

# COUNTY OF BATH, VIRGINIA



IMAGE: © MIKULA/HARRIS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

**COUNTY OF BATH, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2020**

Prepared by

Ashton Harrison, County Administrator

County of Bath, Virginia

# COUNTY OF BATH, VIRGINIA

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## **INTRODUCTORY SECTION**



Ashton N. Harrison  
County Administrator



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aharrison@bathcountyva.org

December 15, 2020

**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, 2020.

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, 2020. 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, 2020 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 2019, the County has 4,147 residents. Median household income was \$46,137. The poverty level was 10.7%. The educational attainment was 87.2% with a high school degree or higher. Approximately 12.6% of persons under the age of 65 were without health insurance. The median housing value was \$151,500.

The Virginia Economic Development Partnership reported the unemployment rate at 7.0% as of August 2020.

## **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.bathcountyvva.org](http://www.bathcountyvva.org).

## **Taxes**

The property tax rate is \$0.55 per \$100 in assessed valuation. The personal property tax rate is \$0.45 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 48.92% for the fiscal year ending June 30, 2019.

## **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 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 is proud to receive its second Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending June 30, 2019.

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,

A handwritten signature in blue ink, appearing to read "Ashton N. Harrison".

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

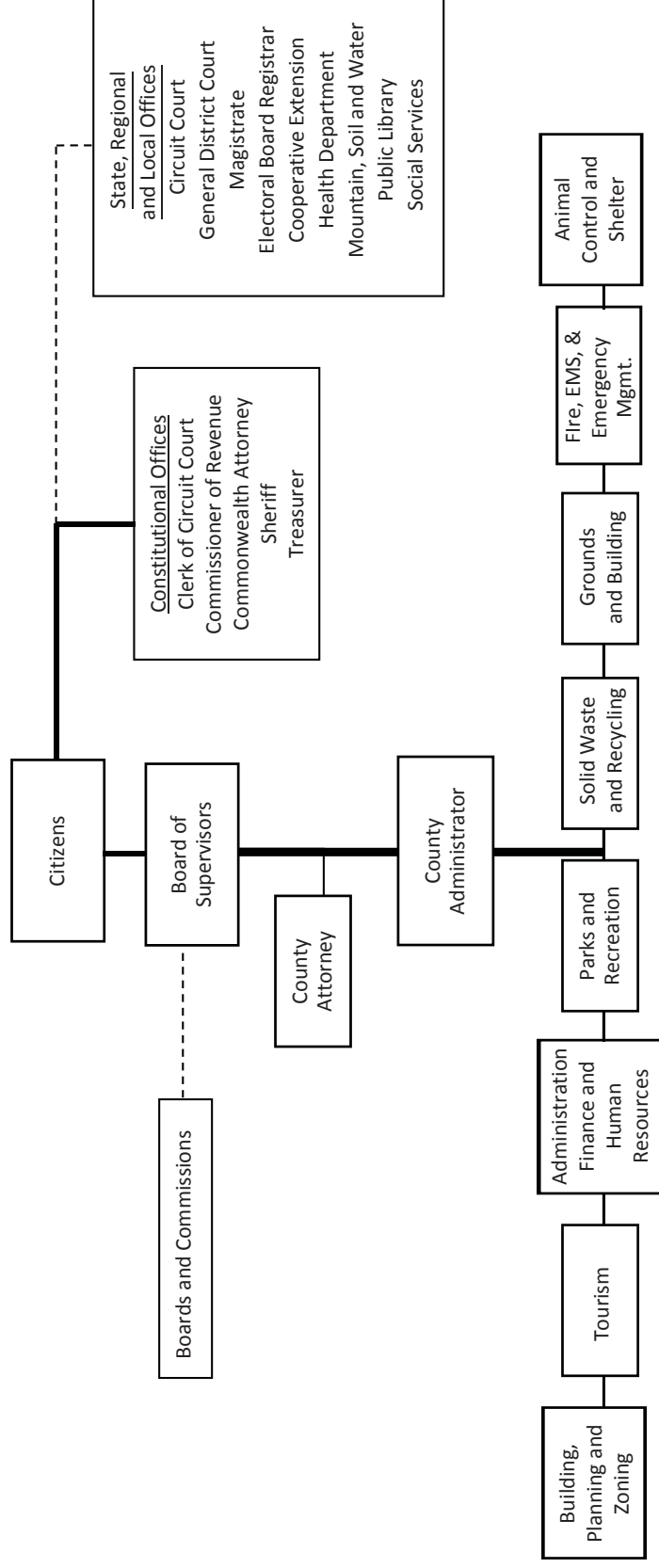
June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



# County of Bath Organizational Chart



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## COUNTY OF BATH, VIRGINIA

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### **BOARD OF SUPERVISORS**

Roy Burns, Vice-Chairman  
Ron Shifflett

Edward T. Hicklin, Chairman

Lee Fryl  
Shelton Burns

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### **COUNTY SCHOOL BOARD**

Jeff Grimm  
Zach Burns

James Hooker, Chairman

Karen Hise, Vice-Chairman  
Clara Tennant

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### **DEPARTMENT OF SOCIAL SERVICES BOARD**

Thomas Burns

Beatrice Clark, Chairman

Perlita Henry, Vice-Chairman

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### **PUBLIC SERVICE AUTHORITY**

Bart Perdue, Chairman

Chad Carpenter, Vice-Chairman  
Bartlett Ailstock

David Lindsay, Secretary/Treasurer  
Greg Tunning

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### **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**

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**INDEPENDENT AUDITORS' REPORT**

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

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

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

***Auditors' Responsibility***

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

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

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

## ***Opinions***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-11, 99-101, and 102-129 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 15, 2020, 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 15, 2020

## **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, 2020.

### **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 \$9,088,653. Of this amount, \$6,390,469 was unrestricted (a decrease of \$294,918 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 \$966,079 invested in capital assets, net of related debt (a decrease of \$234,585 from the previous fiscal year), and \$1,732,105 restricted for economic development. The School Board's net position was \$2,511,417 of which there was an unrestricted deficit in the amount of (\$9,183,537). The Service Authority's net position was \$7,102,591, of which there was an unrestricted net position of (\$229,486). The Economic Development Authority's net position was \$429,993, of which there was an unrestricted net position of \$235,402. 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 \$450,192. The School Board's net position increased by \$872,739, and the Service Authority's net position decreased by \$308,576. (See Exhibit 2.)

#### **Fund Financial Statements**

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$7,039,593. (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 2019-20 budget. At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,600,524 of which \$7,039,593 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 \$9,088,653 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.

<b>Statement of Net Position</b>			
<b>June 30, 2020 and 2019</b>			
	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	
Current and other assets	\$ 12,053,887	\$ 10,910,358	
Capital assets	3,071,079	4,325,664	
Total assets	<u>\$ 15,124,966</u>	<u>\$ 15,236,022</u>	
Deferred Outflows of Resources	<u>\$ 709,843</u>	<u>\$ 345,200</u>	
Long-term liabilities	\$ 4,977,082	\$ 5,494,657	
Other liabilities	903,116	544,271	
Total liabilities	<u>\$ 5,880,198</u>	<u>\$ 6,038,928</u>	
Deferred Inflows of Resources	<u>\$ 865,958</u>	<u>\$ 903,833</u>	
Net investment in capital assets	\$ 966,079	\$ 1,200,664	
Restricted-economic development	1,732,105	752,410	
Unrestricted	6,390,469	6,685,387	
Total net position	<u><u>\$ 9,088,653</u></u>	<u><u>\$ 8,638,461</u></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 10.63 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 \$1,732,105, representing 19.06% 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 \$6,390,469 or 70.31% 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 \$450,192 during the current fiscal year, compared to an increase of \$699,778 in FY 2019.

## Governmental Activities

Governmental activities increased the County's net position by \$450,192. Key elements of this increase are as follows:

<b>Statement of Activities</b>			
<b>June 30, 2020 and 2019</b>			
	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	
Revenues:			
Program revenues:			
Charges for services	\$ 232,896	\$ 137,794	
Operating grants and contributions	1,942,836	1,765,539	
Capital grants and contributions	47,497	59,328	
General revenues:			
General property taxes	11,431,037	11,511,516	
Other local taxes	3,167,064	3,612,045	
Use of money and property	143,974	112,172	
Miscellaneous	93,583	62,142	
Grants and contributions not restricted to specific programs	509,199	499,335	
Total revenues	\$ 17,568,086	\$ 17,759,871	
Expenses:			
General government	\$ 1,251,439	\$ 1,109,785	
Judicial administration	432,280	400,581	
Public safety	2,709,613	2,549,396	
Public works	1,417,759	1,343,309	
Health and welfare	1,085,540	1,032,741	
Education	8,690,331	9,214,671	
Parks, recreation, and cultural	534,838	583,930	
Community development	781,892	634,872	
Nondepartmental	137,103	88,741	
Interest on long-term debt	77,099	102,067	
Total expenses	\$ 17,117,894	\$ 17,060,093	
Increase (decrease) in net position	\$ 450,192	\$ 699,778	
Beginning net position	8,638,461	7,938,683	
Ending net position	\$ 9,088,653	\$ 8,638,461	

Total revenues decreased by \$191,785 from fiscal year 2019 to 2020. This change is primarily attributable to

- an increase in operating grants and contributions of \$177,297, mostly due to reporting \$164,725 in revenue of Coronavirus Pandemic Relief funds received under the CARES Act.
- a decrease in general property taxes of (\$80,479), comprised primarily of the public service corporation tax category due to reduced assessed values
- a net decrease in other local taxes of \$444,981, primarily due to a reduction in regular hotel and motel room taxes of (\$281,205), a reduction in food taxes of (\$252,524), and a reduction in local sales tax of (\$123,467). These reductions were partially offset by an increase in the historic lodging establishment transient occupancy tax of \$227,285 for the year in total, which was all sustained during the first ten months of the year, before the full effects of the Pandemic were realized.
- an increase in revenue from the use of money and property of \$31,802, due to increased investment returns, and
- an increase in charges for services revenue of \$95,102, mainly due to an increase in charges for sanitation and waste removal of \$112,398 over the prior year.

