$ <u>266,692</u>	\$ <u>-</u>
Total Long-Term Obligations	\$ <u>687,157</u>	\$ <u>23,602</u>

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented 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, 2019:

	Balance July 1, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Direct borrowings and placements:				
Note Payable	\$ 1,746,039	\$ -	\$ 66,537	\$ 1,679,502
Other long-term obligations:				
Capital Lease	-	164,559	35,832	128,727
Compensated absences	227,947	168,761	170,960	225,748
Net OPEB liabilities	2,112,000	320,161	704,045	1,728,116
Net pension liability	7,225,000	1,608,000	2,143,000	6,690,000
Total Long-Term Obligations	<u>\$ 11,310,986</u>	<u>\$ 2,261,481</u>	<u>\$ 3,120,374</u>	<u>\$ 10,452,093</u>

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

Fiscal Year	Direct Borrowings and Placements: Note Payable		Other Long-Term Obligations: Capital Lease	
	Principal	Interest	Principal	Interest
2020	\$ 68,561	\$ 49,447	\$ 30,116	\$ 5,715
2021	70,646	47,362	31,453	4,378
2022	72,795	45,213	32,850	2,982
2023	75,009	42,999	34,308	1,523
2024	77,290	40,718	-	-
2025-2029	423,178	166,863	-	-
2030-2034	491,570	98,470	-	-
2034-2038	400,453	22,409	-	-
Total	<u>\$ 1,679,502</u>	<u>\$ 513,481</u>	<u>\$ 128,727</u>	<u>\$ 14,598</u>

The School Board's outstanding note payable from direct borrowings and direct placements of \$1,679,502 contains a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The School Board has pledged collateral consisting of all property, improvements, fixtures, and equipment installed at Bath County High School, Millboro Elementary School, and Valley Elementary School by Reliable Energy LLC to secure the payment and performance of the obligation under the note payable.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Discretely Presented Component Unit-School Board: (continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Direct borrowings and placements:		
\$1,773,180 note payable issued February 28, 2018, maturing January 28, 2038 with monthly payments of \$9,834 including interest at 3%.	\$ <u>1,679,502</u>	\$ <u>68,561</u>
Other long-term obligations:		
\$164,559 capital lease payable issued March 14, 2019, maturing May 1, 2023 with annual payments of \$35,832 including interest at 4.352% for the purchase of wifi infrastructure improvements.	\$ <u>128,727</u>	\$ <u>30,116</u>
Compensated absences (payable from Component Unit School Board)	\$ <u>225,748</u>	\$ <u>56,437</u>
Net OPEB liabilities	\$ <u>1,728,116</u>	\$ <u>-</u>
Net pension liability	\$ <u>6,690,000</u>	\$ <u>-</u>
Total long-term obligations	\$ <u><u>10,452,093</u></u>	\$ <u><u>155,114</u></u>

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COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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 creditable service. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% 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 1.7% 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 creditable service 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 creditable service 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, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	52	28
Inactive members:		
Vested inactive members	7	4
Non-vested inactive members	9	7
Inactive members active elsewhere in VRS	17	6
Total inactive members	33	17
Active members	63	30
Total covered employees	148	75

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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 contractually required employer contribution rate for the year ended June 30, 2019 was 11.57% of covered employee compensation for the County and Component Unit Public Service Authority. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$288,154 and \$285,396 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the pension plan from the Component Unit Public Service Authority were \$30,631 and \$37,180 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$15,858 and \$43,353 for the years ended June 30, 2019 and June 30, 2018, 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, Component Unit Public Service Authority's, and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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 age 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.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 9—PENSION PLANS: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

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

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, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 9—PENSION PLANS: (CONTINUED)

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% 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.

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

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Long-Term Expected Rate of Return

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, 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, 2018 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 (Asset) (a) - (b)
Balances at June 30, 2017	\$ 12,500,186	\$ 10,389,723	\$ 2,110,463
Changes for the year:			
Service cost	\$ 247,187	\$ -	\$ 247,187
Interest	838,107	-	838,107
Differences between expected and actual experience	(367,052)	-	(367,052)
Impact of change in proportion	(210,891)	(175,285)	(35,606)
Contributions - employer	-	277,876	(277,876)
Contributions - employee	-	111,939	(111,939)
Net investment income	-	749,862	(749,862)
Benefit payments, including refunds	(632,681)	(632,681)	-
Administrative expenses	-	(6,542)	6,542
Other changes	-	(665)	665
Net changes	\$ (125,330)	\$ 324,504	\$ (449,834)
Balances at June 30, 2018	\$ 12,374,856	\$ 10,714,227	\$ 1,660,629

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (continued)

	Component Unit Public Service Authority		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 1,762,723	\$ 1,465,114	\$ 297,609
Changes for the year:			
Service cost	\$ 39,697	\$ -	\$ 39,697
Interest	134,597	-	134,597
Differences between expected and actual experience	(58,947)	-	(58,947)
Impact of change in proportion	210,891	175,285	35,606
Contributions - employer	-	44,626	(44,626)
Contributions - employee	-	17,977	(17,977)
Net investment income	-	120,425	(120,425)
Benefit payments, including refunds	(101,606)	(101,606)	-
Administrative expenses	-	(1,051)	1,051
Other changes	-	(107)	107
Net changes	\$ 224,632	\$ 255,549	\$ (30,917)
Balances at June 30, 2018	\$ 1,987,355	\$ 1,720,663	\$ 266,692

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 4,067,487	\$ 4,098,680	\$ (31,193)
Changes for the year:			
Service cost	\$ 56,896	\$ -	\$ 56,896
Interest	276,821	-	276,821
Differences between expected and actual experience	(24,349)	-	(24,349)
Contributions - employer	-	43,353	(43,353)
Contributions - employee	-	30,294	(30,294)
Net investment income	-	299,787	(299,787)
Benefit payments, including refunds	(225,789)	(225,789)	-
Administrative expenses	-	(2,664)	2,664
Other changes	-	(263)	263
Net changes	\$ 83,579	\$ 144,718	\$ (61,139)
Balances at June 30, 2018	\$ 4,151,066	\$ 4,243,398	\$ (92,332)

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

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, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County’s and Component Unit School Board’s (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 3,241,442	\$ 1,660,629	\$ 348,793
Component Unit Public Service Authority			
Net Pension Liability (Asset)	\$ 520,566	\$ 266,692	\$ 56,015
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 368,220	\$ (92,332)	\$ (482,436)

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

For the year ended June 30, 2019, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$85,228, \$19,066, and (\$187,659), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,320	\$ 290,807	\$ 4,141	\$ 46,264
Change in assumptions	-	37,779	-	5,328
Net difference between projected and actual earnings on pension plan investments	-	83,383	-	9,835
Impact of change in proportional allocation	-	14,373	14,373	-
Employer contributions subsequent to the measurement date	288,154	-	30,631	-
Total	\$ 315,474	\$ 426,342	\$ 49,145	\$ 61,427

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

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

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,198
Change in assumptions	-	11,728
Net difference between projected and actual earnings on pension plan investments	-	30,699
Employer contributions subsequent to the measurement date	15,858	-
Total	<u>\$ 15,858</u>	<u>\$ 103,625</u>

\$288,154, \$30,631, and \$15,858 reported as deferred outflows of resources related to pensions resulting from the County’s, Component Unit Service Authority’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, 2020. 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>	<u>Primary Government</u>	<u>Component Unit Public Service Authority</u>	<u>Component Unit School Board (nonprofessional)</u>
2020	\$ (71,685)	\$ (7,308)	\$ (50,728)
2021	(132,087)	(16,489)	(7,372)
2022	(186,532)	(17,709)	(41,863)
2023	(8,718)	(1,407)	(3,662)

Pension Plan Data

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

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, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$696,179 and \$735,371 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$6,690,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .05689% as compared to .05875% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$397,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 572,000
Change in assumptions	80,000	-
Net difference between projected and actual earnings on pension plan investments	-	142,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	114,000	387,000
Employer contributions subsequent to the measurement date	696,179	-
Total	<u>\$ 890,179</u>	<u>\$ 1,101,000</u>

\$696,179 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, 2020. 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>	
2020	\$ (107,000)
2021	(223,000)
2022	(382,000)
2023	(146,000)
2024	(49,000)

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% 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.

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 9—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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.

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 10,219,000	\$ 6,690,000	\$ 3,769,000

Pension Plan Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Program 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 Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

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

Eligible Employees

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

Benefit Amounts

The GLI Program 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 program 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 creditable service, the minimum benefit payable was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Program 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 Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Primary Government contributions to the GLI Program were \$12,521 and \$12,010 for the years ended June 30, 2019 and June 30, 2018, respectively. Component Unit Public Service Authority contributions to the GLI Program were \$2,011 and \$1,693 for the years ended June 30, 2019 and June 30, 2018, respectively. School Board contributions to the GLI Program for nonprofessional employees were \$3,262 and \$3,385, for the years ended June 30, 2019 and June 30, 2018 respectively. School Board contributions to the GLI Program for professional employees were \$23,809 and \$23,937, for the years ended June 30, 2019 and June 30, 2018 respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2019, the Primary Government and Public Service Authority reported liabilities of \$181,803 and \$29,197 for their respective proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion for the Primary Government was .0119% as compared to 0.01240% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the Public Service Authority was .00192% as compared to .00174% at June 30, 2017.

At June 30, 2019, the School Board reported liability of \$51,000 for nonprofessional employees and \$368,000 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018 the participating employer's proportion for nonprofessional employees was 0.00342% as compared to 0.00373% at June 30, 2017. At June 30, 2018, the participating employer's proportion for School Board professional employees was 0.02421% as compared to 0.02513% at June 30, 2017.

For the year ended June 30, 2019, the Primary Government recognized GLI OPEB expense of (\$2,585), while the Public Service Authority recognized GLI OPEB expense of (\$415). The School Board recognized GLI OPEB expense of (\$1,000), and (\$1,000) for nonprofessional and professional employees, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (continued)

At June 30, 2019, 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 Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,616	\$ 2,585	\$ 1,384	\$ 415
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,031	-	969
Change in assumptions	-	7,755	-	1,245
Changes in proportion	-	12,063	-	1,937
Employer contributions subsequent to the measurement date	12,521	-	2,011	-
Total	\$ 21,137	\$ 28,434	\$ 3,395	\$ 4,566

\$12,521 and \$2,011 for the Primary Government and Public Service Authority, respectively were 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, 2020. 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 Public Service Authority	
		Year Ended June 30,	
2020	\$ (6,031)	2020	\$ (969)
2021	(6,031)	2021	(969)
2022	(6,031)	2022	(969)
2023	(2,585)	2023	(415)
2024	860	2024	140
Thereafter	-	Thereafter	-

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (continued)

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,000	\$ 1,000	\$ 18,000	\$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000	-	12,000
Change in assumptions	-	2,000	-	15,000
Changes in proportion	-	5,000	-	16,000
Employer contributions subsequent to the measurement date	3,262	-	23,809	-
Total	\$ 6,262	\$ 10,000	\$ 41,809	\$ 50,000

\$3,262 and \$23,809 for the School Board nonprofessional and professional employees, respectively were 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, 2020. 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:

	Component Unit School Board			
	Nonprofessional Employees		Professional Employees	
	Year Ended June 30,		Year Ended June 30,	
2020	\$	(2,000)	2020	\$ (9,000)
2021		(2,000)	2021	(9,000)
2022		(2,000)	2022	(9,000)
2023		(1,000)	2023	(5,000)
2024		-	2024	-
Thereafter		-	Thereafter	-

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – General State Employees (Continued)

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

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
Line of Duty Disability	Increased rate from 14% to 25%

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality Rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – VaLORS Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

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

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
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
	<hr/>
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<hr/> <hr/> \$ 1,518,735
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability (Continued)

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:

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 10—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

Proportionate Share of the GLI Program Net OPEB Liability	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Primary Government	\$ 236,947	\$ 181,803	\$ 136,137
Public Service Authority	\$ 38,053	\$ 29,197	\$ 21,863
School Board Nonprofessional employees	\$ 67,000	\$ 51,000	\$ 39,000
School Board Professional employees	\$ 481,000	\$ 368,000	\$ 276,000

GLI Program Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

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

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active Hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2019 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the VRS Political Subdivision VDLP were \$1,689 and \$971 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the Public Service Authority to the VRS Political Subdivision Employee VLDP were \$271 and \$137 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the Component Unit School Board for nonprofessional employees to the VRS Political Subdivision Employee VLDP were \$2,121 and \$1,354 for the years ended June 30, 2019 and June 30, 2018 respectively.

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

At June 30, 2019, the Primary Government reported a liability \$0 for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2018 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of that date. The Primary Government's proportion of the Net VLDP OPEB Liability was based on the County's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Primary Government's proportion of the VLDP was .06552% as compared to .07324% at June 30, 2017.

At June 30, 2019, the Public Service Authority reported a liability \$0 for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2018 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of that date. The Public Service Authority's proportion of the Net VLDP OPEB Liability was based on the County's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the Public Service Authority's proportion of the VLDP was .01052% as compared to .01033% at June 30, 2017.

At June 30, 2019, the School Board reported a liability \$0 for its proportionate share of the VLDP Net OPEB Liability for nonprofessional employees. The Net VLDP OPEB Liability was measured as of June 30, 2018 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of that date. The School Board's proportion of the Net VLDP OPEB Liability for nonprofessional employees was based on the School Board's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion of the VLDP was .0926% as compared to .08725% at June 30, 2017.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the Primary Government, Public Service Authority, and School Board (for nonprofessional employees) recognized VLDP OPEB expense of \$862, \$138, and \$2,000, respectively. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component Unit Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 1,689	\$ -	\$ 271	\$ -
Total	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ 271</u>	<u>\$ -</u>
			Component Unit School Board Nonprofessional Employees	
			Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date		\$ 2,121	\$ -	
Total		<u>\$ 2,121</u>	<u>\$ -</u>	

\$1,689, \$271, and \$2,121 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Primary Government, Public Service Authority, and School Board’s respective contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2020.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.35%
Investment rate of return	7.0%, net of plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality Rates – Largest Ten Locality Employers – General and Non-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 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Political Subdivision Employee VLDP is as follows (amounts expressed in thousands):

		Political Subdivision VLDP OPEB Plan
Total Political Subdivision VLDP OPEB Liability	\$	1,588
Plan Fiduciary Net Position		816
Political Subdivision net VLDP OPEB Liability (Asset)	\$	772
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		51.39%

The total Political Subdivision VLDP 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 Political Subdivision VLDP 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 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>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 11—VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total VLDP OPEB was 7.00%. 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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the County for the VLDP 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, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP 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 VLDP OPEB liability.

Sensitivity of the County’s Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

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

Proportionate Share of Net VLDP OPEB Liability	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Primary Government	\$ -	\$ -	\$ -
Public Service Authority	\$ -	\$ -	\$ -
School Board - Nonprofessional	\$ 1,000	\$ -	\$ -

Political Subdivision VLDP OPEB Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):

Plan Description:

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

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

Eligible Employees

The Teacher VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. These employees include teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The Teacher VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
 (CONTINUED)

Contributions

The contribution requirements for active Hybrid employees is governed by §51.1-1178(C) 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, 2019 was 0.41% of covered employee compensation for employees in the VRS Teacher VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee VLDP were \$4,914 and \$3,167 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$2,000 for its proportionate share of the Teacher VLDP Net OPEB Liability. The Net Teacher VLDP OPEB Liability was measured as of June 30, 2018 and the total Teacher VLDP OPEB liability used to calculate the Net Teacher VLDP OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net Teacher VLDP OPEB Liability was based on the school division’s actuarially determined employer contributions to the Teacher VLDP OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the Teacher VLDP was .27396% as compared to .28974%.

For the year ended June 30, 2019, the school division recognized Teacher VLDP OPEB expense of \$4,000. Since there was a change in proportionate share between measurement dates a portion of the Teacher VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$ 4,914	\$ -
Total	<u>\$ 4,914</u>	<u>\$ -</u>

\$4,914 reported as deferred outflows of resources related to the Teacher VLDP OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher VLDP OPEB Liability in the fiscal year ending June 30, 2020.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

Actuarial Assumptions

The total Teacher VLDP OPEB liability for the Teacher VLDP was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% 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.