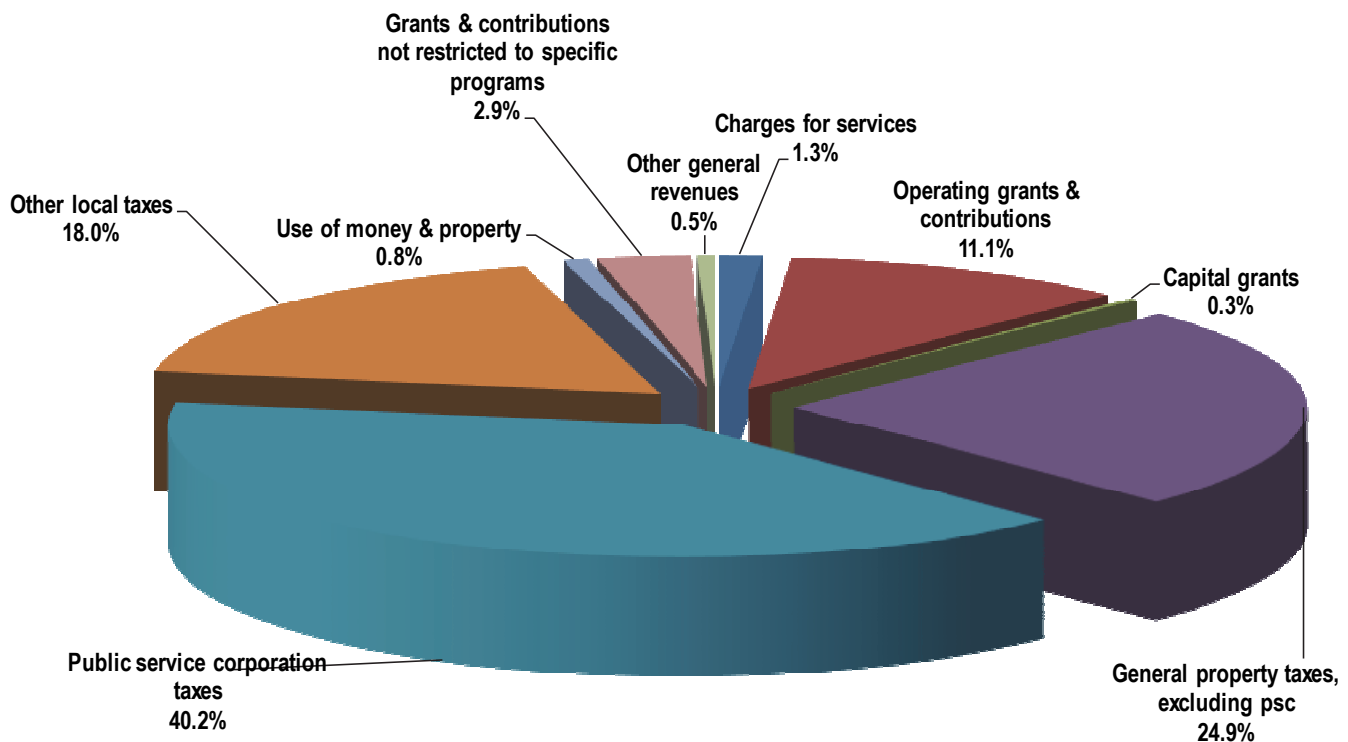


Total expenses increased by \$57,801 from fiscal year 2019 to 2020. Some of the significant factors affecting this net increase are:

- an increase in general government expenses of \$141,654, due primarily to the change in year to year allocation of the pension plan liability adjustment.
- an increase in public safety expenses of \$160,217, also due in significant part to the change in year to year allocation of the pension plan liability adjustment.
- an increase in public works expenses of \$74,450, mainly attributable to increased solid waste disposal, trash pickup service, and solid waste management costs, which collectively increased by \$138,085, offset partially by a reduction in maintenance costs of \$68,807 when compared to the prior year.
- an increase in community development expense of \$147,020, which was due to the payment to the EDA of federal CARES Act funds for payment to qualifying local businesses.
- a decrease in education expense of \$524,340, primarily due to a reduction in operating transfers of \$703,140 as compared to the prior year.

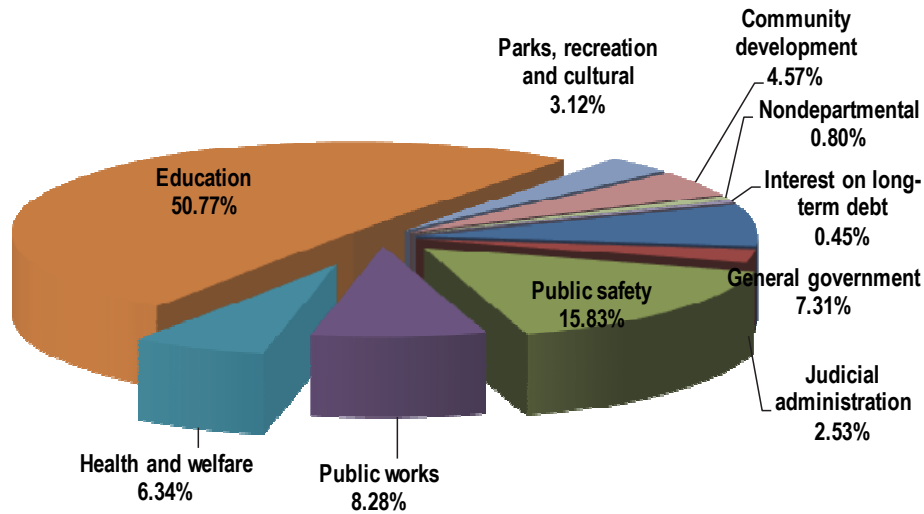
The chart below provides a visual analysis of the sources of revenue by percentage for the County for the year ended June 30, 2020.

#### Sources of Revenue of Governmental Activities for Fiscal Year 2020



Similarly, the following chart provides an analysis of the expenses of the Governmental Activities by major functional category for the year ended June 30, 2020:

### Total Functional Expenses of Governmental Activities for Fiscal Year 2020



### **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 \$10,600,524, an increase of \$759,528 from the prior year. Approximately, 66.4 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, 2020, total fund balance of the general fund was \$7,660,088 of which \$7,039,593 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 44.68 percent of total general fund expenditures, which includes transfers to the School Board component unit of \$7,453,883. Total general fund balance represents 48.62 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$249,779 during the current fiscal year as compared to a decrease of \$261,554 in fiscal 2019.

Fiscal 2020 expenditures unrelated to debt service decreased \$273,073 from fiscal 2019. This is partly attributable to an decrease of \$18,901 in the registrar's department, a decrease of \$46,579 in the Board of Elections department, an increase in law enforcement of \$71,790, a decrease in contributions to fire/rescue of \$87,788, a decrease in animal control \$33,637, an increase in emergency communications of \$101,369, an increase in sanitation and waste removal costs of \$124,815, a decrease in buildings and grounds expenditures of \$69,000, a decrease in school funding of \$703,140, a decrease in parks and recreation administrative expenses of \$107,485, an increase in economic development of \$164,725 related to the Coronavirus Pandemic expenditures, and an increase in capital projects of \$110,000 for the Bath County High School Building Renovation.

Total general fund revenues in fiscal year 2020 were down by \$260,020 as compared to fiscal year 2019, or a 1.63% decrease. There was a net decrease in general property tax revenue of \$40,135, partially comprised of a \$59,361 increase in real estate tax revenue and a \$129,875 decrease in public service corporation tax revenue. The decrease in other local tax revenue of \$582,414 as compared to 2019 is largely due to a reduction in restaurant food tax of \$252,524 and a reduction in hotel and motel room tax of \$191,353 due to the Coronavirus Pandemic. There was also a reduction in local sales tax received from the Commonwealth of \$123,467, also believed to be attributable to reduced tourism because of the Pandemic. There was an increase in revenue from the use of money and property which is primarily associated with increased investment earnings, of \$31,802, due to increased interest rates early in the year before the Pandemic. There was an increase in charges for sanitation and waste removal revenue of \$112,398. The net increase in state and federal grants of \$184,324 was primarily associated with an increase in federal funding of Coronavirus relief funds of \$164,725. 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 \$7,102,591. Additional financial information for the Bath County Public Service Authority for the year ended June 30, 2020 can be found in Exhibits 40-42 of the accompanying financial statements.