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

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 changed final retirement age 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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
 (CONTINUED)

Net Teacher VLDP OPEB Liability

The net OPEB liability (NOL) for the Teacher VLDP represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher VLDP is as follows (amounts expressed in thousands):

		Teacher VLDP OPEB Plan
Total Teacher VLDP OPEB Liability	\$	1,401
Plan Fiduciary Net Position		647
Teacher net VLDP OPEB Liability (Asset)	\$	754
Plan Fiduciary Net Position as a Percentage of the Total Teacher VLDP OPEB Liability		46.18%

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

**NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (OPEB PLAN):
(CONTINUED)**

Long-Term Expected Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher VLDP OPEB was 7.00%. 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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the Teacher VLDP 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, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher VLDP 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 VLDP OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the Teacher				
Net VLDP OPEB Liability	\$	2,000	\$ 2,000	\$ 1,000

Teacher Employee VLDP OPEB Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program 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 Program. 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 Program 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 Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 Program were \$54,764 and \$56,620 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$722,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the VRS Teacher Employee HIC Program was .05692% as compared to 0.05872% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$54,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	6,000
Change in proportion	-	31,000
Employer contributions subsequent to the measurement date	<u>54,764</u>	<u>-</u>
Total	<u>\$ 54,764</u>	<u>\$ 42,000</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)

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

\$54,764 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, 2020. 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:

Year Ended June 30,

	2020	\$	(7,000)
	2021		(7,000)
	2022		(7,000)
	2023		(7,000)
	2024		(7,000)
	Thereafter		(7,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
(CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,269,674</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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.

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

**NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):
 (CONTINUED)**

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program 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, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 807,000	\$ 722,000	\$ 650,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Program 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 Program 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 Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Program 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 Program 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 Program 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

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

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	28
Inactive members:	
Vested inactive members	4
Non-vested inactive members	7
Inactive members active elsewhere in VRS	6
Total inactive members	<u>17</u>
Active members	<u>30</u>
Total covered employees	<u><u>75</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2019 was .97% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board for nonprofessional employees to the HIC Program were \$6,084 and \$5,664 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality Rates – 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.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (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>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. 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, 2018, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 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.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability

	<u>Component School Board (nonprofessional)</u>		
	<u>Increase (Decrease)</u>		
	<u>Total HIC OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net HIC OPEB Liability (Asset) (a) - (b)</u>
Balances at June 30, 2017	\$ 86,624	\$ 11,811	\$ 74,813
Changes for the year:			
Service cost	\$ 886	\$ -	\$ 886
Interest	6,000	-	6,000
Differences between expected and actual experience	5,000	-	5,000
Contributions - employer	-	5,664	(5,664)
Net investment income	-	795	(795)
Benefit payments	(7,149)	(7,149)	-
Administrative expenses	-	(17)	17
Other changes	-	(59)	59
Net changes	<u>\$ 4,737</u>	<u>\$ (766)</u>	<u>\$ 5,503</u>
Balances at June 30, 2018	<u>\$ 91,361</u>	<u>\$ 11,045</u>	<u>\$ 80,316</u>

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

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

	<u>Rate</u>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount (7.00%)</u>	<u>1% Increase (8.00%)</u>
School Board (nonprofessional) Net HIC OPEB Liability	\$ 89,000	\$ 80,316	\$ 73,000

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 14—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the School Board recognized HIC Program OPEB expense of \$6,441. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,830	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	282
Change in assumptions	-	1,999
Employer contributions subsequent to the measurement date	<u>6,084</u>	<u>-</u>
Total	<u>\$ 9,914</u>	<u>\$ 2,281</u>

\$6,084 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. 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:

<u>Year Ended June 30</u>	
2020	\$ -
2021	-
2022	1,000
2023	549
2024	-
Thereafter	-

HIC Program Plan Data

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension and other postemployment benefits described in Notes 10-14, the County administers a single-employer defined benefit healthcare plan, the County of Bath OPEB Plan. The plan provides post-employment health care benefits to all eligible permanent employees of the County and School Board who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Prescription insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County and School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits if they have at least 5 years of service with the County or School Board.

Plan Membership

At July 1, 2018 (the measurement date), the following employees were covered by the benefit terms:

	Primary Government and Component Unit School Board
Total active employees with coverage	201
Total retirees with coverage	4
Total	<u>205</u>

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or the School board for the respective plans. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$6,900. The amount paid by the School Board during the year ended June 30, 2019 under the County plan was \$27,300.

Total OPEB Liability

The County’s and School Board’s total OPEB liabilities were measured as of July 1, 2018. The total OPEB liabilities were determined by actuarial valuations as of that date.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuations for the County and for the School Board were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases	2.5% per year for general salary inflations
Discount Rate	The discount rate has been set to equal 3.62% and represents the Municipal GO AA 20-year yield curve rate as of June 29, 2018
Investment Rate of Return	N/A

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2018	\$ 544,000	\$ 930,000
Changes for the year:		
Service cost	26,000	44,700
Interest	20,200	34,200
Difference between expected and actual experience	(163,900)	(427,600)
Benefit payments	(6,900)	(27,300)
Other charges	(13,100)	(49,200)
Net changes	<u>(137,700)</u>	<u>(425,200)</u>
Balances at June 30, 2019	<u>\$ 406,300</u>	<u>\$ 504,800</u>

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Primary Government			
\$	440,103	\$ 406,300	\$ 375,307
Component Unit School Board			
\$	546,797	\$ 504,800	\$ 466,293

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

The following presents the total OPEB liabilities of the County and School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.75% decreasing to 4.00%)	Healthcare Cost Trend (6.75% decreasing to 5.00%)	1% Increase (7.75% decreasing to 6.00%)
Primary Government			
\$	365,139	\$ 406,300	\$ 453,882
Component Unit School Board			
\$	453,661	\$ 504,800	\$ 563,918

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 15—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2019, the Primary Government recognized OPEB expense in the amount of \$28,400. The School Board recognized OPEB expense in the amount of \$26,700. At June 30, 2019, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to 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	\$ -	\$ 144,700	\$ -	\$ 377,500
Changes in assumptions	-	11,600	-	43,400
Employer contributions subsequent to the measurement date	6,900	-	27,300	-
Total	\$ 6,900	\$ 156,300	\$ 27,300	\$ 420,900

\$6,900 and \$27,300 reported as deferred outflows of resources related to OPEB resulting from the County and School Board's, respective contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the fiscal year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

	Primary Government		Component Unit School Board	
	Year Ended June 30,		Year Ended June 30,	
2020	\$	(20,743)	2020	\$ (55,857)
2021		(20,743)	2021	(55,857)
2022		(20,743)	2022	(55,857)
2023		(20,743)	2023	(55,857)
2024		(20,743)	2024	(55,857)
Thereafter		(52,585)	Thereafter	(141,615)

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

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 16—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the County’s OPEB plans as of June 30, 2019:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Program (Note 10):				
Primary Government	\$ 21,137	\$ 28,434	\$ 181,803	\$ (2,585)
Public Service Authority	3,395	4,566	29,197	(415)
School Board Nonprofessional	6,262	10,000	51,000	(1,000)
School Board Professional	41,809	50,000	368,000	(1,000)
Teacher Employee Health Insurance				
Credit Program (Note 13)	54,764	42,000	722,000	54,000
Health Insurance Credit Program (Note 14)				
School Board Nonprofessional	9,914	2,281	80,316	6,441
Virginia Local Disability Program (Note 11)				
Primary Government	1,689	-	-	862
Public Service Authority	271	-	-	138
School Board Nonprofessional	2,121	-	-	2,000
Teacher Virginia Local Disability Program (Note 12)	4,914	-	2,000	4,000
Primary Government Stand-Alone Plan (Note 15)	6,900	156,300	406,300	28,400
School Stand-Alone Plan (Note 15)	27,300	420,900	504,800	26,700
Totals	<u>\$ 180,476</u>	<u>\$ 714,481</u>	<u>\$ 2,345,416</u>	<u>\$ 117,541</u>

NOTE 17—DEFERRED/ UNAVAILABLE/ UEARNED REVENUE:

Deferred/ unavailable/ unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The following is a summary of deferred and unavailable revenue for the year ended June 30, 2019:

	<u>Government- wide Financial Statements</u>	<u>Fund Financial Statements</u>
Primary Government deferred/unavailable property tax revenue:		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ 235,264
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2019. The uncollected tax billings are not available for the funding of current expenditures.	273,783	273,783
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>18,974</u>	<u>18,974</u>
Total primary government deferred/unavailable revenue	<u>\$ 292,757</u>	<u>\$ 528,021</u>

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 17—DEFERRED/ UNAVAILABLE/ UEARNED REVENUE: (CONTINUED)

Unearned revenue of the Primary Government, Component Unit School Board, and the Component Unit Services Authority totaling \$347,781, \$134,500 and \$3,374,746, is comprised of the following:

Payments in Lieu of Taxes – Unearned revenue representing payments in lieu of taxes not available for funding of current expenditures totaled \$347,781 and \$134,500 for the Primary Government and Component Unit School Board, respectively.

Prepaid Capital Expenditures – The Bath County Public Service Authority entered into a contract with Warm Springs Investment, LLC (WSIC) to provide Wastewater Treatment and Water Supply upgrades to the customers located within Homestead Preserve when such upgrades are deemed necessary based on the number of customers being served. WSIC is making yearly payments to the PSA to offset these future expenses. To date the PSA has received \$3,052,927 from WSIC.

Prepaid Development Fees – Development fees prepaid to the Bath County Public Service Authority by the WSIC totaled \$280,844 at June 30, 2019.

Prepaid Water and Sewer Fees – Prepaid fees for water and sewer usage received from customers amounted to \$40,975 at June 30, 2019.

NOTE 18—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government Governmental Activities:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 634,478	\$ -	\$ -	\$ 634,478
Construction in progress	41,970	-	-	41,970
Total capital assets not being depreciated	\$ 676,448	\$ -	\$ -	\$ 676,448
Capital assets being depreciated:				
Buildings and improvements	\$ 8,144,464	\$ -	\$ (995,000)	\$ 7,149,464
Machinery and equipment	2,027,599	268,174	-	2,295,773
Total capital assets being depreciated	\$ 10,172,063	\$ 268,174	\$ (995,000)	\$ 9,445,237
Accumulated depreciation:				
Buildings and improvements	\$ (4,010,779)	\$ (170,073)	\$ -	\$ (4,180,852)
Machinery and equipment	(1,404,214)	(210,955)	-	(1,615,169)
Total accumulated depreciation	\$ (5,414,993)	\$ (381,028)	\$ -	\$ (5,796,021)
Capital assets being depreciated, net	\$ 4,757,070	\$ (112,854)	\$ (995,000)	\$ 3,649,216
Net capital assets	\$ 5,433,518	\$ (112,854)	\$ (995,000)	\$ 4,325,664

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 18—CAPITAL ASSETS: (CONTINUED)

Primary Government Governmental Activities: (Continued)

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

Governmental activities:	
General government administration	\$ 142,999
Judicial administration	10,008
Public safety	137,079
Public works	585
Education	56,900
Parks, recreation, cultural	33,457
Total depreciation expense - governmental activities	<u>\$ 381,028</u>

Discretely Presented Component Units:

Component Unit School Board:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated:				
Land and land improvements	\$ 238,282	\$ -	\$ -	\$ 238,282
Construction in progress	67,281	538,547	(605,828)	-
Total capital assets not being depreciated	<u>\$ 305,563</u>	<u>\$ 538,547</u>	<u>\$ (605,828)</u>	<u>\$ 238,282</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 19,763,717	\$ 1,627,522	\$ -	\$ 21,391,239
Machinery and equipment	2,936,702	551,365	-	3,488,067
Total capital assets being depreciated	<u>\$ 22,700,419</u>	<u>\$ 2,178,887</u>	<u>\$ -</u>	<u>\$ 24,879,306</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,056,850)	\$ (415,973)	\$ -	\$ (10,472,823)
Machinery and equipment	(1,800,025)	(241,158)	-	(2,041,183)
Total accumulated depreciation	<u>\$ (11,856,875)</u>	<u>\$ (657,131)</u>	<u>\$ -</u>	<u>\$ (12,514,006)</u>
Capital assets being depreciated, net	<u>\$ 10,843,544</u>	<u>\$ 1,521,756</u>	<u>\$ -</u>	<u>\$ 12,365,300</u>
Net capital assets	<u>\$ 11,149,107</u>	<u>\$ 2,060,303</u>	<u>\$ (605,828)</u>	<u>\$ 12,603,582</u>

Depreciation expense allocated to education \$ 657,131

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019 (CONTINUED)

NOTE 18—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Units: (continued)

Component Unit School Board: (continued)

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments on-behalf of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a tenancy in common with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the School Board of Bath Virginia for the year ended June 30, 2019, is that school financed assets in the amount of \$3,125,000 are reported in the Primary Government for financial reporting purposes. The adjustment to capital assets was as follows:

	Balance June 30, 2018	Increases/ (Decreases)	Adjustment	Balance June 30, 2019
Primary Government:				
Buildings and improvements	\$ 8,144,464	\$ -	\$ (995,000)	\$ 7,149,464
Accumulated depreciation	<u>(4,010,779)</u>	<u>(170,073)</u>	<u>-</u>	<u>(4,180,852)</u>
Buildings and improvements, net of accumulated depreciation	<u>\$ 4,133,685</u>	<u>\$ (170,073)</u>	<u>\$ (995,000)</u>	<u>\$ 2,968,612</u>
Discretely Presented Component Unit-School Board				
Buildings and improvements	\$ 19,763,717	\$ 632,522	\$ 995,000	\$ 21,391,239
Accumulated depreciation	<u>(10,056,850)</u>	<u>(415,973)</u>	<u>-</u>	<u>(10,472,823)</u>
Buildings and improvements, net of accumulated depreciation	<u>\$ 9,706,867</u>	<u>\$ 216,549</u>	<u>\$ 995,000</u>	<u>\$ 10,918,416</u>

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COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 18—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Units: (continued)

Service Authority:

Capital asset activity for the Service Authority for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Transfers/ Reclassifications	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 69,165	\$ 4,200	\$ -	\$ 73,365
Construction in progress	-	7,466	-	7,466
Total capital assets not being depreciated	<u>\$ 69,165</u>	<u>\$ 11,666</u>	<u>\$ -</u>	<u>\$ 80,831</u>
Capital assets being depreciated:				
Water System	\$ 10,847,834	\$ 5,900	\$ -	\$ 10,853,734
Sewer System	10,963,579	44,802	-	11,008,381
Machinery and equipment	436,681	6,211	-	442,892
Total capital assets being depreciated	<u>\$ 22,248,094</u>	<u>\$ 56,913</u>	<u>\$ -</u>	<u>\$ 22,305,007</u>
Accumulated depreciation:				
Water System	\$ (5,598,071)	\$ (268,107)	\$ -	\$ (5,866,178)
Sewer System	(7,941,616)	(171,325)	-	(8,112,941)
Machinery and equipment	(423,804)	(9,006)	-	(432,810)
Total accumulated depreciation	<u>\$ (13,963,491)</u>	<u>\$ (448,438)</u>	<u>\$ -</u>	<u>\$ (14,411,929)</u>
Capital assets being depreciated, net	<u>\$ 8,284,603</u>	<u>\$ (391,525)</u>	<u>\$ -</u>	<u>\$ 7,893,078</u>
Net capital assets	<u>\$ 8,353,768</u>	<u>\$ (379,859)</u>	<u>\$ -</u>	<u>\$ 7,973,909</u>

Depreciation expense for the Service Authority amounted to \$448,438.

NOTE 19—CONTINGENT LIABILITIES:

Federal programs in which the County participates were audited in accordance with the provisions of the 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.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 20—CAPITAL LEASES:

The School Board has financed the acquisition of wireless network infrastructure improvements by means of a capital lease. The lease has been recorded at present value of future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

		Component Unit School Board
Assets:		
Wireless network infrastructure	\$	164,559
Accumulated depreciation		(2,435)
Total	\$	<u>162,124</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, are as follows:

Year ended June 30,		Component Unit School Board
2020	\$	35,832
2021		35,832
2022		35,831
2023		35,831
Amount representing interest		(14,599)
Present value of minimum lease payments	\$	<u>128,727</u>

NOTE 21—LANDFILL CLOSURE AND POST CLOSURE MONITORING COSTS:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure. The County closed its landfill in 1993. The County has recognized as expenses in prior years all anticipated closure/post-closure costs. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. Postclosure care financial assurance requirements are being met through the use of the financial test mechanism. As of June 30, 2019, the County has not initiated final closure procedures to release itself from requirements for monitoring, etc. The County anticipates making this request during upcoming years as funds are available.