### General Fund Budgetary Highlights

The general fund's original budgeted appropriations amounted to \$17,079,612, the final amended general fund budget was \$17,411,043 representing an increase of \$331,431, or 1.9 percent of the original general fund budget. The most notable amendment to the budget is an increase in anticipated sanitation and waste removal department spending of \$108,602. This budget increase was the result of the demolition of a hotel (Cascades Inn). Overall, total General Fund actual expenses amounted to \$15,756,121, 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, 2020 is \$3,071,079 (net of accumulated depreciation) and is a decrease of \$1,254,585 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 2020 were the new police vehicles, a new IBM server, and a police K-9 dog.

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

**As of June 30, 2020 and 2019**

	Governmental Activities	
	2020	2019
Land	\$ 634,478	\$ 634,478
Buildings and improvements	1,747,849	2,968,612
Machinery and equipment	596,782	680,604
Construction in progress	91,970	41,970
Total	<u>\$ 3,071,079</u>	<u>\$ 4,325,664</u>

Additional information on the County's capital assets can be found at Note 18 of 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, 2020 and 2019**

	Governmental Activities	
	2020	2019
Revenue bonds	\$ 2,105,000	\$ 3,125,000
Net OPEB liabilities (Notes 10-16)*	566,284	588,103
Compensated absences	137,551	120,925
Net pension liability	2,168,247	1,660,629
Total	<u>\$ 4,977,082</u>	<u>\$ 5,494,657</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. The Other Post Employment Benefit liability is an indebtedness pursuant to GASB Statement No.75 as discussed in detail in Notes 10-16. At June 30, 2020, the County's net pension liability and OPEB obligation represent 43.56% and 11.38% 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 Note 8 of the notes to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate for the County as of June 30, 2020 was 14.1 percent, which was a major increase (11.7%) from the prior year. This compares unfavorably to the state's average unemployment rate of 8.1% percent and the national average rate of 11.1 percent for the same fiscal period (data from U.S. Bureau of Labor Statistics). The unemployment rates reflect the toll the Coronavirus Pandemic has taken on the tourism industry in Bath County.

Decreases in revenue from sales tax, meals tax, and transient occupancy/hotel and motel room tax due to the COVID-19 pandemic and related government restrictions are a major concern. Negative socioeconomic impacts from sustained unemployment cannot be overstated.

While the overall financial position of the County is expected to remain stable, we expect revenue from sales, meals, and transient occupancy/hotel and motel room tax to remain unpredictable and highly unstable until the national and local economy fully recover from the COVID-19 pandemic especially in regard to the tourism and travel industries.

The real property rate was raised to \$0.55 per \$100 in assessed valuation and the personal property tax rate was raised to \$0.45 per \$100 in assessed valuation for the next fiscal year.

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 2020, the unassigned fund balance in the general fund decreased by \$801,854 (from \$7,841,447 to \$7,039,593). Nonspendable, committed, and assigned fund balances decreased by \$496,672 (from \$123,823 to \$620,495).

## **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, 2020

	Primary Government		Component Units	
	Governmental Activities	School Board	Economic Development Authority	Service Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,876,188	\$ 737,800	\$ 265,927	\$ 3,410,075
Receivables (net of allowance for uncollectibles):				
Taxes receivable	649,231	-	-	-
Accounts receivable	43,296	-	-	164,158
Notes receivable	51,036	-	-	-
Due from component unit	107,824	-	-	-
Due from other governmental units	283,482	136,485	-	-
Inventories	-	30,922	-	-
Prepaid items	42,830	105,839	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	53,160
Capital assets (net of accumulated depreciation):				
Land and land improvements	634,478	238,282	42,799	116,187
Buildings and improvements	1,747,849	11,596,783	151,792	-
Machinery and equipment	596,782	1,456,931	-	56,096
Utility plant in service	-	-	-	7,446,021
Construction in progress	91,970	110,000	-	55,339
Total assets	<u>\$ 15,124,966</u>	<u>\$ 14,413,042</u>	<u>\$ 460,518</u>	<u>\$ 11,301,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 645,765	\$ 1,576,122	\$ -	\$ 81,161
OPEB related items	64,078	191,495	-	6,163
Total deferred outflows of resources	<u>\$ 709,843</u>	<u>\$ 1,767,617</u>	<u>\$ -</u>	<u>\$ 87,324</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 345,828	\$ -	\$ 525	\$ 15,426
Accrued payroll	-	683,877	-	-
Customers' deposits	-	-	-	37,545
Accrued interest payable	1,973	-	-	-
Due to primary government	-	107,824	-	-
Unearned revenue	555,315	134,500	30,000	3,482,264
Long-term liabilities:				
Due within one year	1,074,388	167,402	-	25,858
Due in more than one year	3,902,694	10,761,662	-	648,008
Total liabilities	<u>\$ 5,880,198</u>	<u>\$ 11,855,265</u>	<u>\$ 30,525</u>	<u>\$ 4,209,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 325,685	\$ -	\$ -	\$ -
Pension related items	293,368	1,198,823	-	73,820
OPEB related items	246,905	615,154	-	2,848
Total deferred inflows of resources	<u>\$ 865,958</u>	<u>\$ 1,813,977</u>	<u>\$ -</u>	<u>\$ 76,668</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 966,079	\$ 11,694,954	\$ 194,591	\$ 7,315,365
Restricted -				
Economic development	1,732,105	-	-	-
Debt service reserve fund	-	-	-	16,712
Unrestricted (deficit)	6,390,469	(9,183,537)	235,402	(229,486)
Total net position	<u>\$ 9,088,653</u>	<u>\$ 2,511,417</u>	<u>\$ 429,993</u>	<u>\$ 7,102,591</u>

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

County of Bath, Virginia

Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,251,439	\$ 24,486	\$ 191,887	\$ -
Judicial administration	432,280	23,980	263,883	-
Public safety	2,709,613	56,338	564,885	47,497
Public works	1,417,759	123,777	4,883	-
Health and welfare	1,085,540	-	630,052	-
Education	8,690,331	-	-	-
Parks, recreation, and cultural	534,838	4,315	-	-
Community development	781,892	-	287,246	-
Nondepartmental	137,103	-	-	-
Interest on long-term debt	77,099	-	-	-
Total governmental activities	\$ 17,117,894	\$ 232,896	\$ 1,942,836	\$ 47,497
COMPONENT UNITS:				
School Board	\$ 10,542,508	\$ 39,772	\$ 2,660,559	\$ -
Economic Development Authority	174,687	-	134,725	-
Service Authority	1,599,134	1,201,814	-	-
Total component units	\$ 12,316,329	\$ 1,241,586	\$ 2,795,284	\$ -

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
Net position - ending

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	School Board	Economic Development Authority	Service Authority	
\$ (1,035,066)	\$ -	\$ -	\$ -	-
(144,417)	-	-	-	-
(2,040,893)	-	-	-	-
(1,289,099)	-	-	-	-
(455,488)	-	-	-	-
(8,690,331)	-	-	-	-
(530,523)	-	-	-	-
(494,646)	-	-	-	-
(137,103)	-	-	-	-
(77,099)	-	-	-	-
<u>\$ (14,894,665)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
\$ -	\$ (7,842,177)	\$ -	\$ -	-
-	-	(39,962)	-	-
-	-	-	(397,320)	-
<u>\$ -</u>	<u>\$ (7,842,177)</u>	<u>\$ (39,962)</u>	<u>\$ (397,320)</u>	<u>-</u>
\$ 11,431,037	\$ -	\$ -	\$ -	-
704,233	-	-	-	-
576,030	-	-	-	-
74,597	-	-	-	-
40,177	-	-	-	-
42,637	-	-	-	-
1,709,035	-	-	-	-
20,355	-	-	-	-
143,974	-	38,072	88,744	-
93,583	30,333	-	-	-
509,199	8,684,583	-	-	-
<u>\$ 15,344,857</u>	<u>\$ 8,714,916</u>	<u>\$ 38,072</u>	<u>\$ 88,744</u>	<u>-</u>
\$ 450,192	\$ 872,739	\$ (1,890)	\$ (308,576)	-
8,638,461	1,638,678	431,883	7,411,167	-
<u>\$ 9,088,653</u>	<u>\$ 2,511,417</u>	<u>\$ 429,993</u>	<u>\$ 7,102,591</u>	<u>-</u>