The County demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Assurance Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

COUNTY OF BATH, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)**

NOTE 22—SURETY BONDS:

Hartford Accident and Indemnity Company:		
Annette T. Loan, Clerk of Circuit Court	\$	5,000
Pam Webb, Treasurer		500,000
Angel M. Grimm, Commissioner of the Revenue		3,000
Robert Plecker, Sheriff		5,000
Richard B. Byrd, Supervisor		1,000
Bart Perdue, Supervisor		1,000
Ron Shifflett, Supervisor		1,000
Edward T. Hicklin, Supervisor		1,000
Stuart L. Hall, Supervisor		1,000
All County employees; blanket bond		175,000
Virginia School Board Association Property and Casualty Pool:		
Sue Hirsh, Superintendent of Schools		10,000
Justin S. Rider, Finance Director		10,000
All School Board employees; blanket bond		1,000,000
Nationwide Insurance:		
Department of Social Services - Director and Employees		250,000
Western Surety Company:		
County Administrator		2,000

NOTE 23—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the Association for its general workers compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four fiscal years.

NOTE 24—LITIGATION:

At June 30, 2019, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 (CONTINUED)

NOTE 25—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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 December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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, 2020.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 11,611,840	\$ 11,611,840	\$ 11,479,901	\$ (131,939)
Other local taxes	2,508,574	2,508,574	2,404,967	(103,607)
Permits, privilege fees, and regulatory licenses	29,122	29,122	69,300	40,178
Fines and forfeitures	5,647	5,647	1,096	(4,551)
Revenue from the use of money and property	18,009	18,009	112,172	94,163
Charges for services	53,011	65,939	67,398	1,459
Miscellaneous	67,838	52,288	58,366	6,078
Recovered costs	5,000	81,855	36,683	(45,172)
Intergovernmental:				
Commonwealth	1,291,399	1,307,131	1,337,569	30,438
Federal	232,245	232,982	347,587	114,605
Total revenues	<u>\$ 15,822,685</u>	<u>\$ 15,913,387</u>	<u>\$ 15,915,039</u>	<u>\$ 1,652</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,222,712	\$ 1,233,534	\$ 1,137,128	\$ 96,406
Judicial administration	424,986	467,257	422,716	44,541
Public safety	2,553,019	2,806,475	2,624,468	182,007
Public works	1,450,036	1,501,399	1,347,909	153,490
Health and welfare	283,823	283,823	280,561	3,262
Education	8,214,680	8,437,638	8,162,771	274,867
Parks, recreation, and cultural	539,053	640,722	600,276	40,446
Community development	319,504	420,241	266,568	153,673
Nondepartmental	214,367	150,015	88,741	61,274
Debt service:				
Principal retirement	967,735	995,000	995,000	-
Interest and other fiscal charges	119,965	92,700	103,000	(10,300)
Total expenditures	<u>\$ 16,309,880</u>	<u>\$ 17,028,804</u>	<u>\$ 16,029,138</u>	<u>\$ 999,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (487,195)</u>	<u>\$ (1,115,417)</u>	<u>\$ (114,099)</u>	<u>\$ 1,001,318</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (158,300)</u>	<u>\$ (158,300)</u>	<u>\$ (147,455)</u>	<u>\$ 10,845</u>
Total other financing sources (uses)	<u>\$ (158,300)</u>	<u>\$ (158,300)</u>	<u>\$ (147,455)</u>	<u>\$ 10,845</u>
Net change in fund balances	\$ (645,495)	\$ (1,273,717)	\$ (261,554)	\$ 1,012,163
Fund balances - beginning	645,495	1,273,717	8,226,824	6,953,107
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,965,270</u>	<u>\$ 7,965,270</u>

Special Revenue Fund - Lodging Tax -Marketing/Capital Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 395,327	\$ 395,232	\$ 1,207,078	\$ 811,846
Miscellaneous	-	-	3,776	3,776
Total revenues	<u>\$ 395,327</u>	<u>\$ 395,232</u>	<u>\$ 1,210,854</u>	<u>\$ 815,622</u>
EXPENDITURES				
Current:				
Community development	\$ 452,429	\$ 544,044	\$ 377,499	\$ 166,545
Total expenditures	<u>\$ 452,429</u>	<u>\$ 544,044</u>	<u>\$ 377,499</u>	<u>\$ 166,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (57,102)</u>	<u>\$ (148,812)</u>	<u>\$ 833,355</u>	<u>\$ 982,167</u>
Net change in fund balances	\$ (57,102)	\$ (148,812)	\$ 833,355	\$ 982,167
Fund balances - beginning	57,102	148,812	1,042,371	893,559
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,875,726</u>	<u>\$ 1,875,726</u>

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Measurement dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 247,187	\$ 273,697	\$ 259,627	\$ 248,054	\$ 208,104
Interest	838,107	828,584	789,786	758,108	735,387
Differences between expected and actual experience	(367,052)	(45,544)	80,983	120,191	-
Impact of change in proportion	(210,891)	112,327	-	(8,319)	-
Changes in assumptions	-	(76,727)	-	-	-
Benefit payments, including refunds of employee contributions	(632,681)	(633,465)	(743,484)	(604,144)	(617,023)
Net change in total pension liability	\$ (125,330)	\$ 458,872	\$ 386,912	\$ 513,890	\$ 326,468
Total pension liability - beginning	12,500,186	12,041,314	11,654,402	11,140,512	10,814,044
Total pension liability - ending (a)	\$ <u>12,374,856</u>	\$ <u>12,500,186</u>	\$ <u>12,041,314</u>	\$ <u>11,654,402</u>	\$ <u>11,140,512</u>
Plan fiduciary net position					
Impact of change in proportion	\$ (175,285)	\$ 87,664	\$ -	\$ (6,970)	\$ -
Contributions - employer	277,876	279,957	298,180	286,900	242,398
Contributions - employee	111,939	120,958	116,621	146,741	108,309
Net investment income	749,862	1,144,882	156,983	424,375	1,288,118
Benefit payments, including refunds of employee contributions	(632,681)	(633,465)	(743,484)	(604,144)	(617,023)
Administrative expense	(6,542)	(6,702)	(6,057)	(5,891)	(7,107)
Other	(665)	(1,016)	(70)	(88)	68
Net change in plan fiduciary net position	\$ 324,504	\$ 992,278	\$ (177,827)	\$ 240,923	\$ 1,014,763
Plan fiduciary net position - beginning	10,389,723	9,397,445	9,575,272	9,334,349	8,319,586
Plan fiduciary net position - ending (b)	\$ <u>10,714,227</u>	\$ <u>10,389,723</u>	\$ <u>9,397,445</u>	\$ <u>9,575,272</u>	\$ <u>9,334,349</u>
County's net pension liability - ending (a) - (b)	\$ 1,660,629	\$ 2,110,463	\$ 2,643,869	\$ 2,079,130	\$ 1,806,163
Plan fiduciary net position as a percentage of the total pension liability	86.58%	83.12%	78.04%	82.16%	83.79%
Covered payroll	\$ 2,334,682	\$ 2,280,650	\$ 2,352,914	\$ 2,255,503	\$ 2,166,188
County's net pension liability as a percentage of covered payroll	71.13%	92.54%	112.37%	92.18%	83.38%

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

Schedule of Changes in Net Pension Liability and Related Ratios
Public Service Authority
For the Measurement dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 39,697	\$ 38,596	\$ 39,375	\$ 37,620	\$ 31,382
Interest	134,597	116,843	119,779	114,975	110,896
Differences between expected and actual experience	(58,947)	(6,422)	12,282	18,228	-
Impact of change in proportion	210,891	(112,327)	-	8,319	-
Changes in assumptions	-	(10,820)	-	-	-
Benefit payments, including refunds of employee contributions	(101,606)	(89,329)	(112,757)	(91,624)	(93,047)
Net change in total pension liability	<u>\$ 224,632</u>	<u>\$ (63,459)</u>	<u>\$ 58,679</u>	<u>\$ 87,518</u>	<u>\$ 49,231</u>
Total pension liability - beginning	<u>1,762,723</u>	<u>1,826,182</u>	<u>1,767,503</u>	<u>1,679,985</u>	<u>1,630,754</u>
Total pension liability - ending (a)	<u><u>\$ 1,987,355</u></u>	<u><u>\$ 1,762,723</u></u>	<u><u>\$ 1,826,182</u></u>	<u><u>\$ 1,767,503</u></u>	<u><u>\$ 1,679,985</u></u>
Plan fiduciary net position					
Impact of change in proportion	\$ 175,285	\$ (87,664)	\$ -	\$ 6,970	\$ -
Contributions - employer	44,626	39,478	45,222	43,511	36,553
Contributions - employee	17,977	17,057	17,687	22,255	16,333
Net investment income	120,425	161,446	23,808	64,361	194,248
Benefit payments, including refunds of employee contributions	(101,606)	(89,329)	(112,757)	(91,624)	(93,047)
Administrative expense	(1,051)	(945)	(919)	(894)	(1,072)
Other	(107)	(143)	(9)	(13)	10
Net change in plan fiduciary net position	<u>\$ 255,549</u>	<u>\$ 39,900</u>	<u>\$ (26,968)</u>	<u>\$ 44,566</u>	<u>\$ 153,025</u>
Plan fiduciary net position - beginning	<u>1,465,114</u>	<u>1,425,214</u>	<u>1,452,182</u>	<u>1,407,616</u>	<u>1,254,591</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,720,663</u></u>	<u><u>\$ 1,465,114</u></u>	<u><u>\$ 1,425,214</u></u>	<u><u>\$ 1,452,182</u></u>	<u><u>\$ 1,407,616</u></u>
Public Service Authority's net pension liability - ending (a) - (b)	\$ 266,692	\$ 297,609	\$ 400,968	\$ 315,321	\$ 272,369
Plan fiduciary net position as a percentage of the total pension liability	86.58%	83.12%	78.04%	82.16%	83.79%
Covered payroll	\$ 300,566	\$ 320,655	\$ 355,519	\$ 342,068	\$ 326,658
Public Service Authority's net pension liability as a percentage of covered payroll	88.73%	92.81%	112.78%	92.18%	83.38%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 56,896	\$ 55,777	\$ 64,626	\$ 74,534	\$ 75,905
Interest	276,821	292,977	292,531	281,906	270,076
Differences between expected and actual experience	(24,349)	(260,563)	(119,113)	(25,192)	-
Changes in assumptions	-	(66,278)	-	-	-
Benefit payments, including refunds of employee contributions	(225,789)	(279,629)	(183,722)	(175,196)	(178,761)
Net change in total pension liability	<u>\$ 83,579</u>	<u>\$ (257,716)</u>	<u>\$ 54,322</u>	<u>\$ 156,052</u>	<u>\$ 167,220</u>
Total pension liability - beginning	<u>4,067,487</u>	<u>4,325,203</u>	<u>4,270,881</u>	<u>4,114,829</u>	<u>3,947,609</u>
Total pension liability - ending (a)	<u>\$ 4,151,066</u>	<u>\$ 4,067,487</u>	<u>\$ 4,325,203</u>	<u>\$ 4,270,881</u>	<u>\$ 4,114,829</u>
Plan fiduciary net position					
Contributions - employer	\$ 43,353	\$ 46,903	\$ 69,463	\$ 71,030	\$ 81,863
Contributions - employee	30,294	32,479	33,631	40,750	38,615
Net investment income	299,787	453,312	66,059	171,408	517,356
Benefit payments, including refunds of employee contributions	(225,789)	(279,629)	(183,722)	(175,196)	(178,761)
Administrative expense	(2,664)	(2,746)	(2,422)	(2,375)	(2,812)
Other	(263)	(401)	(28)	(34)	27
Net change in plan fiduciary net position	<u>\$ 144,718</u>	<u>\$ 249,918</u>	<u>\$ (17,019)</u>	<u>\$ 105,583</u>	<u>\$ 456,288</u>
Plan fiduciary net position - beginning	<u>4,098,680</u>	<u>3,848,762</u>	<u>3,865,781</u>	<u>3,760,198</u>	<u>3,303,910</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,243,398</u>	<u>\$ 4,098,680</u>	<u>\$ 3,848,762</u>	<u>\$ 3,865,781</u>	<u>\$ 3,760,198</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (92,332)	\$ (31,193)	\$ 476,441	\$ 405,100	\$ 354,631
Plan fiduciary net position as a percentage of the total pension liability	102.22%	100.77%	88.98%	90.51%	91.38%
Covered payroll	\$ 651,019	\$ 681,625	\$ 685,146	\$ 694,956	\$ 772,300
School Division's net pension liability as a percentage of covered payroll	-14.18%	-4.58%	69.54%	58.29%	45.92%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Measurement dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.05689%	0.05875%	0.05993%	0.06123%	0.05850%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,690,000	\$ 7,225,000	\$ 8,398,000	\$ 7,706,000	\$ 7,069,000
Employer's Covered Payroll	\$ 4,603,280	\$ 4,634,534	\$ 4,569,661	\$ 4,552,058	\$ 4,277,950
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	145.33%	155.89%	183.78%	169.29%	165.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	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.

The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution</u> (1)	<u>Contributions in Relation to Contractually Required Contribution</u> (2)	<u>Contribution Deficiency (Excess)</u> (3)	<u>Employer's Covered Payroll</u> (4)	<u>Contributions as a % of Covered Payroll</u> (5)
Primary Government					
2019	\$ 288,154	\$ 288,154	\$ -	\$ 2,490,532	11.57%
2018	285,396	285,396	-	2,334,682	12.22%
2017	280,582	280,582	-	2,280,650	12.30%
2016	298,180	298,180	-	2,352,914	12.67%
2015	286,900	286,900	-	2,255,503	12.72%
2014	242,398	242,398	-	2,166,188	11.19%
2013	220,927	220,927	-	1,974,323	11.19%
2012	158,870	158,870	-	1,949,323	8.15%
2011	160,510	160,510	-	1,969,444	8.15%
2010	126,493	126,493	-	1,982,647	6.38%
Component Unit Public Service Authority					
2019	\$ 30,631	\$ 30,631	\$ -	\$ 304,024	10.08%
2018	37,180	37,180	-	300,566	12.37%
2017	39,665	39,665	-	320,655	12.37%
2016	45,222	45,222	-	355,519	12.72%
2015	43,511	43,511	-	342,068	12.72%
2014	36,553	36,553	-	326,658	11.19%
2013	39,444	39,444	-	352,493	11.19%
2012	24,446	24,446	-	299,951	8.15%
2011	25,497	25,497	-	312,847	8.15%
2010	19,161	19,161	-	300,329	6.38%
Component Unit School Board (nonprofessional)					
2019	\$ 15,858	\$ 15,858	\$ -	\$ 627,250	2.53%
2018	43,353	43,353	-	651,019	6.66%
2017	47,270	47,270	-	681,625	6.93%
2016	70,090	70,090	-	685,146	10.23%
2015	71,030	71,030	-	694,956	10.22%
2014	81,863	81,863	-	772,300	10.60%
2013	79,641	79,641	-	751,331	10.60%
2012	42,525	42,525	-	709,930	5.99%
2011	41,221	41,221	-	688,165	5.99%
2010	37,741	37,741	-	700,199	5.39%
Component Unit School Board (professional)					
2019	\$ 696,179	\$ 696,179	\$ -	\$ 4,367,633	15.68%
2018	735,371	735,371	-	4,603,280	15.97%
2017	679,423	679,423	-	4,634,534	14.66%
2016	642,494	642,494	-	4,569,661	14.06%
2015	660,048	660,048	-	4,552,058	14.50%
2014	498,809	498,809	-	4,277,950	11.66%
2013	483,198	483,198	-	4,144,068	11.66%
2012	242,458	242,458	-	3,830,295	6.33%
2011	149,961	149,961	-	3,815,801	3.93%
2010	251,891	251,891	-	3,996,385	6.30%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2019

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

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

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – 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
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.0119%	\$ 181,803	\$ 2,334,682	7.79%	51.22%
2017	0.0124%	185,799	2,280,640	8.15%	48.86%
Component Unit Public Service Authority					
2018	0.00192%	\$ 29,197	\$ 300,566	9.71%	51.22%
2017	0.00174%	26,201	320,665	8.17%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.00342%	\$ 51,000	\$ 651,019	7.83%	51.22%
2017	0.00373%	56,000	687,506	8.15%	48.86%
Component Unit School Board (professional)					
2018	0.02421%	\$ 368,000	\$ 4,603,280	7.99%	51.22%
2017	0.02513%	378,000	4,634,534	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.

Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 12,521	\$ 12,521	\$ -	\$ 2,490,532	0.50%
2018	12,010	12,010	-	2,334,682	0.51%
2017	11,855	11,855	-	2,280,640	0.52%
2016	11,306	11,306	-	2,355,213	0.48%
2015	10,837	10,837	-	2,257,715	0.48%
2014	10,398	10,398	-	2,166,188	0.48%
2013	9,477	9,477	-	1,974,324	0.48%
2012	5,483	5,483	-	1,958,384	0.28%
2011	5,514	5,514	-	1,969,443	0.28%
2010	4,057	4,057	-	1,982,647	0.20%
Component Unit Public Service Authority					
2019	\$ 2,011	\$ 2,011	\$ -	\$ 304,024	0.66%
2018	1,693	1,693	-	300,566	0.56%
2017	1,672	1,672	-	320,665	0.52%
2016	1,706	1,706	-	355,519	0.48%
2015	1,642	1,642	-	342,068	0.48%
2014	1,568	1,568	-	326,658	0.48%
2013	1,692	1,692	-	352,493	0.48%
2012	840	840	-	299,951	0.28%
2011	876	876	-	312,847	0.28%
2010	572	572	-	300,329	0.19%
Component Unit School Board (nonprofessional)					
2019	\$ 3,262	\$ 3,262	\$ -	\$ 627,250	0.52%
2018	3,385	3,385	-	651,019	0.52%
2017	3,575	3,575	-	687,506	0.52%
2016	3,298	3,298	-	687,052	0.48%
2015	3,336	3,336	-	694,956	0.48%
2014	3,707	3,707	-	772,300	0.48%
2013	3,632	3,632	-	756,591	0.48%
2012	1,988	1,988	-	709,930	0.28%
2011	1,927	1,927	-	688,165	0.28%
2010	1,375	1,375	-	509,378	0.27%
Component Unit School Board (professional)					
2019	\$ 23,809	\$ 23,809	\$ -	\$ 4,578,736	0.52%
2018	23,937	23,937	-	4,603,280	0.52%
2017	24,100	24,100	-	4,634,534	0.52%
2016	21,934	21,934	-	4,569,661	0.48%
2015	21,850	21,850	-	4,552,058	0.48%
2014	20,534	20,534	-	4,277,953	0.48%
2013	19,892	19,892	-	4,144,067	0.48%
2012	10,725	10,725	-	3,830,295	0.28%
2011	10,684	10,684	-	3,815,801	0.28%
2010	7,720	7,720	-	2,859,153	0.27%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019

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

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

General State 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
Line of Duty Disability	Increased rate from 14% to 25%

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 50% to 35%

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2019 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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% to 45%

Schedule of County's Share of Net OPEB Liability
 Virginia Local Disability Program (VLDP)
 For the Measurement Dates June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
Primary Government					
2018	0.06552% \$	- \$	161,807	0.00%	51.39%
2017	0.07324%	876	134,501	0.65%	38.40%
Component Unit Public Service Authority					
2018	0.01052% \$	- \$	22,818	0.00%	51.39%
2017	0.01033%	124	18,967	0.65%	38.40%
Component Unit School Board (nonprofessional)					
2018	0.09296% \$	- \$	225,725	0.00%	51.39%
2017	0.08725%	1,000	160,222	0.62%	38.40%

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

Schedule of Employer Contributions
 Virginia Local Disability Program (VLDP)
 For the Years Ended June 30, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
2019	\$ 1,689	\$ 1,689	\$ -	\$ 234,509	0.72%
2018	971	971	-	161,807	0.60%
2017	807	807	-	134,501	0.60%
2016	585	585	-	97,562	0.60%
2015	151	151	-	25,065	0.60%
Component Unit Public Service Authority					
2019	\$ 271	\$ 271	\$ -	\$ 37,661	0.72%
2018	137	137	-	22,818	0.60%
2017	114	114	-	18,967	0.60%
2016	83	83	-	13,758	0.60%
2015	21	21	-	3,535	0.59%
Component Unit School Board (nonprofessional)					
2019	\$ 2,121	\$ 2,121	\$ -	\$ 294,547	0.72%
2018	1,354	1,354	-	225,725	0.60%
2017	961	961	-	160,222	0.60%
2016	376	376	-	62,667	0.60%
2015	38	38	-	6,387	0.59%

Schedule is intended to show information for 10 years. The program began in fiscal year 2015, additional years will be added as they become available.

Notes to Required Supplementary Information
 Virginia Local Disability Program (VLDP)
 For the Year Ended June 30, 2019

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

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

Largest Ten Locality Employers - General and Non-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	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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General and Non-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	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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Schedule of School Division's Share of Net OPEB Liability
 Teacher Virginia Local Disability Program (VLDP)
 For the Measurement dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)
2018	0.27396%	\$ 2,000	\$ 1,021,504	0.20%	46.18%
2017	0.28974%	2,000	817,660	0.24%	31.96%

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

Schedule of Employer Contributions
 Teacher Virginia Local Disability Program (VLDP)
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 4,914	\$ 4,914	\$ -	\$ 1,198,625	0.41%
2018	3,167	3,167	-	1,021,504	0.31%
2017	2,535	2,535	-	817,660	0.31%
2016	1,406	1,406	-	484,760	0.29%
2015	859	859	-	296,114	0.29%
2014	39	39	-	13,458	0.29%

Schedule is intended to show information for 10 years. The VLDP program began in fiscal year 2014. Additional years will be presented as they become available.

Notes to Required Supplementary Information
 Teacher Virginia Local Disability Program (VLDP)
 For the Year Ended June 30, 2019

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

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

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 changed final retirement age 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

Schedule of School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.05692%	\$ 722,000	\$ 4,603,280	15.68%	8.08%
2017	0.05872%	745,000	4,634,534	16.07%	7.04%

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

Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 54,764	\$ 54,764	\$ -	\$ 4,563,687	1.20%
2018	56,620	56,620	-	4,603,280	1.23%
2017	51,443	51,443	-	4,634,534	1.11%
2016	48,438	48,438	-	4,569,661	1.06%
2015	48,252	48,252	-	4,552,058	1.06%
2014	47,485	47,485	-	4,277,953	1.11%
2013	45,999	45,999	-	4,144,067	1.11%
2012	22,982	22,982	-	3,830,295	0.60%
2011	22,895	22,895	-	3,815,801	0.60%
2010	29,735	29,735	-	3,996,385	0.74%

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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

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

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

Schedule of Changes in Net OPEB Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability		
Service cost	\$ 886	\$ 976
Interest	6,000	6,000
Differences between expected and actual experience	5,000	-
Changes in assumptions	-	(4,000)
Benefit payments	<u>(7,149)</u>	<u>(5,352)</u>
Net change in total HIC OPEB liability	\$ 4,737	\$ (2,376)
Total HIC OPEB Liability - beginning	<u>86,624</u>	<u>89,000</u>
Total HIC OPEB Liability - ending (a)	<u><u>91,361</u></u>	<u><u>86,624</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 5,664	\$ 5,930
Net investment income	795	1,193
Benefit payments	(7,149)	(5,352)
Administrative expense	(17)	(19)
Other	<u>(59)</u>	<u>59</u>
Net change in plan fiduciary net position	\$ (766)	\$ 1,811
Plan fiduciary net position - beginning	<u>11,811</u>	<u>10,000</u>
Plan fiduciary net position - ending (b)	<u><u>11,045</u></u>	<u><u>11,811</u></u>
School Division's net HIC OPEB liability - ending (a) - (b)	\$ 80,316	\$ 74,813
Plan fiduciary net position as a percentage of the total HIC OPEB liability	12.09%	13.63%
Covered payroll	\$ 651,019	\$ 681,625
School Division's net HIC OPEB liability as a percentage of covered payroll	12.34%	10.98%

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

Schedule of Employer Contributions
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

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)
2019	\$ 6,084	\$ 6,084	\$ -	\$ 627,250	0.97%
2018	5,664	5,664	-	651,019	0.87%
2017	5,930	5,930	-	681,625	0.87%
2016	5,139	5,139	-	685,146	0.75%
2015	5,212	5,212	-	694,956	0.75%
2014	6,873	6,873	-	772,300	0.89%
2013	6,687	6,687	-	751,331	0.89%
2012	4,260	4,260	-	709,930	0.60%
2011	4,129	4,129	-	688,165	0.60%
2010	6,108	6,108	-	513,313	1.19%

Notes to Required Supplementary Information
 Component Unit School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Year Ended June 30, 2019

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

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

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 26,000	\$ 25,400
Interest	20,200	18,800
Differences between expected and actual experience	(163,900)	-
Benefit payments	(6,900)	(5,500)
Other charges	(13,100)	-
Net change in total OPEB liability	<u>\$ (137,700)</u>	<u>\$ 38,700</u>
Total OPEB liability - beginning	<u>544,000</u>	<u>505,300</u>
Total OPEB liability - ending	<u><u>\$ 406,300</u></u>	<u><u>\$ 544,000</u></u>
Covered-employee payroll	\$ 3,619,215	\$ 3,252,015
Primary Government's total OPEB liability (asset) as a percentage of covered payroll	11.23%	16.73%

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 44,700	\$ 43,600
Interest	34,200	32,400
Differences between expected and actual experience	(427,600)	-
Benefit payments	(27,300)	(25,000)
Other changes	(49,200)	-
Net change in total OPEB liability	<u>\$ (425,200)</u>	<u>\$ 51,000</u>
Total OPEB liability - beginning	<u>930,000</u>	<u>879,000</u>
Total OPEB liability - ending	<u><u>\$ 504,800</u></u>	<u><u>\$ 930,000</u></u>
Covered-employee payroll	\$ 4,423,485	\$ 3,974,685
School Division's total OPEB liability (asset) as a percentage of covered payroll	11.41%	23.40%

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

Notes to Required Supplementary Information - OPEB
 For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
 Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of June 30, 2018
Inflation	2.50% per year
Healthcare Trend Rate	6.75% for fiscal year end 2019, decreasing .25% per year to an ultimate rate of 5%
Salary Increase Rates	2.5% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2019

	<u>CSA Fund</u>	<u>Virginia Public Assistance</u>	<u>Total</u>
ASSETS			
Due from other governmental units	\$ 15,413	\$ 47,359	\$ 62,772
Total assets	<u>\$ 15,413</u>	<u>\$ 47,359</u>	<u>\$ 62,772</u>
LIABILITIES			
Accounts payable	\$ 1,358	\$ -	\$ 1,358
Due to other funds	14,055	47,359	61,414
Total liabilities	<u>\$ 15,413</u>	<u>\$ 47,359</u>	<u>\$ 62,772</u>
FUND BALANCES			
Committed	\$ -	\$ -	\$ -
Total fund balances	\$ -	\$ -	\$ -
Total liabilities and fund balances	<u>\$ 15,413</u>	<u>\$ 47,359</u>	<u>\$ 62,772</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 Year Ended June 30, 2019

	<u>CSA Fund</u>	<u>Virginia Public Assistance</u>	<u>Total</u>
REVENUES			
Intergovernmental:			
Commonwealth	\$ 78,462	\$ 170,743	\$ 249,205
Federal	-	389,841	389,841
Total revenues	<u>\$ 78,462</u>	<u>\$ 560,584</u>	<u>\$ 639,046</u>
EXPENDITURES			
Current:			
Health and welfare	\$ 127,866	\$ 658,635	\$ 786,501
Total expenditures	<u>\$ 127,866</u>	<u>\$ 658,635</u>	<u>\$ 786,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (49,404)</u>	<u>\$ (98,051)</u>	<u>\$ (147,455)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 49,404	\$ 98,051	\$ 147,455
Total other financing sources (uses)	<u>\$ 49,404</u>	<u>\$ 98,051</u>	<u>\$ 147,455</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

County of Bath, Virginia

Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2019

	CSA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Commonwealth	95,642	95,642	78,462	(17,180)
Federal	-	-	-	-
Total revenues	<u>\$ 95,642</u>	<u>\$ 95,642</u>	<u>\$ 78,462</u>	<u>\$ (17,180)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 167,147	\$ 167,147	\$ 127,866	\$ 39,281
Total expenditures	<u>\$ 167,147</u>	<u>\$ 167,147</u>	<u>\$ 127,866</u>	<u>\$ 39,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (71,505)</u>	<u>\$ (71,505)</u>	<u>\$ (49,404)</u>	<u>\$ 22,101</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 71,505	\$ 71,505	\$ 49,404	\$ (22,101)
Total other financing sources (uses)	<u>\$ 71,505</u>	<u>\$ 71,505</u>	<u>\$ 49,404</u>	<u>\$ (22,101)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Virginia Public Assistance Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Intergovernmental:				
Commonwealth	450,500	502,689	170,743	(331,946)
Federal	211,205	211,205	389,841	178,636
Total revenues	<u>\$ 686,505</u>	<u>\$ 738,694</u>	<u>\$ 560,584</u>	<u>\$ (178,110)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 773,300	\$ 825,489	\$ 658,635	\$ 166,854
Total expenditures	<u>\$ 773,300</u>	<u>\$ 825,489</u>	<u>\$ 658,635</u>	<u>\$ 166,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (86,795)</u>	<u>\$ (86,795)</u>	<u>\$ (98,051)</u>	<u>\$ (11,256)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 86,795	\$ 86,795	\$ 98,051	\$ 11,256
Total other financing sources (uses)	<u>\$ 86,795</u>	<u>\$ 86,795</u>	<u>\$ 98,051</u>	<u>\$ 11,256</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></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.

School Cafeteria Fund – The School Cafeteria Fund is a special revenue fund that accounts for the County's school lunch program. Financing is provided from lunch sales and State and Federal reimbursements.

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2019

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 633,032	\$ 42,551	\$ 675,583
Due from other governmental units	108,451	48,238	156,689
Inventories	-	16,206	16,206
Prepaid items	119,333	-	119,333
Total assets	<u>\$ 860,816</u>	<u>\$ 106,995</u>	<u>\$ 967,811</u>
LIABILITIES			
Accrued payroll	\$ 633,032	\$ 35,453	\$ 668,485
Due to primary government	93,284	-	93,284
Unearned revenue	134,500	-	134,500
Total liabilities	<u>\$ 860,816</u>	<u>\$ 35,453</u>	<u>\$ 896,269</u>
FUND BALANCES			
Nonspendable:			
Inventories	\$ -	\$ 16,206	\$ 16,206
Prepaid items	119,333	-	119,333
Committed:			
School cafeteria	-	55,336	55,336
Unassigned (deficit)	(119,333)	-	(119,333)
Total fund balances	<u>\$ -</u>	<u>\$ 71,542</u>	<u>\$ 71,542</u>
Total liabilities and fund balances	<u>\$ 860,816</u>	<u>\$ 106,995</u>	<u>\$ 967,811</u>

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

Total fund balances per above		\$ 71,542
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and land improvements	\$ 238,282	
Buildings and improvements	10,918,416	
Machinery and equipment	1,446,884	
		12,603,582
Net pension asset is not an available resource and, therefore, is not reported in the funds.		
Net pension asset	<u>\$ 92,332</u>	92,332
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$ 906,037	
OPEB related items	<u>147,084</u>	1,053,121
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Note payable	\$ (1,679,502)	
Capital lease	(128,727)	
Compensated absences	(225,748)	
Net OPEB liabilities	(1,728,116)	
Net pension liability	<u>(6,690,000)</u>	(10,452,093)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,204,625)	
OPEB related items	<u>(525,181)</u>	(1,729,806)
Net position of governmental activities		<u>\$ 1,638,678</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Charges for services	\$ 4,375	\$ 113,275	\$ 117,650
Miscellaneous	46,970	-	46,970
Intergovernmental:			
Local government	7,834,022	323,000	8,157,022
Commonwealth	2,002,340	6,193	2,008,533
Federal	570,591	215,865	786,456
Total revenues	<u>\$ 10,458,298</u>	<u>\$ 658,333</u>	<u>\$ 11,116,631</u>
EXPENDITURES			
Current:			
Education	\$ 10,469,017	\$ 637,353	\$ 11,106,370
Debt service:			
Principal retirement	102,369	-	102,369
Interest and other fiscal charges	51,471	-	51,471
Total expenditures	<u>\$ 10,622,857</u>	<u>\$ 637,353</u>	<u>\$ 11,260,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (164,559)</u>	<u>\$ 20,980</u>	<u>\$ (143,579)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	\$ 164,559	\$ -	\$ 164,559
Total other financing sources (uses)	<u>\$ 164,559</u>	<u>\$ -</u>	<u>\$ 164,559</u>
Net change in fund balances	\$ -	\$ 20,980	\$ 20,980
Fund balances - beginning	-	50,562	50,562
Fund balances - ending	<u>\$ -</u>	<u>\$ 71,542</u>	<u>\$ 71,542</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	\$ 20,980
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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 outlays exceeded depreciation in the current period.