## **FUND FINANCIAL STATEMENTS**

Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Lodging Tax Marketing/ Capital Fund	Special Lodging Tax Fund	Other Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,916,575	\$ 1,227,508	\$ 1,732,105	\$ -	\$ 10,876,188
Receivables (net of allowance for uncollectibles):					
Taxes receivable	649,231	-	-	-	649,231
Accounts receivable	37,570	5,726	-	-	43,296
Notes receivable	51,036	-	-	-	51,036
Due from other funds	43,653	-	-	-	43,653
Due from component unit	107,824	-	-	-	107,824
Due from other governmental units	215,626	-	-	67,856	283,482
Prepaid items	42,830	-	-	-	42,830
Total assets	<u>\$ 9,064,345</u>	<u>\$ 1,233,234</u>	<u>\$ 1,732,105</u>	<u>\$ 67,856</u>	<u>\$ 12,097,540</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 296,722	\$ 24,903	\$ -	\$ 24,203	\$ 345,828
Due to other funds	-	-	-	43,653	43,653
Unearned revenue	555,315	-	-	-	555,315
Total liabilities	<u>\$ 852,037</u>	<u>\$ 24,903</u>	<u>\$ -</u>	<u>\$ 67,856</u>	<u>\$ 944,796</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 552,220	\$ -	\$ -	\$ -	\$ 552,220
Total deferred inflows of resources	<u>\$ 552,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,220</u>
<b>Fund balances:</b>					
Nonspendable:					
Prepaid items	\$ 42,830	\$ -	\$ -	\$ -	\$ 42,830
Advances to other funds	43,653				43,653
Restricted for:					
Economic development	-	-	1,732,105	-	1,732,105
Committed:					
Special revenue funds	-	1,208,331	-	-	1,208,331
Assigned:					
K-9 program	5,637	-	-	-	5,637
Forfeited assets	5,832	-	-	-	5,832
Crime prevention	6,874	-	-	-	6,874
Sheriff's office special programs	6,920	-	-	-	6,920
Parks and recreation programs	12,249	-	-	-	12,249
Capital projects	496,500	-	-	-	496,500
Unassigned	7,039,593	-	-	-	7,039,593
Total fund balances	<u>\$ 7,660,088</u>	<u>\$ 1,208,331</u>	<u>\$ 1,732,105</u>	<u>\$ -</u>	<u>\$ 10,600,524</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,064,345</u>	<u>\$ 1,233,234</u>	<u>\$ 1,732,105</u>	<u>\$ 67,856</u>	<u>\$ 12,097,540</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, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	10,600,524
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		1,747,849	
Machinery and equipment		596,782	
Construction in progress		<u>91,970</u>	
			3,071,079
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>226,535</u>	
			226,535
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	645,765	
OPEB related items		<u>64,078</u>	
			709,843
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	\$	(2,105,000)	
Net OPEB liabilities		(566,284)	
Net pension liability		(2,168,247)	
Compensated absences		(137,551)	
Accrued interest payable		<u>(1,973)</u>	
			(4,979,055)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(293,368)	
OPEB related items		<u>(246,905)</u>	
			<u>(540,273)</u>
Net position of governmental activities		\$	<u><u>9,088,653</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, 2020

	General	Lodging Tax Marketing/ Capital Fund	Special Lodging Tax Fund	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 11,439,766	\$ -	\$ -	\$ -	\$ 11,439,766
Other local taxes	1,822,553	364,815	979,696	-	3,167,064
Permits, privilege fees, and regulatory licenses	49,537	-	-	-	49,537
Fines and forfeitures	2,135	-	-	-	2,135
Revenue from the use of money and property	143,974	-	-	-	143,974
Charges for services	181,224	-	-	-	181,224
Miscellaneous	92,802	781	-	-	93,583
Recovered costs	53,548	-	-	-	53,548
Intergovernmental:					
Commonwealth	1,356,974	-	-	241,778	1,598,752
Federal	512,506	-	-	388,274	900,780
Total revenues	\$ 15,655,019	\$ 365,596	\$ 979,696	\$ 630,052	\$ 17,630,363
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 1,177,629	\$ -	\$ -	\$ -	\$ 1,177,629
Judicial administration	416,402	-	-	-	416,402
Public safety	2,703,132	-	-	-	2,703,132
Public works	1,415,121	-	-	-	1,415,121
Health and welfare	294,249	-	-	778,729	1,072,978
Education	7,459,631	-	-	-	7,459,631
Parks, recreation, and cultural	500,956	-	-	-	500,956
Community development	443,842	335,985	-	-	779,827
Nondepartmental	137,103	-	-	-	137,103
Capital projects	110,000	-	-	-	110,000
Debt service:					
Principal retirement	1,020,000	-	-	-	1,020,000
Interest and other fiscal charges	78,056	-	-	-	78,056
Total expenditures	\$ 15,756,121	\$ 335,985	\$ -	\$ 778,729	\$ 16,870,835
Excess (deficiency) of revenues over (under) expenditures	\$ (101,102)	\$ 29,611	\$ 979,696	\$ (148,677)	\$ 759,528
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ -	\$ -	\$ 148,677	\$ 148,677
Transfers out	(148,677)	-	-	-	(148,677)
Total other financing sources (uses)	\$ (148,677)	\$ -	\$ -	\$ 148,677	\$ -
Net change in fund balances	\$ (249,779)	\$ 29,611	\$ 979,696	\$ -	\$ 759,528
Fund balances - beginning, as restated	7,909,867	1,178,720	752,409	-	9,840,996
Fund balances - ending	\$ 7,660,088	\$ 1,208,331	\$ 1,732,105	\$ -	\$ 10,600,524

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, 2020

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

Net change in fund balances - total governmental funds	\$	759,528
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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 depreciation exceeded capital outlays in the current period.

Capital outlays	\$	189,456	
Depreciation expense		(424,041)	
Net allocation of debt financed school assets based on current year repayments		<u>(1,020,000)</u>	(1,254,585)

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.

Property taxes	\$	<u>(8,729)</u>	(8,729)
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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.

Principal repayments	\$	1,020,000	
Accrued interest		<u>957</u>	1,020,957

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	\$	(16,626)	
Pension expense		(44,353)	
OPEB expense		<u>(6,000)</u>	<u>(66,979)</u>

Change in net position of governmental activities	\$	<u><u>450,192</u></u>
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The notes to the financial statements are an integral part of this statement.

## COUNTY OF BATH, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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

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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.

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

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**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 when they have been earned and 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 principal and interest expenditures on general long-term debt 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, 2020 (CONTINUED)

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

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##### 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 and the Special Lodging Tax 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, 2020.

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.

**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. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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, 2020 (CONTINUED)

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

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##### **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 5<sup>th</sup> and December 5<sup>th</sup>. 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 \$38,428 at June 30, 2020 and is comprised of uncollectible local taxes of the primary government in the amount of \$7,918 and uncollectible water and sewer accounts receivable of the component unit – Service Authority in the amount of \$30,510.

###### **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, 2020, \$16,712 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 \$36,448 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, 2020 (CONTINUED)

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

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#### 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, 2020 (CONTINUED)

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

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##### **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 that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund type is reported as unassigned.

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.

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

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

**12. Net Position**

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

**13. 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.

## COUNTY OF BATH, VIRGINIA

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

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

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

##### **13. *Deferred Outflows/Inflows of Resources (continued)***

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

##### **14. *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 School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **15. *Other Postemployment Benefits (OPEB)***

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, Teacher HIC, VLDP, and Teacher VLDP OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

##### ***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.

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 2—RESTATEMENT OF BEGINNING FUND BALANCES:

Beginning fund balances of governmental funds have been restated to correctly classify activity of the newly established Special Lodging Tax Fund that was reported in other governmental funds in the previous year. The details of the restatement to the beginning fund balances are as follows:

	Fund Financial Statements		
	General Fund	Lodging Tax Capital/Marketing Fund	Special Lodging Tax Fund
Fund balance as reported at June 30, 2019	\$ 7,965,270	\$ 1,875,726	\$ -
Restatement to establish Special Lodging Tax special revenue fund	(55,403)	(697,006)	752,409
Fund balance as restated at June 30, 2019	\$ <u>7,909,867</u>	\$ <u>1,178,720</u>	\$ <u>752,409</u>

#### 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.
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).



## COUNTY OF BATH, VIRGINIA

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

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

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##### A. Budgetary Information (continued)

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, 2020, the following fund incurred expenditures exceeding appropriations:

Fund	Function	Excess of Expenditures over Appropriations
School operating	Debt service	\$ 156,350
Total School Fund		\$ 156,350

##### C. Deficit fund equity

At June 30, 2020, there were no funds with deficit fund equity.

#### NOTE 4—DEPOSITS AND INVESTMENTS:

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##### 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 4—DEPOSITS AND INVESTMENTS: (CONTINUED)

##### 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, 2020 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.

<u>County's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u>1,646,875</u>

##### 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:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
		<u>Less than 1 year</u>
Local Government Investment Pool	\$ <u>1,646,875</u>	\$ <u>1,646,875</u>

**COUNTY OF BATH, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)**

**NOTE 5—DUE FROM OTHER GOVERNMENTAL UNITS:**

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

	<b>Primary Government</b>	<b>Component Unit School Board</b>
Commonwealth of Virginia:		
State sales taxes	\$ -	\$ 70,441
Local sales taxes	61,274	-
Communications Tax	15,698	-
Mobile Home tax	7,220	-
Rolling Stock	124	-
Public assistance and welfare administration	15,198	-
Comprehensive Services Act funds	19,257	-
E-911 wireless	7,292	-
Shared expenses	106,718	-
Other	17,300	-
Federal Government:		
Public assistance and welfare administration	33,401	-
Title I	-	26,375
Title VIB	-	39,669
Total	<u>\$ 283,482</u>	<u>\$ 136,485</u>

**NOTE 6—INTERFUND COMPONENT-UNIT OBLIGATIONS:**

The following balances represent amounts due between funds at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:				
General Fund	\$ 43,653	\$ -	\$ -	\$ 107,824
CSA Fund	-	712	-	-
VPA Fund	-	42,941	-	-
Total	<u>\$ 43,653</u>	<u>\$ 43,653</u>	<u>\$ -</u>	<u>\$ 107,824</u>
Component Unit-School Board:				
School Fund	\$ -	\$ -	\$ 107,824	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,824</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, 2020 (CONTINUED)****NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 148,677
Virginia Public Assistance Fund	92,385	-
CSA Fund	56,292	-
Total	\$ <u>148,677</u>	\$ <u>148,677</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, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and placements:				
Revenue bond	\$ 3,125,000	\$ -	\$ 1,020,000	\$ 2,105,000
Other long-term obligations:				
Net OPEB liabilities	588,103	126,636	148,455	566,284
Compensated absences	120,925	107,320	90,694	137,551
Net pension liability	1,660,629	1,644,266	1,136,648	2,168,247
Total other long-term obligations	\$ 2,369,657	\$ 1,878,222	\$ 1,375,797	\$ 2,872,082
Total Long-Term Obligations	\$ <u>5,494,657</u>	\$ <u>1,878,222</u>	\$ <u>2,395,797</u>	\$ <u>4,977,082</u>