Capital outlays	\$ 1,116,606	
Depreciation expense	(657,131)	
Net allocation of debt financed school assets based on current year repayments	<u>995,000</u>	1,454,475

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.

Issuance of capital lease	\$ (164,559)	
Principal repayments	<u>102,369</u>	(62,190)

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	\$ 2,199	
Pension expense	502,325	
OPEB expense	<u>(8,676)</u>	495,848

Change in net position of governmental activities	<u>\$ 1,909,113</u>
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County of Bath, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 Year Ended June 30, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 4,375	\$ 4,375
Miscellaneous	125,000	125,000	46,970	(78,030)
Intergovernmental:				
Local government	7,861,828	8,133,856	7,834,022	(299,834)
Commonwealth	1,754,273	1,754,273	2,002,340	248,067
Federal	416,100	416,100	570,591	154,491
Total revenues	<u>\$ 10,157,201</u>	<u>\$ 10,429,229</u>	<u>\$ 10,458,298</u>	<u>\$ 29,069</u>
EXPENDITURES				
Current:				
Education	\$ 10,157,201	\$ 10,429,229	\$ 10,469,017	\$ (193,628)
Debt service:				
Principal retirement	-	-	102,369	-
Interest and other fiscal charges	-	-	51,471	-
Total expenditures	<u>\$ 10,157,201</u>	<u>\$ 10,429,229</u>	<u>\$ 10,622,857</u>	<u>\$ (193,628)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (164,559)</u>	<u>\$ (164,559)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ 164,559	\$ 164,559
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,559</u>	<u>\$ 164,559</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 38

School Cafeteria Fund			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 110,000	\$ 110,000	\$ 113,275	\$ 3,275
-	-	-	-
347,103	347,103	323,000	(24,103)
6,903	6,903	6,193	(710)
145,000	145,000	215,865	70,865
<u>\$ 609,006</u>	<u>\$ 609,006</u>	<u>\$ 658,333</u>	<u>\$ 49,327</u>
\$ 609,006	\$ 609,006	\$ 637,353	\$ (28,347)
-	-	-	-
-	-	-	-
<u>\$ 609,006</u>	<u>\$ 609,006</u>	<u>\$ 637,353</u>	<u>\$ (28,347)</u>
\$ -	\$ -	\$ 20,980	\$ 20,980
\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 20,980	\$ 20,980
-	-	50,562	50,562
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,542</u>	<u>\$ 71,542</u>

**DISCRETELY PRESENTED COMPONENT UNIT
– SERVICE AUTHORITY**

Statement of Net Position
Discretely Presented Component Unit - Service Authority
June 30, 2019

	Component Unit Service Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,409,523
Accounts receivable, net of allowances for uncollectibles	118,714
Total current assets	<u>\$ 3,528,237</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (restricted for debt service)	\$ 23,262
Cash and cash equivalents (restricted for security deposits)	35,563
Total restricted assets	<u>\$ 58,825</u>
Capital assets:	
Land and land rights	\$ 73,365
Machinery and equipment	442,891
Utility plant in service	21,862,115
Construction in progress	7,466
Accumulated depreciation	(14,411,928)
Total capital assets	<u>\$ 7,973,909</u>
Total noncurrent assets	<u>\$ 8,032,734</u>
Total assets	<u>\$ 11,560,971</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 49,145
OPEB related items	3,666
Total deferred outflows of resources	<u>\$ 52,811</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 39,156
Customer deposits	35,563
Unearned revenue	3,374,746
Compensated absences - current portion	3,129
Bonds payable - current portion	20,473
Total current liabilities	<u>\$ 3,473,067</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 9,388
Bonds payable - net of current portion	358,278
Net OPEB liabilities	29,197
Net pension liability	266,692
Total noncurrent liabilities	<u>\$ 663,555</u>
Total liabilities	<u>\$ 4,136,622</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 61,427
OPEB related items	4,566
Total deferred inflows of resources	<u>\$ 65,993</u>
NET POSITION	
Net investment in capital assets	\$ 7,595,158
Restricted - reserve fund	23,262
Unrestricted (deficit)	(207,253)
Total net position	<u>\$ 7,411,167</u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Service Authority
 Year Ended June 30, 2019

	<u>Component Unit Service Authority</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 349,172
Sewer revenues	728,335
Late and reconnect fees	25,285
Total operating revenues	<u>\$ 1,102,792</u>
OPERATING EXPENSES	
Payroll and related benefits	\$ 554,245
Water	77,694
Sewer	119,681
Administration	47,208
Laboratory and engineering	32,528
Maintenance	33,953
Utilities and transportation	209,958
Insurance claims and premiums	23,516
Depreciation	448,438
Total operating expenses	<u>\$ 1,547,221</u>
Operating income (loss)	<u>\$ (444,429)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 107,006
Development fees	71,336
Total nonoperating revenues (expenses)	<u>\$ 178,342</u>
Change in net position	<u>\$ (266,087)</u>
Total net position - beginning	<u>7,677,254</u>
Total net position - ending	<u><u>\$ 7,411,167</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Service Authority
 Year Ended June 30, 2019

	Component Unit
	Service Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,097,566
Payments to suppliers	(538,507)
Payments to employees	(572,403)
Net cash provided by (used for) operating activities	\$ (13,344)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (68,579)
Principal payments on bonds	(20,472)
Development fees	301,465
Net cash provided by (used for) capital and related financing activities	\$ 212,414
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 107,006
Net cash provided by (used for) investing activities	\$ 107,006
Net increase (decrease) in cash and cash equivalents	\$ 306,076
Cash and cash equivalents - beginning - including restricted	3,162,272
Cash and cash equivalents - ending - including restricted	\$ 3,468,348
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (444,429)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 448,438
(Increase) decrease in accounts receivable	(7,431)
(Increase) decrease in deferred outflows of resources	(2,344)
Increase (decrease) in customer deposits	2,205
Increase (decrease) in accounts payable	6,031
Increase (decrease) in compensated absences	637
Increase (decrease) in deferred inflows of resources	11,593
Increase (decrease) in net OPEB liabilities	2,873
Increase (decrease) in net pension liability	(30,917)
Total adjustments	\$ 431,085
Net cash provided by (used for) operating activities	\$ (13,344)

SUPPORTING SCHEDULES

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,246,834	\$ 4,246,834	\$ 4,224,220	\$ (22,614)
Real and personal public service corporation taxes	7,158,486	7,158,486	7,056,552	(101,934)
Personal property taxes	161,990	161,990	170,574	8,584
Penalties	30,285	30,285	19,291	(10,994)
Interest	14,245	14,245	9,264	(4,981)
Total general property taxes	<u>\$ 11,611,840</u>	<u>\$ 11,611,840</u>	<u>\$ 11,479,901</u>	<u>\$ (131,939)</u>
Other local taxes:				
Local sales and use taxes	\$ 937,441	\$ 937,441	\$ 827,700	\$ (109,741)
Consumption tax	18,949	18,949	19,705	756
Mixed beverage license taxes	1,804	1,804	1,855	51
Motor vehicle license taxes	78,940	78,940	77,603	(1,337)
Bank stock taxes	46,567	46,567	48,833	2,266
Taxes on recordation and wills	39,904	39,904	44,840	4,936
Hotel and motel room taxes	550,653	550,653	500,474	(50,179)
Historic property transient occupancy tax 5%	-	-	55,403	55,403
Restaurant food taxes	834,316	834,316	828,554	(5,762)
Total other local taxes	<u>\$ 2,508,574</u>	<u>\$ 2,508,574</u>	<u>\$ 2,404,967</u>	<u>\$ (103,607)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 1,396	\$ 1,396	\$ 1,320	\$ (76)
Permits and other licenses	27,726	27,726	67,980	40,254
Total permits, privilege fees, and regulatory licenses	<u>\$ 29,122</u>	<u>\$ 29,122</u>	<u>\$ 69,300</u>	<u>\$ 40,178</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 5,647	\$ 5,647	\$ 1,096	\$ (4,551)
Revenue from use of money and property:				
Revenue from use of money	\$ 8,009	\$ 8,009	\$ 102,172	\$ 94,163
Revenue from use of property	10,000	10,000	10,000	-
Total revenue from use of money and property	<u>\$ 18,009</u>	<u>\$ 18,009</u>	<u>\$ 112,172</u>	<u>\$ 94,163</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,084	\$ 5,084	\$ 3,354	\$ (1,730)
Charges for courthouse maintenance	3,209	3,209	3,039	(170)
Courthouse security fee	17,397	17,397	17,068	(329)
Concealed weapons permits	2,475	2,475	2,445	(30)
Charges for Commonwealth's Attorney	495	495	481	(14)
Sheriff's fees	321	321	321	-
Law library fees	459	459	489	30
Soil and erosion fees	570	570	260	(310)
Charges for sanitation and waste removal	-	9,797	10,599	802
Charges for parks and recreation	2,126	5,257	3,162	(2,095)
Charges for other protection	43	43	620	577
Charges for other services	20,832	20,832	25,560	4,728
Total charges for services	<u>\$ 53,011</u>	<u>\$ 65,939</u>	<u>\$ 67,398</u>	<u>\$ 1,459</u>
Miscellaneous:				
Miscellaneous	\$ 67,838	\$ 52,288	\$ 58,366	\$ 6,078
Refunds and recoveries	5,000	81,855	36,683	(45,172)
Total miscellaneous	<u>\$ 72,838</u>	<u>\$ 134,143</u>	<u>\$ 95,049</u>	<u>\$ (39,094)</u>
Total revenue from local sources	<u>\$ 14,299,041</u>	<u>\$ 14,373,274</u>	<u>\$ 14,229,883</u>	<u>\$ (143,391)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Railroad rolling stock taxes	\$ 9,151	\$ 9,151	\$ 9,237	\$ 86
Mobile home titling tax	495	495	3,385	2,890
Communications taxes	111,689	111,689	97,908	(13,781)
Tax on deeds	10,152	10,152	11,192	1,040
Personal property tax relief funds	40,275	40,275	40,276	1
Total noncategorical aid	<u>\$ 171,762</u>	<u>\$ 171,762</u>	<u>\$ 161,998</u>	<u>\$ (9,764)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 71,457	\$ 71,457	\$ 71,023	\$ (434)
Sheriff	516,463	516,463	514,174	(2,289)
Commissioner of revenue	74,383	74,383	74,715	332
Treasurer	64,582	64,582	68,933	4,351
Registrar/electoral board	25,995	25,995	35,755	9,760
Clerk of the Circuit Court	146,483	161,680	184,009	22,329
Total shared expenses	<u>\$ 899,363</u>	<u>\$ 914,560</u>	<u>\$ 948,609</u>	<u>\$ 34,049</u>
Other categorical aid:				
Shared expenses - Mountain Soil and Water				
Conservation District	\$ 133,108	\$ 133,108	\$ 116,899	\$ (16,209)
Emergency medical services division fees	5,882	5,882	11,845	5,963
Fire programs fund	20,000	20,000	20,000	-
E-911 Addressing/Mapping/Implementation Project	54,088	54,088	51,828	(2,260)
Virginia Juvenile Community Crime Control Act	6,585	6,585	6,585	-
Seized funds	-	-	6,899	6,899
Other state funds	611	1,146	12,906	11,760
Total other categorical aid	<u>\$ 220,274</u>	<u>\$ 220,809</u>	<u>\$ 226,962</u>	<u>\$ 6,153</u>
Total categorical aid	<u>\$ 1,119,637</u>	<u>\$ 1,135,369</u>	<u>\$ 1,175,571</u>	<u>\$ 40,202</u>
Total revenue from the Commonwealth	<u>\$ 1,291,399</u>	<u>\$ 1,307,131</u>	<u>\$ 1,337,569</u>	<u>\$ 30,438</u>
Revenue from the federal government:				
Noncategorical aid:				
Payment in Lieu of Taxes	\$ 224,745	\$ 224,745	\$ 337,337	\$ 112,592
Total noncategorical aid	<u>\$ 224,745</u>	<u>\$ 224,745</u>	<u>\$ 337,337</u>	<u>\$ 112,592</u>
Categorical aid:				
Community development block grant	\$ -	\$ 737	\$ 2,750	\$ 2,013
Local emergency planning grant	7,500	7,500	7,500	-
Total categorical aid	<u>\$ 7,500</u>	<u>\$ 8,237</u>	<u>\$ 10,250</u>	<u>\$ 2,013</u>
Total revenue from the federal government	<u>\$ 232,245</u>	<u>\$ 232,982</u>	<u>\$ 347,587</u>	<u>\$ 114,605</u>
Total General Fund	<u>\$ 15,822,685</u>	<u>\$ 15,913,387</u>	<u>\$ 15,915,039</u>	<u>\$ 1,652</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Total miscellaneous	<u>\$ 24,800</u>	<u>\$ 24,800</u>	<u>\$ -</u>	<u>\$ (24,800)</u>
Total revenue from local sources	<u>\$ 24,800</u>	<u>\$ 24,800</u>	<u>\$ -</u>	<u>\$ (24,800)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 450,500	\$ 502,689	\$ 170,743	\$ (331,946)
Total revenue from the Commonwealth	<u>\$ 450,500</u>	<u>\$ 502,689</u>	<u>\$ 170,743</u>	<u>\$ (331,946)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 211,205	\$ 211,205	\$ 389,841	\$ 178,636
Total categorical aid	<u>\$ 211,205</u>	<u>\$ 211,205</u>	<u>\$ 389,841</u>	<u>\$ 178,636</u>
Total revenue from the federal government	<u>\$ 211,205</u>	<u>\$ 211,205</u>	<u>\$ 389,841</u>	<u>\$ 178,636</u>
Total Virginia Public Assistance Fund	<u><u>\$ 686,505</u></u>	<u><u>\$ 738,694</u></u>	<u><u>\$ 560,584</u></u>	<u><u>\$ (178,110)</u></u>
CSA Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 95,642	\$ 95,642	\$ 78,462	\$ (17,180)
Total categorical aid	<u>\$ 95,642</u>	<u>\$ 95,642</u>	<u>\$ 78,462</u>	<u>\$ (17,180)</u>
Total revenue from the Commonwealth	<u>\$ 95,642</u>	<u>\$ 95,642</u>	<u>\$ 78,462</u>	<u>\$ (17,180)</u>
Total CSA Fund	<u><u>\$ 95,642</u></u>	<u><u>\$ 95,642</u></u>	<u><u>\$ 78,462</u></u>	<u><u>\$ (17,180)</u></u>
Lodging Tax- Marketing /Capital Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes-designated for marketing	\$ 275,327	\$ 275,232	\$ 260,035	\$ (15,197)
Hotel and motel room taxes-designated for capital improvements	120,000	120,000	250,035	130,035
Historic transient occupancy tax 5%	-	-	697,008	697,008
Total other local taxes	<u>\$ 395,327</u>	<u>\$ 395,232</u>	<u>\$ 1,207,078</u>	<u>\$ 811,846</u>
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 3,776	\$ 3,776
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,776</u>	<u>\$ 3,776</u>
Total revenue from local sources	<u>\$ 395,327</u>	<u>\$ 395,232</u>	<u>\$ 1,210,854</u>	<u>\$ 815,622</u>
Total Lodging Tax -Marketing/Capital Fund	<u><u>\$ 395,327</u></u>	<u><u>\$ 395,232</u></u>	<u><u>\$ 1,210,854</u></u>	<u><u>\$ 815,622</u></u>
Total Primary Government	<u><u>\$ 17,000,159</u></u>	<u><u>\$ 17,142,955</u></u>	<u><u>\$ 17,764,939</u></u>	<u><u>\$ 621,984</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Tuition and payments from another county or city	\$ -	\$ -	\$ 4,375	\$ 4,375
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,375</u>	<u>\$ 4,375</u>
Miscellaneous:				
Refunds and recoveries	\$ 125,000	\$ 125,000	\$ 46,970	\$ (78,030)
Total miscellaneous	<u>125,000</u>	<u>125,000</u>	<u>46,970</u>	<u>(78,030)</u>
Total revenue from local sources	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 51,345</u>	<u>\$ (73,655)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 7,861,828	\$ 8,133,856	\$ 7,834,022	\$ (299,834)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 578,043	\$ 578,043	\$ 582,371	\$ 4,328
Basic school aid	635,982	635,982	620,109	(15,873)
Gifted and talented	5,150	5,150	5,149	(1)
Remedial education	13,493	13,493	13,491	(2)
Enrollment loss	59,675	59,675	75,000	15,325
Special Education	64,581	64,581	64,573	(8)
Textbook payment	10,371	10,371	10,370	(1)
Vocational standards of quality payments	49,446	49,446	66,127	16,681
Fringe benefits	111,343	111,343	111,330	(13)
At risk	15,209	15,209	16,779	1,570
English as a second language	1,211	1,211	1,346	135
Homebound payment	-	-	148	148
Early reading intervention	4,680	4,680	4,680	-
Remedial summer school	2,975	2,975	-	(2,975)
K-3 initiative	14,007	14,007	14,414	407
Lottery proceeds	27,795	27,795	37,503	9,708
Individual student alternative education program	7,859	7,859	8,355	496
Special education - foster children	-	-	116,856	116,856
Technology	128,000	128,000	128,000	-
Medicaid	20,000	20,000	71,597	51,597
Standards of Learning algebra readiness	1,356	1,356	1,356	-
Other state funds	3,097	3,097	52,786	49,689
Total categorical aid	<u>\$ 1,754,273</u>	<u>\$ 1,754,273</u>	<u>\$ 2,002,340</u>	<u>\$ 248,067</u>
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 134,500	\$ 134,500	\$ 134,500	\$ -
Categorical aid:				
Title VI-B, special education handicapped	\$ 105,000	\$ 105,000	\$ 145,121	\$ 40,121
Title I	82,100	82,100	122,068	39,968
Vocational education	9,000	9,000	-	(9,000)