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

Year Ending June 30,	Governmental Activities	
	Revenue Bond	
	Principal	Interest
2021	\$ 1,040,000	\$ 47,362
2022	1,065,000	23,962
Total	\$ <u>2,105,000</u>	\$ <u>71,324</u>

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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%.	\$ 2,105,000	\$ 1,040,000
Other long-term obligations:		
Net OPEB liabilities	566,284	-
Compensated absences (payable from General Fund)	137,551	34,388
Net pension liability	<u>2,168,247</u>	<u>-</u>
Total long-term obligations	<u>\$ 4,977,082</u>	<u>\$ 1,074,388</u>

The County's outstanding revenue bonds from direct borrowings and direct placements related to governmental activities of \$2,105,000 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, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct borrowings and placements:				
Revenue bonds	\$ 378,751	\$ -	\$ 20,473	\$ 358,278
Other long-term obligations:				
Compensated absences	12,517	18,410	9,388	21,539
Net OPEB liabilities	29,197	8,252	11,700	25,749
Net pension liability	266,692	196,722	195,114	268,300
Total long-term obligations	<u>\$ 687,157</u>	<u>\$ 223,384</u>	<u>\$ 236,675</u>	<u>\$ 673,866</u>

The Service Authority's outstanding revenue bonds from direct borrowings and direct placements of \$358,278 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, 2020 (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
2021	\$ 20,473	\$ -
2022	20,473	-
2023	20,473	-
2024	20,473	-
2025	20,473	-
2026-2030	102,365	-
2031-2035	102,365	-
2036-2038	51,183	-
Total	\$ 358,278	\$ -

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%.	\$ 358,278	\$ 20,473
Total direct borrowings and placements	\$ 358,278	\$ 20,473
Other long-term obligations:		
Compensated absences (payable from Component Unit Service Authority)	\$ 21,539	\$ 5,385
Net OPEB liabilities	\$ 25,749	\$ -
Net pension liability	\$ 268,300	\$ -
Total Long-Term Obligations	\$ 673,866	\$ 25,858

# COUNTY OF BATH, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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, 2020:

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct borrowings and placements:				
Note Payable	\$ 1,679,502	\$ -	\$ 71,071	\$ 1,608,431
Other long-term obligations:				
Capital Lease	128,727	-	30,116	98,611
Compensated absences	225,748	204,775	169,311	261,212
Net OPEB liabilities	1,728,116	321,577	378,340	1,671,353
Net pension liability	6,690,000	2,964,449	2,364,992	7,289,457
Total Long-Term Obligations	<u>\$ 10,452,093</u>	<u>\$ 3,490,801</u>	<u>\$ 3,013,830</u>	<u>\$ 10,929,064</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
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	79,641	38,367	-	-
2026-2030	436,049	153,992	-	-
2031-2035	506,522	83,519	-	-
2036-2038	290,479	11,865	-	-
Total	<u>\$ 1,608,431</u>	<u>\$ 464,035</u>	<u>\$ 98,611</u>	<u>\$ 8,883</u>

The School Board's outstanding note payable from direct borrowings and direct placements of \$1,608,431 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, 2020 (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%.	\$ 1,608,431	\$ 70,646
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.	\$ 98,611	\$ 31,453
Compensated absences (payable from Component Unit School Board)	\$ 261,212	\$ 65,303
Net OPEB liabilities	\$ 1,671,353	\$ -
Net pension liability	\$ 7,289,457	\$ -
Total long-term obligations	\$ 10,929,064	\$ 167,402

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## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 9—PENSION PLANS:

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##### ***Plan Description***

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

##### ***Benefit Structures***

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

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

## COUNTY OF BATH, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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 service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

##### *Employees Covered by Benefit Terms*

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

	<b>Primary Government</b>	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	52	32
Inactive members:		
Vested inactive members	10	5
Non-vested inactive members	10	9
Inactive members active elsewhere in VRS	15	5
Total inactive members	35	19
Active members	61	27
Total covered employees	148	78

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 9—PENSION PLANS: (CONTINUED)

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##### ***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, 2020 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 \$291,079 and \$288,154 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the pension plan from the Component Unit Public Service Authority were \$40,756 and \$30,631 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2020 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 \$14,165 and \$15,858 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 9—PENSION PLANS: (CONTINUED)

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

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

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

##### Mortality rates:

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

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

##### Post-Retirement:

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

##### Post-Disablement:

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

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 9—PENSION PLANS: (CONTINUED)

##### ***Actuarial Assumptions – General Employees (continued)***

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

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

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

##### ***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits***

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

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

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

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 9—PENSION PLANS: (CONTINUED)

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##### ***Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)***

###### Mortality rates:

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

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

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

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

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

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)****NOTE 9—PENSION PLANS: (CONTINUED)*****Long-Term Expected Rate of Return***

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

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

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

# COUNTY OF BATH, VIRGINIA

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

### NOTE 9—PENSION PLANS: (CONTINUED)

#### **Discount Rate**

The discount rate used to measure total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed the System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

#### **Changes in Net Pension Liability**

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 12,374,856	\$ 10,714,227	\$ 1,660,629
Changes for the year:			
Service cost	\$ 262,911	\$ -	\$ 262,911
Interest	871,135	-	871,135
Differences between expected and actual experience	57,182	-	57,182
Assumption changes	390,793	-	390,793
Impact of change in proportion	405,877	351,410	54,467
Contributions - employer	-	283,599	(283,599)
Contributions - employee	-	121,921	(121,921)
Net investment income	-	731,128	(731,128)
Benefit payments, including refunds	(671,881)	(671,881)	-
Administrative expenses	-	(7,318)	7,318
Other changes	-	(460)	460
Net changes	\$ 1,316,017	\$ 808,399	\$ 507,618
Balances at June 30, 2019	\$ 13,690,873	\$ 11,522,626	\$ 2,168,247



COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2018	\$ 1,987,355	\$ 1,720,663	\$ 266,692
Changes for the year:			
Service cost	\$ 32,533	\$ -	\$ 32,533
Interest	107,794	-	107,794
Differences between expected and actual experience	7,076	-	7,076
Assumption changes	48,357	-	48,357
Impact of change in proportion	(405,877)	(351,410)	(54,467)
Contributions - employer	-	35,092	(35,092)
Contributions - employee	-	15,086	(15,086)
Net investment income	-	90,469	(90,469)
Benefit payments, including refunds	(83,138)	(83,138)	-
Administrative expenses	-	(905)	905
Other changes	-	(57)	57
Net changes	\$ (293,255)	\$ (294,863)	\$ 1,608
Balances at June 30, 2019	\$ 1,694,100	\$ 1,425,800	\$ 268,300

	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, 2018	\$ 4,151,066	\$ 4,243,398	\$ (92,332)
Changes for the year:			
Service cost	\$ 48,901	\$ -	\$ 48,901
Interest	279,666	-	279,666
Differences between expected and actual experience	98,139	-	98,139
Assumption changes	109,672	-	109,672
Contributions - employer	-	15,969	(15,969)
Contributions - employee	-	28,417	(28,417)
Net investment income	-	271,314	(271,314)
Benefit payments, including refunds	(311,677)	(311,677)	-
Administrative expenses	-	(2,908)	2,908
Other changes	-	(170)	170
Net changes	\$ 224,701	\$ 945	\$ 223,756
Balances at June 30, 2019	\$ 4,375,767	\$ 4,244,343	\$ 131,424

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (6.75%)
County			
Net Pension Liability	\$ 3,941,581	\$ 2,168,247	\$ 754,913
Component Unit Public Service Authority			
Net Pension Liability (Asset)	\$ 487,733	\$ 268,300	\$ 93,413
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 623,438	\$ 131,424	\$ (266,294)

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

For the year ended June 30, 2020, the County, Component Unit Public Service Authority, and Component Unit School Board (nonprofessional) recognized pension expense of \$330,877, \$27,203, and \$58,529, respectively. At June 30, 2020, the County, Component Unit Public Service Authority, 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	\$ 45,701	\$ 180,578	\$ 5,787	\$ 28,788
Change in assumptions	279,773	18,305	34,618	2,582
Net difference between projected and actual earnings on pension plan investments	-	94,485	-	13,238
Impact of change in proportional allocation	29,212	-	-	29,212
Employer contributions subsequent to the measurement date	291,079	-	40,756	-
Total	\$ 645,765	\$ 293,368	\$ 81,161	\$ 73,820

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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	\$ 55,470	\$ 5,833
Change in assumptions	61,989	-
Net difference between projected and actual earnings on pension plan investments	-	34,055
Employer contributions subsequent to the measurement date	14,165	-
Total	\$ 131,624	\$ 39,888