Schedule of Revenues - Budget and Actual
Governmental Funds
Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Improving Teacher Quality	\$ 30,000	\$ 30,000	\$ 31,063	\$ 1,063
Rural education achievement program	44,000	44,000	63,043	19,043
Title III	1,500	1,500	1,516	16
Immigrant and youth grant	10,000	10,000	9,785	(215)
Forest reserve	-	-	63,495	63,495
Total categorical aid	<u>\$ 281,600</u>	<u>\$ 281,600</u>	<u>\$ 436,091</u>	<u>\$ 154,491</u>
Total revenue from the federal government	<u>\$ 416,100</u>	<u>\$ 416,100</u>	<u>\$ 570,591</u>	<u>\$ 154,491</u>
Total School Operating Fund	<u>\$ 10,157,201</u>	<u>\$ 10,429,229</u>	<u>\$ 10,458,298</u>	<u>\$ 29,069</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 110,000	\$ 110,000	\$ 113,275	\$ 3,275
Total revenue from local sources	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 113,275</u>	<u>\$ 3,275</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 347,103	\$ 347,103	\$ 323,000	\$ (24,103)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,903	\$ 6,903	\$ 6,193	\$ (710)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 145,000	\$ 145,000	\$ 193,471	\$ 48,471
USDA donated food	-	-	22,394	22,394
Total revenue from the federal government	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 215,865</u>	<u>\$ 70,865</u>
Total School Cafeteria Fund	<u>\$ 609,006</u>	<u>\$ 609,006</u>	<u>\$ 658,333</u>	<u>\$ 49,327</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,766,207</u>	<u>\$ 11,038,235</u>	<u>\$ 11,116,631</u>	<u>\$ 78,396</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 191,967	\$ 191,967	\$ 139,829	\$ 52,138
General and financial administration:				
County administrator	\$ 303,515	\$ 304,518	\$ 282,907	\$ 21,611
Commissioner of revenue	193,460	193,490	194,079	(589)
Treasurer	241,830	241,830	225,957	15,873
Data Processing	59,200	68,630	66,522	2,108
Total general and financial administration	\$ 798,005	\$ 808,468	\$ 769,465	\$ 39,003
Board of elections:				
Registrar	\$ 87,833	\$ 101,193	\$ 106,770	\$ (5,577)
Electoral board and officials	144,907	131,906	121,064	10,842
Total board of elections	\$ 232,740	\$ 233,099	\$ 227,834	\$ 5,265
Total general government administration	\$ 1,222,712	\$ 1,233,534	\$ 1,137,128	\$ 96,406
Judicial administration:				
Courts:				
Circuit court	\$ 16,730	\$ 16,867	\$ 19,228	\$ (2,361)
General district court	24,060	24,060	19,312	4,748
Special magistrates	1,591	1,591	855	736
Clerk of the circuit court	256,231	298,365	260,027	38,338
Total courts	\$ 298,612	\$ 340,883	\$ 299,422	\$ 41,461
Commonwealth's attorney:				
Commonwealth's attorney	\$ 126,374	\$ 126,374	\$ 123,294	\$ 3,080
Total commonwealth's attorney	\$ 126,374	\$ 126,374	\$ 123,294	\$ 3,080
Total judicial administration	\$ 424,986	\$ 467,257	\$ 422,716	\$ 44,541
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 941,956	\$ 1,193,180	\$ 1,102,703	\$ 90,477
Total law enforcement and traffic control	\$ 941,956	\$ 1,193,180	\$ 1,102,703	\$ 90,477
Fire and rescue services:				
Fire department	\$ 248,203	\$ 248,203	\$ 247,012	\$ 1,191
Contribution to fire and rescue	348,177	361,547	359,725	1,822
Total fire and rescue services	\$ 596,380	\$ 609,750	\$ 606,737	\$ 3,013
Correction and detention:				
County/City operated institutions	\$ 100,000	\$ 87,578	\$ 87,577	\$ 1
Total correction and detention	\$ 100,000	\$ 87,578	\$ 87,577	\$ 1
Inspections:				
Building	\$ 215,128	\$ 215,877	\$ 201,900	\$ 13,977
Total inspections	\$ 215,128	\$ 215,877	\$ 201,900	\$ 13,977
Other protection:				
Animal control	\$ 161,091	\$ 161,091	\$ 136,221	\$ 24,870
Emergency communications	431,695	431,695	407,113	24,582
Emergency management	100,184	100,719	75,552	25,167
Medical examiner (coroner)	200	200	80	120
VJCCCA	6,385	6,385	6,585	(200)
Total other protection	\$ 699,555	\$ 700,090	\$ 625,551	\$ 74,539
Total public safety	\$ 2,553,019	\$ 2,806,475	\$ 2,624,468	\$ 182,007

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Public works:				
Sanitation and waste removal:				
General engineering/administration	\$ 1,143,080	\$ 1,169,338	\$ 1,036,035	\$ 133,303
Total sanitation and waste removal	<u>\$ 1,143,080</u>	<u>\$ 1,169,338</u>	<u>\$ 1,036,035</u>	<u>\$ 133,303</u>
Maintenance of general buildings and grounds:				
General engineering/administration	\$ 268,510	\$ 293,615	\$ 272,816	\$ 20,799
Airport Authority	38,446	38,446	39,058	(612)
Total maintenance of general buildings and grounds	<u>\$ 306,956</u>	<u>\$ 332,061</u>	<u>\$ 311,874</u>	<u>\$ 20,187</u>
Total public works	<u>\$ 1,450,036</u>	<u>\$ 1,501,399</u>	<u>\$ 1,347,909</u>	<u>\$ 153,490</u>
Health and welfare:				
Health:				
Local health department	\$ 91,905	\$ 91,905	\$ 91,905	\$ -
Total health	<u>\$ 91,905</u>	<u>\$ 91,905</u>	<u>\$ 91,905</u>	<u>\$ -</u>
Mental health and mental retardation:				
Administration	\$ 33,015	\$ 33,015	\$ 33,015	\$ -
Total mental health and mental retardation	<u>\$ 33,015</u>	<u>\$ 33,015</u>	<u>\$ 33,015</u>	<u>\$ -</u>
Welfare:				
Welfare administration				
Public welfare	\$ 74,155	\$ 74,155	\$ 74,155	\$ -
Tax relief for the elderly	84,748	84,748	81,486	3,262
Total welfare	<u>\$ 158,903</u>	<u>\$ 158,903</u>	<u>\$ 155,641</u>	<u>\$ 3,262</u>
Total health and welfare	<u>\$ 283,823</u>	<u>\$ 283,823</u>	<u>\$ 280,561</u>	<u>\$ 3,262</u>
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 5,749	\$ 5,749	\$ 5,749	\$ -
Contributions to County School Board	8,208,931	8,431,889	8,157,022	274,867
Total education	<u>\$ 8,214,680</u>	<u>\$ 8,437,638</u>	<u>\$ 8,162,771</u>	<u>\$ 274,867</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 385,256	\$ 486,925	\$ 446,479	\$ 40,446
Total parks and recreation	<u>\$ 385,256</u>	<u>\$ 486,925</u>	<u>\$ 446,479</u>	<u>\$ 40,446</u>
Library:				
Regional library	\$ 153,797	\$ 153,797	\$ 153,797	\$ -
Total library	<u>\$ 153,797</u>	<u>\$ 153,797</u>	<u>\$ 153,797</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 539,053</u>	<u>\$ 640,722</u>	<u>\$ 600,276</u>	<u>\$ 40,446</u>
Community development:				
Planning and community development:				
Planning	\$ 109,477	\$ 210,214	\$ 91,794	\$ 118,420
Total planning and community development	<u>\$ 109,477</u>	<u>\$ 210,214</u>	<u>\$ 91,794</u>	<u>\$ 118,420</u>
Environmental management:				
Administration	\$ 150,646	\$ 150,646	\$ 136,366	\$ 14,280
Total environmental management	<u>\$ 150,646</u>	<u>\$ 150,646</u>	<u>\$ 136,366</u>	<u>\$ 14,280</u>
Cooperative extension program:				
Administration	\$ 59,381	\$ 59,381	\$ 38,408	\$ 20,973
Total cooperative extension program	<u>\$ 59,381</u>	<u>\$ 59,381</u>	<u>\$ 38,408</u>	<u>\$ 20,973</u>
Total community development	<u>\$ 319,504</u>	<u>\$ 420,241</u>	<u>\$ 266,568</u>	<u>\$ 153,673</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Nondepartmental:				
Miscellaneous	\$ 214,367	\$ 150,015	\$ 88,741	\$ 61,274
Total nondepartmental	<u>\$ 214,367</u>	<u>\$ 150,015</u>	<u>\$ 88,741</u>	<u>\$ 61,274</u>
Debt service:				
Principal retirement	\$ 967,735	\$ 995,000	\$ 995,000	\$ -
Interest and other fiscal charges	119,965	92,700	103,000	(10,300)
Total debt service	<u>\$ 1,087,700</u>	<u>\$ 1,087,700</u>	<u>\$ 1,098,000</u>	<u>\$ (10,300)</u>
Total General Fund	<u>\$ 16,309,880</u>	<u>\$ 17,028,804</u>	<u>\$ 16,029,138</u>	<u>\$ 999,666</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 530,000	\$ 582,189	\$ 552,027	\$ 30,162
Purchased services	143,300	143,300	106,608	36,692
Child care	100,000	100,000	-	100,000
Total health and welfare	<u>\$ 773,300</u>	<u>\$ 825,489</u>	<u>\$ 658,635</u>	<u>\$ 166,854</u>
Total Virginia Public Assistance Fund	<u>\$ 773,300</u>	<u>\$ 825,489</u>	<u>\$ 658,635</u>	<u>\$ 166,854</u>
CSA Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 167,147	\$ 167,147	\$ 127,866	\$ 39,281
Total CSA Fund	<u>\$ 167,147</u>	<u>\$ 167,147</u>	<u>\$ 127,866</u>	<u>\$ 39,281</u>
Lodging Tax Marketing & Capital Fund:				
Economic development	\$ 452,429	\$ 544,044	\$ 377,499	\$ 166,545
Total Marketing/Capital Fund	<u>\$ 452,429</u>	<u>\$ 544,044</u>	<u>\$ 377,499</u>	<u>\$ 166,545</u>
Total Primary Government	<u>\$ 17,702,756</u>	<u>\$ 18,565,484</u>	<u>\$ 17,193,138</u>	<u>\$ 1,372,346</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instruction	\$ 7,123,149	\$ 7,123,149	\$ 7,215,533	\$ (92,384)
Operating costs:				
Administration, attendance and health services	\$ 453,178	\$ 453,178	\$ 444,527	\$ 8,651
Pupil transportation	876,457	876,457	900,255	(23,798)
Operation and maintenance of school plant	1,704,417	1,976,445	1,908,702	67,743
Total operating costs	<u>\$ 3,034,052</u>	<u>\$ 3,306,080</u>	<u>\$ 3,253,484</u>	<u>\$ 52,596</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 102,369	\$ (102,369)
Interest and other fiscal charges	-	-	51,471	(51,471)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,840</u>	<u>\$ (153,840)</u>
Total education	<u>\$ 10,157,201</u>	<u>\$ 10,429,229</u>	<u>\$ 10,622,857</u>	<u>\$ (193,628)</u>
Total School Operating Fund	<u>\$ 10,157,201</u>	<u>\$ 10,429,229</u>	<u>\$ 10,622,857</u>	<u>\$ (193,628)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 609,006	\$ 609,006	\$ 637,353	\$ (28,347)
Total School Cafeteria Fund	<u>\$ 609,006</u>	<u>\$ 609,006</u>	<u>\$ 637,353</u>	<u>\$ (28,347)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,766,207</u>	<u>\$ 11,038,235</u>	<u>\$ 11,260,210</u>	<u>\$ (221,975)</u>

STATISTICAL SECTION

STATISTICAL SECTION

Contents

Tables

Financial Trends

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

1 - 5

Revenue Capacity

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

6-10

Debt Capacity

This table presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11-12

Demographic and Economic Information

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

13-14

Operating Information

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

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

County of Bath, Virginia

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 1,751,839	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610
Restricted	-	100,065	100,065	-	-
Unrestricted	5,504,308	7,374,898	10,001,253	9,882,222	10,072,864
Total governmental activities net position	<u>\$ 7,256,147</u>	<u>\$ 9,340,828</u>	<u>\$ 11,209,993</u>	<u>\$ 11,687,632</u>	<u>\$ 11,395,474</u>
Primary government					
Net investment in capital assets	\$ 1,751,839	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610
Restricted	-	100,065	100,065	-	-
Unrestricted	5,504,308	7,374,898	10,001,253	9,882,222	10,072,864
Total primary government net position	<u>\$ 7,256,147</u>	<u>\$ 9,340,828</u>	<u>\$ 11,209,993</u>	<u>\$ 11,687,632</u>	<u>\$ 11,395,474</u>

(1) During fiscal year 2018, the County adopted GASB 75 which required restatement of the beginning net position for the year ended June 30, 2017. The net position for fiscal year 2017 is presented as restated.