\$291,079, \$40,756, and \$14,165 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30,	Primary Government	Component Unit Public Service Authority	Component Unit School Board (nonprofessional)
2021	\$ 15,570	\$ (13,521)	\$ 86,232
2022	(38,874)	(14,740)	(11,504)
2023	77,849	(5,992)	(410)
2024	6,773	838	3,253

**Pension Plan Data**

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

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 9—PENSION PLANS: (CONTINUED)

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##### **Component Unit School Board (Professional)**

###### ***Plan Description***

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

###### ***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$702,753 and \$696,179 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$7,158,033 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .05439% as compared to .05689% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$674,580. 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, 2020 (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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 458,359
Change in assumptions	708,813	-
Net difference between projected and actual earnings on pension plan investments	-	157,173
Changes in proportion and differences between employer contributions and proportionate share of contributions	32,932	543,403
Employer contributions subsequent to the measurement date	702,753	-
Total	<u>\$ 1,444,498</u>	<u>\$ 1,158,935</u>

\$702,753 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b><u>Year Ended June 30,</u></b>	
2021	\$ (134,025)
2022	(287,758)
2023	(61,023)
2024	34,556
2025	31,060

***Actuarial Assumptions***

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

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

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 9—PENSION PLANS: (CONTINUED)

##### Component Unit School Board (Professional) (continued)

##### *Actuarial Assumptions (continued)*

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

##### Mortality rates:

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

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

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

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 10,775,949	\$ 7,158,033	\$ 4,166,686

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 9—PENSION PLANS: (CONTINUED)

##### *Pension Plan Fiduciary Net Position*

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

##### *Aggregate Pension Information*

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
Primary Government	\$ 645,765	\$ 293,368	\$ 2,168,247	\$ 330,877
School Board Nonprofessional	\$ 131,624	\$ 39,888	\$ 131,424	\$ 58,529
School Board Professional	1,444,498	1,158,935	7,158,033	674,580
Total School Board	\$ 1,576,122	\$ 1,198,823	\$ 7,289,457	\$ 733,109
Public Service Authority	\$ 81,161	\$ 73,820	\$ 268,300	\$ 27,203

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

##### *Plan Description*

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

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

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

##### *Eligible Employees*

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



## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Benefit Amounts***

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

##### ***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ( $1.31\% \times 60\%$ ) and the employer component was 0.52% ( $1.31\% \times 40\%$ ). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Primary Government contributions to the GLI Plan were \$13,333 and \$12,521 for the years ended June 30, 2020 and June 30, 2019, respectively. Component Unit Public Service Authority contributions to the GLI Plan were \$1,867 and \$2,011 for the years ended June 30, 2020 and June 30, 2019, respectively. School Board contributions to the GLI Plan for nonprofessional employees were \$3,383 and \$3,262, for the years ended June 30, 2020 and June 30, 2019, respectively. School Board contributions to the GLI Plan for professional employees were \$24,029 and \$23,809, for the years ended June 30, 2020 and June 30, 2019 respectively.

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

At June 30, 2020, the Primary Government and Public Service Authority reported liabilities of \$206,496 and \$25,552 for their respective proportionate shares of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion for the Primary Government was .0127% as compared to 0.0119% at June 30, 2018. At June 30, 2019, the participating employer's proportion for the Public Service Authority was .00157% as compared to .00192% at June 30, 2018.

At June 30, 2020, the School Board reported liability of \$52,073 for nonprofessional employees and \$380,130 for professional employees for its proportionate share of the Net GLI OPEB Liability. At June 30, 2019 the participating employer's proportion for nonprofessional employees was 0.00320% as compared to 0.00342% at June 30, 2018. At June 30, 2019, the participating employer's proportion for School Board professional employees was 0.02336% as compared to 0.02421% at June 30, 2018.

For the year ended June 30, 2020, the Primary Government recognized GLI OPEB expense of \$2,976, while the Public Service Authority recognized GLI OPEB expense of \$368. The School Board recognized GLI OPEB expense of (\$274), and \$3,584 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.

At June 30, 2020, the Primary Government and Component Unit Public Service Authority 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	\$ 13,734	\$ 2,679	\$ 1,699	\$ 332
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,241	-	525
Change in assumptions	13,037	6,227	1,613	770
Changes in proportion	4,749	9,762	588	1,208
Employer contributions subsequent to the measurement date	13,333	-	1,867	-
Total	\$ 44,853	\$ 22,909	\$ 5,767	\$ 2,835

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

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

\$13,333 and \$1,867 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Primary Government		Component Unit Public Service Authority	
Year Ended June 30,		Year Ended June 30,	
2021	\$ (1,066)	2021	\$ (132)
2022	(1,066)	2022	(132)
2023	731	2023	90
2024	3,581	2024	443
2025	4,953	2025	613
Thereafter	1,478	Thereafter	183

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

	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	\$ 3,463	\$ 675	\$ 25,281	\$ 4,930
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,070	-	7,808
Change in assumptions	3,288	1,570	23,999	11,463
Changes in proportion	-	7,006	-	24,250
Employer contributions subsequent to the measurement date	3,383	-	24,029	-
Total	\$ 10,134	\$ 10,321	\$ 73,309	\$ 48,451

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)****NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Plan OPEB (continued)***

\$3,383 and \$24,029 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Component Unit School Board			
Nonprofessional Employees		Professional Employees	
Year Ended June 30,		Year Ended June 30,	
2021	\$ (1,293)	2021	\$ (3,855)
2022	(1,293)	2022	(3,855)
2023	(840)	2023	(548)
2024	(427)	2024	2,840
2025	165	2025	4,774
Thereafter	118	Thereafter	1,473

***Actuarial Assumptions***

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

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

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

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### 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, 2020 (CONTINUED)****NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****Actuarial Assumptions (continued)*****Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)**

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

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

**Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

# COUNTY OF BATH, VIRGINIA

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

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

#### NET GLI OPEB Liability

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

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

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

#### 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:

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

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

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)****NOTE 10—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)*****Discount Rate***

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

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

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

Proportionate Share of the GLI Plan Net OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (6.75%)
Primary Government	\$ 271,279	\$ 206,496	\$ 153,959
Public Service Authority	\$ 33,568	\$ 25,552	\$ 19,051
School Board			
Nonprofessional employees	\$ 68,409	\$ 52,073	\$ 38,824
School Board			
Professional employees	\$ 499,385	\$ 380,130	\$ 283,417

***GLI Program Fiduciary Net Position***

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



## COUNTY OF BATH, VIRGINIA

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

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

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##### ***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 plan 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 plan 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, 2020 (CONTINUED)

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

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##### ***Contributions***

The contribution requirements for active hybrid plan 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, 2020 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision 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 County to the VRS Political Subdivision VLDP were \$1,996 and \$1,689 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the Public Service Authority to the VRS Political Subdivision Employee VLDP were \$280 and \$271 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the Component Unit School Board for nonprofessional employees to the VRS Political Subdivision Employee VLDP were \$2,416 and \$2,121 for the years ended June 30, 2020 and June 30, 2019 respectively.

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

At June 30, 2020, the Primary Government reported a liability \$1,588 for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2019 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Primary Government's proportion of the VLDP was .07839% as compared to .06552% at June 30, 2018.

At June 30, 2020, the Public Service Authority reported a liability \$197 for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2019 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Public Service Authority's proportion of the VLDP was .00970% as compared to .01052% at June 30, 2017.

At June 30, 2020, the School Board reported a liability \$1,931 for its proportionate share of the VLDP Net OPEB Liability for nonprofessional employees. The Net VLDP OPEB Liability was measured as of June 30, 2019 and the total VLDP OPEB liability used to calculate the Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion of the VLDP was .09533% as compared to .09296% at June 30, 2018.

# COUNTY OF BATH, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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, 2020, the Primary Government, Public Service Authority, and School Board (for nonprofessional employees) recognized VLDP OPEB expense of \$1,883, \$233, and \$2,274, 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, 2020, 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
Differences between expected and actual experience	\$ 796	\$ 49	\$ 99	\$ 6
Net difference between projected and actual earnings on VLDP OPEB plan investments	5	-	1	-
Change in assumptions	45	61	6	7
Changes in proportion	83	-	10	-
Employer contributions subsequent to the measurement date	\$ 1,996	\$ -	\$ 280	\$ -
Total	\$ 2,925	\$ 110	\$ 396	\$ 13

	Component Unit School Board Nonprofessional Employees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 969	\$ 59
Net difference between projected and actual earnings on VLDP OPEB plan investments	7	-
Change in assumptions	55	74
Changes in proportion	18	-
Employer contributions subsequent to the measurement date	\$ 2,416	\$ -
Total	\$ 3,465	\$ 133

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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)***

\$1,996, \$280, and \$2,416 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

Primary Government		Component Unit Service Authority		Component Unit School Board - Nonprofessional	
Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
2021	\$ 170	2021	\$ 21	2021	\$ 190
2022	169	2022	21	2022	189
2023	168	2023	21	2023	188
2024	170	2024	21	2024	190
2025	161	2025	20	2025	180
Thereafter	(19)	Thereafter	(1)	Thereafter	(21)

***Actuarial Assumptions***

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

Inflation	2.50%
Salary increases, including inflation	3.50%-5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

## COUNTY OF BATH, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

##### **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, 2019, NOL amounts for the VRS Political Subdivision Employee VLDP is as follows (amounts expressed in thousands):

		<b>Political Subdivision VLDP OPEB Plan</b>
Total Political Subdivision VLDP OPEB Liability	\$	3,989
Plan Fiduciary Net Position		1,962
Political Subdivision net VLDP OPEB Liability (Asset)	\$	2,027
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability		49.19%

# COUNTY OF BATH, VIRGINIA

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

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

#### *Net VLDP OPEB Liability (continued)*

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

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

## COUNTY OF BATH, VIRGINIA

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

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

##### **Discount Rate**

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2019 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

Proportionate Share of Net VLDP OPEB Liability	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Primary Government	\$ 1,826	\$ 1,588	\$ 1,379
Public Service Authority	\$ 226	\$ 197	\$ 171
School Board - Nonprofessional	\$ 2,221	\$ 1,931	\$ 1,678

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

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***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 plan 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 plan 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, 2020 (CONTINUED)

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

##### **Contributions**

The contribution requirements for active hybrid plan 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, 2020 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 \$5,049 and \$4,914 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the school division reported a liability of \$1,453 for its proportionate share of the Teacher VLDP Net OPEB Liability. The Net Teacher VLDP OPEB Liability was measured as of June 30, 2019 and the total Teacher VLDP OPEB liability used to calculate the Net Teacher VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the Teacher VLDP was .24994% as compared to .27396% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized Teacher VLDP OPEB expense of \$4,376. 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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the Teacher VLDP OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 176
Net difference between projected and actual earnings on Teacher VLDP OPEB program investments	6	-
Change in assumptions	248	-
Changes in proportion	-	165
Employer contributions subsequent to the measurement date	\$ 5,049	\$ -
Total	<u>\$ 5,303</u>	<u>\$ 341</u>

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Teacher VLDP OPEB Liabilities, Teacher VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher VLDP OPEB (continued)***

\$5,049 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher VLDP OPEB will be recognized in the Teacher VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (10)
2022	(10)
2023	(14)
2024	(17)
2025	(14)
Thereafter	(22)

##### ***Actuarial Assumptions***

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

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

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

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 12—TEACHER VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and 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
Discount Rate	Decreased rate from 7.00% to 6.75%

# COUNTY OF BATH, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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, 2019, NOL amounts for the VRS Teacher VLDP is as follows (amounts expressed in thousands):

	<b>Teacher VLDP OPEB Plan</b>
Total Teacher VLDP OPEB Liability	\$ 2,241
Plan Fiduciary Net Position	1,661
Teacher VLDP Net OPEB Liability (Asset)	<u>\$ 580</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher VLDP OPEB Liability	74.12%

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:

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

## COUNTY OF BATH, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

##### *Discount Rate*

The discount rate used to measure the total Teacher VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by 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, 2019 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the Teacher				
Net VLDP OPEB Liability	\$	2,134	\$	864

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

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***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 Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

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

##### ***HIC Plan Notes***

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

## COUNTY OF BATH, VIRGINIA

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

#### NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Plan were \$55,453 and \$54,764 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$712,280 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .05441% as compared to 0.05692% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$49,297. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,034
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	45	-
Change in assumptions	16,578	4,949
Change in proportion	-	54,018
Employer contributions subsequent to the measurement date	55,453	-
Total	\$ 72,076	\$ 63,001

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC OPEB (continued)***

\$55,453 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

##### **Year Ended June 30,**

2021	\$	(8,650)
2022		(8,650)
2023		(8,338)
2024		(8,443)
2025		(7,383)
Thereafter		(4,914)

##### ***Actuarial Assumptions***

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

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

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



## COUNTY OF BATH, VIRGINIA

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

#### NOTE 13—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

The net OPEB liability (NOL) for the Teacher Employee HIC 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):

		<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>

Plan Fiduciary Net Position as a Percentage  
of the Total Teacher Employee HIC OPEB Liability 8.97%

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

**Net Teacher Employee HIC OPEB Liability (continued)**

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:

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

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

## COUNTY OF BATH, VIRGINIA

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

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

##### ***Discount Rate***

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	797,162	\$ 712,280	\$ 640,173

##### ***Teacher Employee HIC OPEB Fiduciary Net Position***

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

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Plan Description***

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

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

##### ***Eligible Employees***

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

##### ***Benefit Amounts***

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

##### ***HIC Plan Notes***

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

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Employees Covered by Benefit Terms***

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

	<b>Component Unit School Board Nonprofessional</b>
Inactive members or their beneficiaries currently receiving benefits	15
Active members	<u>27</u>
Total covered employees	<u><u>42</u></u>

##### ***Contributions***

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2020 was .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 Plan were \$6,311 and \$6,084 for the years ended June 30, 2020 and June 30, 2019, respectively.

##### ***Net HIC OPEB Liability***

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

## COUNTY OF BATH, VIRGINIA

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

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

##### *Actuarial Assumptions (continued)*

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

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

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

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

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

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

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

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)****NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)*****Long-Term Expected Rate of Return***

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

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

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

***Discount Rate***

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

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)

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

*Changes in Net HIC OPEB Liability*

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 91,361	\$ 11,045	\$ 80,316
Changes for the year:			
Service cost	\$ 870	\$ -	\$ 870
Interest	6,122	-	6,122
Differences between expected and actual experience	9,802	-	9,802
Assumption changes	2,345	-	2,345
Contributions - employer	-	6,084	(6,084)
Net investment income	-	609	(609)
Benefit payments	(8,186)	(8,186)	-
Administrative expenses	-	(2)	2
Other changes	-	178	(178)
Net changes	\$ 10,953	\$ (1,317)	\$ 12,270
Balances at June 30, 2019	\$ 102,314	\$ 9,728	\$ 92,586

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board (nonprofessional) Net HIC OPEB Liability	\$ 102,031	\$ 92,586	\$ 84,404



**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (CONTINUED)****NOTE 14—HEALTH INSURANCE CREDIT (HIC) PLAN (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, 2020, the School Board recognized HIC Plan OPEB expense of \$9,299. At June 30, 2020, 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	\$ 10,251	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	106
Change in assumptions	1,646	1,187
Employer contributions subsequent to the measurement date	<u>6,311</u>	<u>-</u>
Total	<u>\$ 18,208</u>	<u>\$ 1,293</u>

\$6,311 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 3,006
2022	3,445
2023	3,484
2024	669
2025	-
Thereafter	-

***HIC Program Plan Data***

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

## COUNTY OF BATH, VIRGINIA

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

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

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##### ***Plan Description***

In addition to the pension and other postemployment benefits described in Notes 9-14, 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, 2019 (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	205

##### ***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. No benefits came due during the year ended June 30, 2020 for the County or the Component Unit School Board.

##### ***Total OPEB Liability***

The County's and School Board's total OPEB liabilities were measured as of July 1, 2019. The total OPEB liabilities were determined by actuarial valuations as July 1, 2018 and rolled forward to the measurement date of July 1, 2019.

## COUNTY OF BATH, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (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 3.13% representing the Municipal GO AA 20-year yield curve rate as of June 28, 2019
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-2019.

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 3.13% 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**

	<b>Primary Government Total OPEB Liability</b>	<b>Component Unit School Board Total OPEB Liability</b>
Balances at July 1, 2018	\$ 406,300	\$ 504,800
Changes for the year:		
Service cost	23,000	34,600
Interest	15,500	19,600
Difference between expected and actual experience	(102,100)	(141,300)
Changes in assumptions	15,500	13,200
Net changes	(48,100)	(73,900)
Balances at July 1, 2019	\$ 358,200	\$ 430,900

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

		<b>Rate</b>	
		<b>Current Discount Rate (3.13%)</b>	
<b>1% Decrease (2.13%)</b>			<b>1% Increase (4.13%)</b>
<b>Primary Government</b>			
\$	387,025	\$	358,200
			\$
			331,690
<b>Component Unit School Board</b>			
\$	465,575	\$	430,900
			\$
			399,010

***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 (5.50%) or one percentage point higher (7.50%) than the current healthcare cost trend rates:

		<b>Rates</b>	
		<b>Healthcare Cost Trend</b>	
<b>1% Decrease (5.50% decreasing to 4.00%)</b>		<b>(6.50% decreasing to 5.00%)</b>	<b>1% Increase (7.50% decreasing to 6.00%)</b>
<b>Primary Government</b>			
\$	318,345	\$	358,200
			\$
			404,592
<b>Component Unit School Board</b>			
\$	382,955	\$	430,900
			\$
			486,708

COUNTY OF BATH, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2020, the Primary Government recognized OPEB expense in the amount of \$10,600. The School Board recognized OPEB expense in the amount of (\$12,800). At June 30, 2020, the Primary Government and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Primary Government</b>		<b>Component Unit School Board</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 215,600	\$ -	\$ 452,200
Changes in assumptions	16,300	8,286	9,000	39,414
Total	<u>\$ 16,300</u>	<u>\$ 223,886</u>	<u>\$ 9,000</u>	<u>\$ 491,614</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<b>Primary Government</b>		<b>Component Unit School Board</b>	
<b>Year Ended June 30,</b>		<b>Year Ended June 30,</b>	
2021	\$ (30,588)	2021	\$ (71,112)
2022	(30,588)	2022	(71,112)
2023	(30,588)	2023	(71,112)
2024	(30,588)	2024	(71,112)
2025	(30,588)	2025	(71,112)
Thereafter	(54,646)	Thereafter	(127,054)

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, 2020 (CONTINUED)****NOTE 16—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:**