Table 1

		Fiscal Year							
		2015	2016	2017 (1)	2018	2019			
\$	1,057,884	\$	1,474,375	\$	1,510,211	\$	1,313,518	\$	1,200,664
	-		-		-		-		752,410
	<u>7,835,053</u>		<u>6,712,935</u>		<u>6,073,950</u>		<u>6,625,165</u>		<u>6,685,387</u>
\$	<u><u>8,892,937</u></u>	\$	<u><u>8,187,310</u></u>	\$	<u><u>7,584,161</u></u>	\$	<u><u>7,938,683</u></u>	\$	<u><u>8,638,461</u></u>
\$	1,057,884	\$	1,474,375	\$	1,510,211	\$	1,313,518	\$	1,200,664
	-		-		-		-		752,410
	<u>7,835,053</u>		<u>6,712,935</u>		<u>6,073,950</u>		<u>6,625,165</u>		<u>6,685,387</u>
\$	<u><u>8,892,937</u></u>	\$	<u><u>8,187,310</u></u>	\$	<u><u>7,584,161</u></u>	\$	<u><u>7,938,683</u></u>	\$	<u><u>8,638,461</u></u>

County of Bath, Virginia

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government administration	\$ 1,721,629	\$ 1,229,730	\$ 1,211,724	\$ 1,268,772	\$ 1,049,191
Judicial administration	329,702	336,921	344,405	439,010	369,801
Public safety	1,850,466	1,829,651	2,040,286	2,112,434	2,478,869
Public works	1,120,874	1,100,064	1,064,089	1,155,574	1,429,114
Health and welfare	797,407	827,199	826,654	935,708	941,207
Education	6,062,084	6,460,206	6,904,010	7,459,886	8,899,869
Parks, recreation and cultural	477,243	465,168	467,408	539,930	542,796
Community development	271,641	241,827	1,145,116	969,681	1,087,763
Nondepartmental	180,027	281,777	47,199	65,610	68,899
Interest on long-term debt	412,588	399,090	383,614	1,234,856	196,898
Total governmental activities expenses	\$ 13,223,661	\$ 13,171,633	\$ 14,434,505	\$ 16,181,461	\$ 17,064,407
Total primary government expenses	\$ 13,223,661	\$ 13,171,633	\$ 14,434,505	\$ 16,181,461	\$ 17,064,407
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 14,629	\$ 18,315	\$ 16,135	\$ 17,263	\$ 18,107
Judicial administration	21,222	24,213	17,805	16,900	25,980
Public safety	77,630	51,081	70,979	110,031	119,570
Public works	62,381	55,290	60,820	73,434	24,600
Parks, recreation and cultural	8,208	9,328	9,245	7,470	8,267
Operating grants and contributions	1,624,870	1,453,368	1,784,659	1,721,339	1,817,277
Capital grants and contributions	-	-	-	-	25,000
Total governmental activities program revenues	\$ 1,808,940	\$ 1,611,595	\$ 1,959,643	\$ 1,946,437	\$ 2,038,801
Total primary government program revenues	\$ 1,808,940	\$ 1,611,595	\$ 1,959,643	\$ 1,946,437	\$ 2,038,801
Net (expense) / revenue					
Governmental activities	\$ (11,414,721)	\$ (11,560,038)	\$ (12,474,862)	\$ (14,235,024)	\$ (15,025,606)
Total primary government net expense	\$ (11,414,721)	\$ (11,560,038)	\$ (12,474,862)	\$ (14,235,024)	\$ (15,025,606)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 9,701,561	\$ 11,384,262	\$ 11,409,502	\$ 11,685,185	\$ 11,720,316
Local sales and use taxes	729,748	687,422	807,325	873,109	920,676
Restaurant food tax	-	195,557	804,380	879,825	859,248
Motor vehicle licenses taxes	77,576	72,513	72,341	72,794	73,882
Taxes on recordation and wills	62,594	68,993	91,714	98,445	50,256
Bank stock taxes	27,963	30,036	32,266	33,918	37,797
Hotel and motel room taxes	326,434	707,584	721,982	823,534	969,850
Other local taxes	306,680	19,695	21,958	20,760	21,377
Unrestricted grants and contributions	330,014	233,860	231,527	337,617	321,975
Unrestricted revenues from use of money and property	55,329	57,130	51,966	43,463	35,934
Miscellaneous	55,889	187,667	99,066	78,866	67,737
Effect of change in accounting principle (1)	-	-	-	-	-
Total governmental activities	\$ 11,676,788	\$ 13,644,719	\$ 14,344,027	\$ 14,947,516	\$ 15,079,048
Total primary government	\$ 11,676,788	\$ 13,644,719	\$ 14,344,027	\$ 14,947,516	\$ 15,079,048
Change in Net Position					
Governmental activities	\$ 262,067	\$ 2,084,681	\$ 1,869,165	\$ 712,492	\$ 53,442
Total primary government	\$ 262,067	\$ 2,084,681	\$ 1,869,165	\$ 712,492	\$ 53,442

(1) During fiscal year 2018, the County adopted GASB 75 which required restatement of the beginning net position for the year ended June 30, 2017. The resulting restatement is presented as an other change in Net Position for fiscal year 2017.

Table 2

		Fiscal Year							
		2015	2016	2017	2018	2019			
\$	1,020,326	\$	1,174,034	\$	1,114,156	\$	1,134,535	\$	1,109,785
	356,973		388,586		439,940		428,181		400,581
	2,487,830		2,646,136		2,925,952		2,787,707		2,549,396
	1,421,247		1,736,640		1,097,385		1,179,161		1,343,309
	1,035,457		1,051,764		1,016,210		984,438		1,032,741
	9,084,728		8,815,193		9,395,332		9,296,708		9,214,671
	511,218		541,942		555,200		553,239		583,930
	1,307,591		1,216,657		785,851		496,504		634,872
	76,482		96,606		129,098		78,239		88,741
	172,996		156,066		134,714		119,053		102,067
\$	<u>17,474,848</u>	\$	<u>17,823,624</u>	\$	<u>17,593,838</u>	\$	<u>17,057,765</u>	\$	<u>17,060,093</u>
\$	<u>17,474,848</u>	\$	<u>17,823,624</u>	\$	<u>17,593,838</u>	\$	<u>17,057,765</u>	\$	<u>17,060,093</u>
\$	15,279	\$	15,612	\$	20,584	\$	23,346	\$	25,560
	29,729		27,207		32,006		25,698		22,173
	61,237		36,172		35,985		69,457		76,040
	37,625		15,619		1,184		10,126		10,859
	8,308		5,189		6,093		3,147		3,162
	2,133,388		1,967,670		1,919,398		1,667,338		1,765,539
	15,000		190,572		251,865		57,361		59,328
\$	<u>2,300,566</u>	\$	<u>2,258,041</u>	\$	<u>2,267,115</u>	\$	<u>1,856,473</u>	\$	<u>1,962,661</u>
\$	<u>2,300,566</u>	\$	<u>2,258,041</u>	\$	<u>2,267,115</u>	\$	<u>1,856,473</u>	\$	<u>1,962,661</u>
\$	<u>(15,174,282)</u>	\$	<u>(15,565,583)</u>	\$	<u>(15,326,723)</u>	\$	<u>(15,201,292)</u>	\$	<u>(15,097,432)</u>
\$	<u>(15,174,282)</u>	\$	<u>(15,565,583)</u>	\$	<u>(15,326,723)</u>	\$	<u>(15,201,292)</u>	\$	<u>(15,097,432)</u>
\$	11,682,189	\$	11,540,509	\$	11,608,685	\$	11,596,114	\$	11,511,516
	925,382		789,831		937,441		849,993		827,700
	691,592		789,831		834,316		905,907		828,554
	75,778		75,514		76,835		74,859		77,603
	63,019		45,124		41,867		475,062		44,840
	55,675		46,567		40,394		39,893		48,833
	1,008,345		1,078,690		1,103,163		1,091,064		1,762,955
	21,244		20,753		20,704		22,006		21,560
	346,539		370,041		402,731		395,213		499,335
	12,915		18,009		27,767		56,350		112,172
	41,127		85,087		43,306		49,353		62,142
	-		-		(489,260)		-		-
\$	<u>14,923,805</u>	\$	<u>14,859,956</u>	\$	<u>14,647,949</u>	\$	<u>15,555,814</u>	\$	<u>15,797,210</u>
\$	<u>14,923,805</u>	\$	<u>14,859,956</u>	\$	<u>14,647,949</u>	\$	<u>15,555,814</u>	\$	<u>15,797,210</u>
\$	<u>(250,477)</u>	\$	<u>(705,627)</u>	\$	<u>(678,774)</u>	\$	<u>354,522</u>	\$	<u>699,778</u>
\$	<u>(250,477)</u>	\$	<u>(705,627)</u>	\$	<u>(678,774)</u>	\$	<u>354,522</u>	\$	<u>699,778</u>

Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Restaurant Food Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Hotel and Motel Taxes	Other Local Taxes	Total
2019 \$	11,511,516	\$ 827,700	\$ 828,554	\$ 77,603	\$ 44,840	\$ 1,762,955	\$ 70,393	\$ 15,123,561
2018	11,596,114	849,993	905,907	74,859	475,062	1,091,064	61,899	15,054,898
2017	11,608,685	937,441	834,316	76,835	41,867	1,103,163	61,098	14,663,405
2016	11,540,509	789,831	789,831	75,514	45,124	1,078,690	67,320	14,386,819
2015	11,682,189	925,382	691,592	75,778	63,019	1,008,345	76,919	14,523,224
2014	11,720,316	920,676	859,248	73,882	50,256	969,850	59,174	14,653,402
2013	11,685,185	873,109	879,825	72,794	98,445	823,534	54,678	14,487,570
2012	11,409,502	807,325	804,380	72,341	91,714	721,982	54,224	13,961,468
2011	11,384,262	687,422	195,557	72,513	68,993	707,584	49,731	13,166,062
2010	9,701,561	729,748	-	77,576	62,594	611,092	295,680	11,478,251

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County of Bath, Virginia

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

	Fiscal Year				
	2010	2011	2012	2013	2014
General fund					
Unreserved	\$ 5,121,473	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	51,150	8,767	8,474	15,164
Restricted	-	100,065	100,065	-	-
Committed	-	-	718,561	70,490	8,252
Assigned	-	390,000	533,935	6,134,500	6,241,060
Unassigned	-	6,450,006	7,542,031	3,169,892	3,201,601
Total general fund	<u>\$ 5,121,473</u>	<u>\$ 6,991,221</u>	<u>\$ 8,903,359</u>	<u>\$ 9,383,356</u>	<u>\$ 9,466,077</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed for:					
Special revenue funds	179,146	371,089	419,929	484,479	586,124
Total all other governmental funds	<u>\$ 179,146</u>	<u>\$ 371,089</u>	<u>\$ 419,929</u>	<u>\$ 484,479</u>	<u>\$ 586,124</u>

Note: The County implemented GASB 54 during fiscal year 2011.

Table 4

		Fiscal Year					
		2015	2016	2017	2018	2019	
\$	-	\$	-	\$	-	\$	-
	39,978		29,669		10,827		37,826
	-		-		-		41,359
	-		-		-		55,403
	299,643		72,674		163,500		270,951
	9,015,028		8,204,617		7,794,839		7,918,047
\$	<u>9,354,649</u>	\$	<u>8,306,960</u>	\$	<u>7,969,166</u>	\$	<u>8,226,824</u>
\$	2,540	\$	200	\$	-	\$	-
	-		-		-		697,007
	674,451		465,304		727,725		1,042,371
\$	<u>676,991</u>	\$	<u>465,504</u>	\$	<u>727,725</u>	\$	<u>1,042,371</u>
							1,178,719
							<u>1,875,726</u>

County of Bath, Virginia

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

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
General property taxes	\$ 9,507,978	\$ 11,579,115	\$ 11,342,321	\$ 11,719,341	\$ 11,675,049
Other local taxes	1,530,995	1,781,800	2,551,966	2,802,385	2,933,086
Permits, privilege fees and regulatory licenses	68,806	44,109	63,894	103,695	112,675
Fines and forfeitures	1,108	245	312	968	5,841
Revenue from use of money and property	55,329	57,130	51,966	43,463	35,934
Charges for services	114,156	113,873	110,778	86,435	78,008
Miscellaneous	155,431	64,507	47,310	78,866	67,737
Recovered costs	41,263	123,160	51,756	51,539	24,453
Intergovernmental:					
Commonwealth	1,396,191	1,348,968	1,356,016	1,420,094	1,489,796
Federal	420,888	338,260	660,170	672,862	674,456
Total revenues	\$ 13,292,145	\$ 15,451,167	\$ 16,236,489	\$ 16,979,648	\$ 17,097,035
Expenditures					
General government administration	\$ 908,384	\$ 890,821	\$ 892,324	\$ 975,861	\$ 947,808
Judicial administration	326,046	333,562	342,536	431,886	366,567
Public safety	1,776,576	1,772,124	1,835,699	1,889,823	2,131,542
Public works	1,119,666	1,109,988	1,062,139	1,172,565	1,427,212
Health and welfare	798,550	830,523	832,665	928,633	934,589
Education	6,017,182	6,160,206	6,595,610	7,564,786	7,586,708
Parks, recreation and cultural	460,647	447,482	446,139	505,283	469,312
Community development	268,388	240,380	1,080,677	966,366	1,085,578
Nondepartmental	64,038	123,594	67,108	64,947	68,899
Capital projects	766,235	372,194	429,675	973,322	806,721
Debt service:					
Principal	63,094	717,189	315,000	9,280,000	915,000
Interest and other fiscal charges	405,610	391,413	375,939	1,226,629	197,733
Total expenditures	\$ 12,974,416	\$ 13,389,476	\$ 14,275,511	\$ 25,980,101	\$ 16,937,669
Excess of revenues over (under) expenditures	\$ 317,729	\$ 2,061,691	\$ 1,960,978	\$ (9,000,453)	\$ 159,366
Other financing sources (uses)					
Transfers in	\$ 159,353	\$ 207,303	\$ 223,460	\$ 239,450	\$ 154,689
Transfers out	(159,353)	(207,303)	(223,460)	(239,450)	(154,689)
Issuance of indebtedness	-	-	-	9,545,000	25,000
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ 9,545,000	\$ 25,000
Net change in fund balances	\$ 317,729	\$ 2,061,691	\$ 1,960,978	\$ 544,547	\$ 184,366
Debt service as a percentage of noncapital expenditures	3.6125%	8.2797%	4.8400%	7.7186%	6.5696%

Table 5

		Fiscal Year				
		2015	2016	2017	2018	2019
\$	11,778,520	\$ 11,520,566	\$ 11,597,266	\$ 11,613,869	\$ 11,479,901	
	2,841,035	2,846,310	3,054,720	3,458,784	3,612,045	
	55,267	29,122	30,973	60,352	69,300	
	8,130	5,647	8,676	3,496	1,096	
	12,915	18,009	27,767	56,350	112,172	
	88,781	65,030	56,203	67,926	67,398	
	41,127	85,087	43,306	49,353	62,142	
	26,717	25,518	47,344	23,622	36,683	
	1,564,092	1,583,905	1,656,392	1,607,505	1,586,774	
	930,835	944,378	917,602	512,407	737,428	
\$	<u>17,347,419</u>	<u>\$ 17,123,572</u>	<u>\$ 17,440,249</u>	<u>\$ 17,453,664</u>	<u>\$ 17,764,939</u>	
\$	982,285	\$ 1,125,533	\$ 1,105,739	\$ 1,034,464	\$ 1,137,128	
	371,390	401,423	438,287	419,515	422,716	
	2,129,588	2,600,932	2,752,004	2,681,454	2,624,468	
	1,005,518	1,743,951	1,103,133	1,268,853	1,347,909	
	1,055,014	1,051,884	1,005,510	975,652	1,067,062	
	8,071,628	7,955,783	8,419,432	8,306,608	8,162,771	
	495,977	506,166	522,250	525,185	600,276	
	1,311,770	1,551,947	851,260	496,425	644,067	
	76,482	96,606	129,098	78,239	88,741	
	784,479	261,585	179,128	-	-	
	910,000	930,000	950,000	975,000	995,000	
	173,849	156,938	135,606	119,965	103,000	
\$	<u>17,367,980</u>	<u>\$ 18,382,748</u>	<u>\$ 17,591,447</u>	<u>\$ 16,881,360</u>	<u>\$ 17,193,138</u>	
\$	<u>(20,561)</u>	<u>\$ (1,259,176)</u>	<u>\$ (151,198)</u>	<u>\$ 572,304</u>	<u>\$ 571,801</u>	
\$	209,891	\$ 190,527	\$ 168,674	\$ 143,663	\$ 147,455	
	(209,891)	(190,527)	(168,674)	(143,663)	(147,455)	
	-	-	-	-	-	
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$	<u>(20,561)</u>	<u>\$ (1,259,176)</u>	<u>\$ (151,198)</u>	<u>\$ 572,304</u>	<u>\$ 571,801</u>	
	6.3961%	6.0673%	6.2947%	6.5317%	6.4875%	

General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Meals Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Hotel and Motel Room Tax (1)	Other Local Taxes	Total
2019	\$ 11,479,901	\$ 827,700	\$ 828,554	\$ 77,603	\$ 44,840	\$ 1,762,955	\$ 70,393	\$ 15,091,946
2018	11,613,869	849,993	905,907	74,859	475,062	1,091,064	61,899	15,072,653
2017	11,597,266	937,441	834,316	76,835	41,867	1,103,163	61,098	14,651,986
2016	11,520,566	789,831	789,831	75,514	45,124	1,078,690	67,320	14,366,876
2015	11,778,520	925,382	691,592	75,778	63,019	1,008,345	76,919	14,619,555
2014	11,675,049	920,676	859,248	73,882	50,256	969,850	59,174	14,608,135
2013	11,719,341	873,109	879,825	72,794	98,445	823,534	54,678	14,521,726
2012	11,342,321	807,325	804,380	72,341	91,714	721,982	54,224	13,894,287
2011	11,579,115	687,422	195,557	72,513	68,993	707,584	49,731	13,360,915
2010	9,507,978	729,748	-	77,576	62,594	611,091	49,985	11,038,972

(1) Includes lodging tax reported in the Lodging Tax/Marketing Capital Fund.

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County of Bath, Virginia

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service (2)	Total Taxable Assessed Value
2019	\$ 881,058,000	\$ 60,776,540	\$ 805,600	\$ 1,411,711,020	\$ 2,354,351,160
2018	875,003,700	56,958,300	601,100	1,432,056,425	2,364,619,525
2017	981,958,400	58,050,800	368,100	1,459,194,817	2,499,572,117
2016	978,673,900	60,240,600	408,900	1,448,811,871	2,488,135,271
2015	977,065,400	57,716,100	459,700	1,482,067,106	2,517,308,306
2014	968,454,300	55,169,760	749,700	1,495,398,310	2,519,772,070
2013	964,065,600	57,923,200	81,300	1,494,282,594	2,516,352,694
2012	959,247,900	57,112,800	85,900	1,431,099,852	2,447,546,452
2011	804,584,300	58,144,700	268,200	1,270,143,889	2,133,141,089
2010	796,900,200	58,748,900	59,900	974,004,286	1,829,713,286

Source: Commissioner of Revenue

- (1) Real estate is assessed at 100% of market value.
- (2) Assessed values are established by the State Corporation Commission
- (3) Provided for real estate values only. Actual taxable value is net of land use and tax relief for the elderly.
- (4) Source: Virginia Department of Taxation

Table 7

	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value (1)	State Sales Assessment Ratio (4)	Total Direct Rate
\$	829,665,900	106.19%	112.39%	1.70
	824,266,700	106.16%	107.70%	1.70
	887,437,400	110.65%	107.70%	1.66
	887,643,600	110.26%	99.82%	1.66
	889,111,900	109.89%	104.98%	1.66
	880,351,500	110.01%	99.19%	1.66
	876,106,500	110.04%	106.65%	1.66
	881,592,556	108.81%	108.36%	1.66
	745,469,827	107.93%	73.43%	1.80
	739,333,542	107.79%	80.76%	1.80

Property Tax Rates (1)
 Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2019	\$ 0.50	\$ 0.35	\$ 0.50	\$ 0.35
2018	0.50	0.35	0.50	0.35
2017	0.48	0.35	0.48	0.35
2016	0.48	0.35	0.48	0.35
2015	0.48	0.35	0.48	0.35
2014	0.48	0.35	0.48	0.35
2013	0.48	0.35	0.48	0.35
2012	0.48	0.35	0.48	0.35
2011	0.55	0.35	0.55	0.35
2010	0.55	0.35	0.55	0.35

(1) Per \$100 of assessed value

Principal Property Taxpayers
 Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2019		Fiscal Year 2010	
		2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
Public Service	Utilities (Power, etc.)	\$ 1,410,375,277	59.905%	\$ 1,270,143,889	61.240%
The Homestead LC	Hotel	82,239,900	3.493%	99,794,900	4.812%
NA Homestead Preserve	Hotel	26,296,300	1.117%	-	0.000%
The Owners Club	Timeshares	22,803,300	0.969%	23,316,600	1.124%
DG Land Holdings	R.E. Prop. & invst.	7,083,300	0.301%	-	0.000%
Fort Lewis Lodge	Lodging	4,594,300	0.195%	-	0.000%
Bill Chambers	Real Estate Dev.	2,693,900	0.114%	-	0.000%
Plecker & Son	Construction	2,067,500	0.088%	2,651,900	0.128%
CA Partners	Real Estate Dev.	1,019,100	0.043%	2,779,700	0.134%
Lockridge Enterprises	Farming	2,057,000	0.087%	-	0.000%
VA Hot Springs Land Co.	Real Estate Dev.	122,900	0.005%	733,700	0.035%
Warm Spring Investment	R.E. Prop. & invst.	-	0.000%	41,437,600	1.998%
Cambata Industries	Farming; aviation	-	0.000%	10,128,000	0.488%
Enterprise Leasing	Vehicle Leasing	-	0.000%	717,800	0.035%
SSPW	Vehicle Leasing	-	0.000%	319,200	0.015%
		<u>\$ 1,561,677,377</u>	<u>66.33%</u>	<u>\$ 1,452,257,989</u>	<u>70.01%</u>

Source: Commissioner of Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 11,492,138	\$ 11,314,582	98.45%	\$ -	\$ 11,314,582	98.45%
2018	11,551,252	11,376,569	98.49%	119,430	11,495,999	99.52%
2017	11,555,323	11,262,008	97.46%	270,153	11,532,161	99.80%
2016	11,499,348	11,327,388	98.50%	158,954	11,327,388	98.50%
2015	11,644,754	11,494,387	98.71%	142,717	11,637,104	99.93%
2014	11,670,710	11,469,643	98.28%	196,153	11,665,796	99.96%
2013	11,654,162	11,475,356	98.47%	175,575	11,650,931	99.97%
2012	11,335,319	11,071,943	97.68%	261,111	11,333,054	99.98%
2011	11,327,270	11,123,491	98.20%	203,414	11,326,905	100.00%
2010	9,671,942	9,282,256	95.97%	389,609	9,671,865	100.00%

Source: Commissioner of Revenue, County Treasurer's office

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund Loans	Other Notes/Bonds	Capital Leases			
2019	\$ -	\$ -	\$ 3,125,000	\$ -	\$ 3,125,000	1.18%	\$ 706
2018	-	-	4,120,000	-	4,120,000	1.63%	904
2017	-	-	5,095,000	-	5,095,000	2.13%	1,095
2016	-	-	6,045,000	-	6,045,000	2.52%	1,279
2015	-	-	6,975,000	-	6,975,000	3.08%	1,462
2014	-	-	7,885,000	-	7,885,000	3.84%	1,708
2013	-	-	8,775,000	-	8,775,000	3.95%	1,923
2012	-	-	8,510,000	-	8,510,000	4.21%	1,820
2011	-	-	8,825,000	-	8,825,000	4.98%	1,895
2010	-	-	9,485,000	57,187	9,542,187	5.59%	2,017

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics - Table 13.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2019	\$ 3,125,000	\$ -	\$ 3,125,000	0.13%	\$ 706
2018	4,120,000	-	4,120,000	0.17%	904
2017	5,095,000	-	5,095,000	0.20%	1,095
2016	6,045,000	-	6,045,000	0.24%	1,279
2015	6,975,000	-	6,975,000	0.28%	1,462
2014	7,885,000	-	7,885,000	0.31%	1,708
2013	8,775,000	-	8,775,000	0.35%	1,923
2012	8,510,000	100,065	8,409,935	0.34%	1,799
2011	8,825,000	100,065	8,724,935	0.41%	1,874
2010	9,485,000	-	9,485,000	0.52%	2,005

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 13.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(3) Includes all long-term general obligation bonded debt, revenue bonds, and Literary Fund Loans; excludes capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2019	4,429	\$ 264,509,000	\$ 61,628	48	550	2.40%
2018	4,556	252,991,000	58,876	49	552	2.60%
2017	4,652	239,666,388	51,519	49	554	2.90%
2016	4,727	239,989,790	50,770	49	541	3.30%
2015	4,771	226,116,774	47,394	46	584	4.00%
2014	4,616	205,338,144	44,484	48	622	4.10%
2013	4,563	222,377,805	48,735	48	597	4.90%
2012	4,676	202,078,016	43,216	48	625	4.80%
2011	4,657	177,222,135	38,055	47	658	5.00%
2010	4,731	170,817,486	36,106	47	670	6.30%

Source: Weldon Cooper Center; Bureau of Economic Analysis, Regional Economic Accounts; VA Department of Education, Division of Technology, Reports; U.S. Census Bureau; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2019			Fiscal Year 2010		
	(1) Employees	Rank	% of Total County Employment	(1) Employees	Rank	% of Total County Employment
The Homestead	850	1	34.07%	750	1	31.42%
Bath County Public Schools	142	2	5.69%	175	2	7.33%
Bath County Community Hospital	200	3	8.02%	175	3	7.33%
Kissito Helathcare (Springs Nursing Center)	84	5	3.37%	75	6	3.14%
County of Bath	63	4	2.53%	75	5	3.14%
Dominion Virginia Power (2)	50	6	2.00%	-	-	0.00%
Barc Electrical Co-op	45	7	1.80%	35	7	1.47%
Speyside Bourbon Stave Mill	40	8	1.60%	-	-	0.00%
VA Department of Conservation	35	9	1.40%	35	8	1.47%
Owners Club	31	10	1.24%	35	9	1.47%
Virginia Electric and Power Company	-	-	0.00%	75	4	3.14%
Gkn Hayward Baker, Inc.				35	10	1.47%
Totals	<u>1,540</u>		<u>61.72%</u>	<u>1,465</u>		<u>61.37%</u>
Total estimated jobs in County	2,495			2,387		

(1) Estimated numbers are provided. Ranges of employees were available for employers. The mid point of the range was used for this table.
(2) Company not in operation in 2010.

Sources:

VA Employment Commission, www.vec.virginia.gov (50 Largest Employers in Bath County for fourth quarter 2017 - latest available -and 2009).

VA Workforce Connection, 12/6/2019, www.vawc.virginia.gov (Virginia Workforce Connection - Labor Market Services - Area Profile for Bath County: Labor Force, Employment and Unemployment Statistics); total employment for October 2019 and 2010 annual.

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County of Bath, Virginia

Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2010	2011	2012	2013
General government	10	11	10	9
Judicial administration	5	5	5	5
Public safety				
Sheriff's department	17	17	17	19
911 Administrator	1	1	0	0
Building inspections	1	1	1	1
Animal control	2	2	2	2
Public works				
General maintenance	2	2	2	2
Landfill	0	0	0	0
Health and welfare				
Department of social services	7	7	7	7
Culture and recreation				
Parks and recreation	3	3	3	3
Library	1	1	1	1
Community development				
Tourism	0	0	1	2
Planning	2	2	2	2
Totals	51	52	51	53

Source: Individual county departments; excludes part-time and Board of Supervisors members.

Table 15

Fiscal Year					
2014	2015	2016	2017	2018	2019
9	9	9	9	9	9
5	5	5	5	5	5
19	19	19	19	19	22
0	0	0	0	0	0
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
0	0	0	0	0	0
7	7	7	7	7	8
3	3	3	3	3	4
1	1	1	0	0	0
2	2	1	1	1	0
2	2	2	2	2	2
<u>53</u>	<u>53</u>	<u>52</u>	<u>51</u>	<u>51</u>	<u>55</u>

County of Bath, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			
	2010	2011	2012	2013
Public safety				
Sheriff's department:				
Physical arrests	103	62	125	167
Traffic violations	31	10	12	52
Civil papers	1,105	1,101	1,114	1,215
Building inspections:				
Inspections made	74	77	118	239
Permits issued	99	90	93	112
Animal control:				
Number of calls answered	540	547	579	620
Public works				
Landfill:				
Refuse collected (tons/day) (1)	20	20	20	20
Recycling (tons/day) (1)	5	5	5	5
Health and welfare				
Department of Social Services:				
Caseload	726	775	814	884
Culture and recreation				
Parks and recreation:				
After-school program participants	n/a	n/a	n/a	n/a
Youth sports participants	553	523	477	450
Component Unit - School Board				
Education:				
School age population (2)	672	630	635	604
Number of teachers (2)	70	69	61	67
Local expenditures per pupil (2)	\$13,443	\$9,888	\$10,153	\$16,129

Source: Individual county departments, Superintendent's Annual Report, Virginia Department of Education, Solid Waste information and Assessment Forms, DEQ Annual Recycling Reports.

(1) Daily waste and recycling are based on 5.5 days/week of transfer operation (286 days).

(2) County of Bath Annual School Report

Table 16

Fiscal Year					
2014	2015	2016	2017	2018	2019
146	134	93	207	111	103
137	157	159	182	47	45
1,056	1,149	1,020	993	955	1,013
345	336	337	395	370	303
103	116	109	133	119	120
643	520	499	413	387	200
20	14	15	17	14	15
5	7	7	7	6	6
900	900	1,176	4,295	6,183	6,121
n/a	n/a	n/a	n/a	n/a	n/a
311	355	466	492	420	445
590	570	584	562	522	515
67	68	66	66	64	65
\$12,807	\$14,450	\$14,522	\$16,424	\$20,790	\$15,407

County of Bath, Virginia

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
General government					
Administration buildings	5	5	5	5	5
Vehicles	1	1	1	1	1
Public safety					
Sheriff's department:					
Patrol units	10	12	12	13	13
Animal control:					
Vehicles	1	1	1	1	1
Public works					
Vehicles	1	1	1	1	1
Sites	1	1	1	1	1
Culture and recreation					
Parks and recreation:					
Vehicles	2	3	3	3	3
Swimming pools	2	2	2	2	2
Health and welfare					
Buildings	1	1	1	1	1
Community development					
Planning:					
Vehicles	1	1	1	1	1
Component Unit - School Board					
Education:					
Schools	5	5	4	4	4
School buses	19	18	19	19	19

Source: Individual county departments/ excludes part-time and Board of Supervisors members.

Table 17

Fiscal Year				
2015	2016	2017	2018	2019
5	5	5	5	5
1	2	2	2	2
13	13	13	13	16
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
4	4	4	4	4
18	16	18	19	19

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 HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of County of Bath, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Bath, Virginia's basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 9, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE HONORABLE MEMBERS
OF THE BOARD OF SUPERVISORS
COUNTY OF BATH, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited County of Bath, 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 County of Bath, Virginia's major federal programs for the year ended June 30, 2019. County of Bath, 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 County of Bath, 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 County of Bath, 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 County of Bath, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Bath, 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, 2019.

Report on Internal Control over Compliance

Management of County of Bath, 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 Bath, 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 Bath, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
December 9, 2019

County of Bath, Virginia

Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	Not Available	\$ 6,629
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	Not Available	56,295
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Available	28
Low-Income Home Energy Assistance	93.568	Not Available	9,805
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Available	10,567
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	70
Foster Care - Title IV-E	93.658	Not Available	31,106
Adoption Assistance	93.659	Not Available	52,527
Social Services Block Grant	93.667	Not Available	37,907
Chafee Foster Care Independence Program	93.674	Not Available	475
Children's Health Insurance Program	93.767	Not Available	1,953
Medicaid Cluster:			
Medical Assistance Program	93.778	Not Available	<u>95,978</u>
Total Department of Health and Human Services			<u>\$ 303,340</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Virginia Department of Agriculture and Consumer Services:			
Commodities	10.555	Not Available	\$ 22,394
Department of Education:			
National School Lunch Program	10.555	201919N109941	<u>137,428</u>
Subtotal CFDA 10.555			<u>\$ 159,822</u>
School Breakfast Program	10.553	201919N109941	<u>\$ 56,043</u>
Child Nutrition Cluster Total			<u>\$ 215,865</u>
Schools and Roads - Grants to States	10.665	APE438410000	63,495
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	<u>86,502</u>
Total Department of Agriculture			<u>\$ 365,862</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HCD507790	<u>\$ 2,749</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not Available	<u>\$ 7,500</u>

County of Bath, Virginia

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A170107	\$ 145,121
Title I Grants to Local Educational Agencies	84.010	S010A180046	122,068
Higher Education Institutional Aid	84.031	Not available	1,516
Supporting Effective Instruction State Grants	84.367	S367A160044	31,063
Rural Education	84.358	Not available	63,043
Student Support and Academic Enrichment Program	84.424	S424A180048	<u>9,785</u>
Total Department of Education (Special Education Cluster)			\$ <u>372,596</u>
Total Expenditures of Federal Awards			\$ <u><u>1,052,047</u></u>

Notes to Schedule of 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 Bath, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Bath, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Bath, Virginia.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The County of Bath, Virginia has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE D - SUBRECIPIENTS

No awards were passed through to subrecipients.

NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal expenditures, revenues, and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
Governmental funds	\$ 737,428
Less payments in lieu of tax under CFDA 15.226 not included above	<u>(337,337)</u>
Total primary government	<u>\$ 400,091</u>
Discretely presented component unit - School Board:	
School operating fund	\$ 570,591
School cafeteria fund	215,865
Less payments in lieu of tax under CFDA 15.226 not included above	<u>(134,500)</u>
Total discretely presented component unit - School Board	<u>\$ 651,956</u>
Total federal expenditures per basic financial statements	\$ <u><u>1,052,047</u></u>
Total federal expenditures per the Schedule of Expenditures of Federal awards	\$ <u><u>1,052,047</u></u>

**County of Bath, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x 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 section 2 CFR section 200.516(a)? yes x no

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
	Child Nutrition Cluster:
10.553 School Breakfast Program
10.555 National School Lunch Program
10.555 Food Distribution

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Summary of Prior Year Findings

There were no prior year findings.