The following is a summary of the County's OPEB plans as of June 30, 2020:

	<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	\$ 44,853	\$ 22,909	\$ 206,496	\$ 2,976
Public Service Authority	5,767	2,835	25,552	368
School Board Nonprofessional	10,134	10,321	52,073	(274)
School Board Professional	73,309	48,451	380,130	3,584
Teacher Employee Health Insurance				
Credit Program (Note 13)	72,076	63,001	712,280	49,297
Health Insurance Credit Program (Note 14)				
School Board Nonprofessional	18,208	1,293	92,586	9,299
Virginia Local Disability Program (Note 11)				
Primary Government	2,925	110	1,588	1,883
Public Service Authority	396	13	197	233
School Board Nonprofessional	3,465	133	1,931	2,274
Teacher Virginia Local Disability Program (Note 12)	5,303	341	1,453	4,376
Primary Government Stand-Alone Plan (Note 15)	16,300	223,886	358,200	10,600
School Stand-Alone Plan (Note 15)	9,000	491,614	430,900	(12,800)
Totals	<u>\$ 261,736</u>	<u>\$ 864,907</u>	<u>\$ 2,263,386</u>	<u>\$ 71,816</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, 2020:

	<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.	\$ -	\$ 226,535
Unavailable revenue representing uncollected property tax billings for the second half of calendar year 2020. The uncollected tax billings are not available for the funding of current expenditures.	304,403	304,403
Deferred prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year.	<u>21,282</u>	<u>21,282</u>
Total primary government deferred/unavailable revenue	<u>\$ 325,685</u>	<u>\$ 552,220</u>

## COUNTY OF BATH, VIRGINIA

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

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

Unearned revenue of the Primary Government, Component Unit School Board, Component Unit Services Authority, and Component Unit EDA totaling \$555,315, \$134,500, \$3,482,264, and \$30,000 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 \$358,230 and \$134,500 for the Primary Government and Component Unit School Board, respectively.

Coronavirus Relief Funding – Coronavirus Relief Funds received under the CARES Act which will be used for eligible expenditures through December 31, 2020 per the terms of the grant totaled \$197,085 for the Primary Government and \$30,000 for the Component Unit EDA.

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 \$3,139,599 from WSIC.

Prepaid Development Fees – Development fees prepaid to the Bath County Public Service Authority by the WSIC totaled \$306,344 at June 30, 2020.

Prepaid Water and Sewer Fees – Prepaid fees for water and sewer usage received from customers amounted to \$36,321 at June 30, 2020.

#### NOTE 18—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2020 was as follows:

##### Primary Government Governmental Activities:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 634,478	\$ -	\$ -	\$ 634,478
Construction in progress	41,970	50,000	-	91,970
Total capital assets not being depreciated	\$ 676,448	\$ 50,000	\$ -	\$ 726,448
Capital assets being depreciated:				
Buildings and improvements	\$ 7,149,464	\$ -	\$ (1,020,000)	\$ 6,129,464
Machinery and equipment	2,295,773	139,456	(157,869)	2,277,360
Total capital assets being depreciated	\$ 9,445,237	\$ 139,456	\$ (1,177,869)	\$ 8,406,824
Accumulated depreciation:				
Buildings and improvements	\$ (4,180,852)	\$ (200,763)	\$ -	\$ (4,381,615)
Machinery and equipment	(1,615,169)	(223,278)	157,869	(1,680,578)
Total accumulated depreciation	\$ (5,796,021)	\$ (424,041)	\$ 157,869	\$ (6,062,193)
Capital assets being depreciated, net	\$ 3,649,216	\$ (284,585)	\$ (1,020,000)	\$ 2,344,631
Net capital assets	\$ 4,325,664	\$ (234,585)	\$ (1,020,000)	\$ 3,071,079

**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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	\$ 139,889
Judicial administration	11,024
Public safety	142,349
Public works	585
Education	100,700
Parks, recreation, cultural	29,494
Total depreciation expense - governmental activities	<u>\$ 424,041</u>

**Discretely Presented Component Units:****Component Unit School Board:**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land and land improvements	\$ 238,282	\$ -	\$ -	\$ 238,282
Construction in progress	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total capital assets not being depreciated	<u>\$ 238,282</u>	<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 348,282</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 21,391,239	\$ 1,034,000	\$ -	\$ 22,425,239
Machinery and equipment	<u>3,488,067</u>	<u>321,735</u>	<u>(53,756)</u>	<u>3,756,046</u>
Total capital assets being depreciated	<u>\$ 24,879,306</u>	<u>\$ 1,355,735</u>	<u>\$ (53,756)</u>	<u>\$ 26,181,285</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,472,823)	\$ (355,633)	\$ -	\$ (10,828,456)
Machinery and equipment	<u>(2,041,183)</u>	<u>(311,688)</u>	<u>53,756</u>	<u>(2,299,115)</u>
Total accumulated depreciation	<u>\$ (12,514,006)</u>	<u>\$ (667,321)</u>	<u>\$ 53,756</u>	<u>\$ (13,127,571)</u>
Capital assets being depreciated, net	<u>\$ 12,365,300</u>	<u>\$ 688,414</u>	<u>\$ -</u>	<u>\$ 13,053,714</u>
Net capital assets	<u>\$ 12,603,582</u>	<u>\$ 798,414</u>	<u>\$ -</u>	<u>\$ 13,401,996</u>
Depreciation expense allocated to education		<u>\$ 667,321</u>		



**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2020, is that school financed assets in the amount of \$2,105,000 are reported in the Primary Government for financial reporting purposes. The adjustment to capital assets was as follows:

	Balance June 30, 2019	Increases/ (Decreases)	Adjustment	Balance June 30, 2020
Primary Government:				
Buildings and improvements	\$ 7,149,464	\$ -	\$ (1,020,000)	\$ 6,129,464
Accumulated depreciation	(4,180,852)	(200,763)	-	(4,381,615)
Buildings and improvements, net of accumulated depreciation	<u>\$ 2,968,612</u>	<u>\$ (200,763)</u>	<u>\$ (1,020,000)</u>	<u>\$ 1,747,849</u>
Discretely Presented Component Unit-School Board				
Buildings and improvements	\$ 21,391,239	\$ 14,000	\$ 1,020,000	\$ 22,425,239
Accumulated depreciation	(10,472,823)	(355,633)	-	(10,828,456)
Buildings and improvements, net of accumulated depreciation	<u>\$ 10,918,416</u>	<u>\$ (341,633)</u>	<u>\$ 1,020,000</u>	<u>\$ 11,596,783</u>

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**COUNTY OF BATH, VIRGINIA****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 (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, 2020 was as follows:

	Balance July 1, 2019	Increases	Transfers/ Reclassifications	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 73,365	\$ 42,822	\$ -	\$ 116,187
Construction in progress	7,466	47,873	-	55,339
Total capital assets not being depreciated	\$ 80,831	\$ 90,695	\$ -	\$ 171,526
Capital assets being depreciated:				
Water System	\$ 10,853,734	\$ -	\$ -	\$ 10,853,734
Sewer System	11,008,381	4,700	-	11,013,081
Machinery and equipment	442,891	53,626	-	496,517
Total capital assets being depreciated	\$ 22,305,007	\$ 58,326	\$ -	\$ 22,363,332
Accumulated depreciation:				
Water System	\$ (5,866,178)	\$ (268,402)	\$ -	\$ (6,134,580)
Sewer System	(8,112,941)	(173,273)	-	(8,286,214)
Machinery and equipment	(432,809)	(7,612)	-	(440,421)
Total accumulated depreciation	\$ (14,411,928)	\$ (449,287)	\$ -	\$ (14,861,215)
Capital assets being depreciated, net	\$ 7,893,079	\$ (390,961)	\$ -	\$ 7,502,117
Net capital assets	\$ 7,973,910	\$ (300,266)	\$ -	\$ 7,673,643

Depreciation expense for the Service Authority amounted to \$449,287.

**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, 2020 (CONTINUED)**

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**NOTE 20—CAPITAL LEASES:**

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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:

	<b>Component Unit School Board</b>
Assets:	
Wireless network infrastructure	\$ 164,559
Accumulated depreciation	(35,346)
Total	<u>\$ 129,213</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2020, are as follows:

Year ended June 30,	<b>Component Unit School Board</b>
2021	\$ 35,831
2022	35,832
2023	35,831
Amount representing interest	(8,883)
Present value of minimum lease payments	<u>\$ 98,611</u>

**NOTE 21—SURETY BONDS:**

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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
Roy Burns, Supervisor	1,000
Lee Fry, Supervisor	1,000
Ron Shifflett, Supervisor	1,000
Edward T. Hicklin, Supervisor	1,000
Shelton Burns, 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

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 22—RISK MANAGEMENT:

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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 23—LITIGATION CLAIMS AND ASSESSMENTS:

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At June 30, 2020, 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.

As of June 30, 2020, there was an outstanding claim related to an error in the real estate tax assessment for the calendar year 2020 for one taxpayer. On October 5, 2020, the County settled the claim by agreeing to amend the assessed value of the property in question, which resulted in the exoneration of \$159,715.60 in real estate tax that was due December 5, 2020.

#### NOTE 24—UPCOMING PRONOUNCEMENTS:

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

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

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

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

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 24—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

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

#### NOTE 25—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

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

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

## COUNTY OF BATH, VIRGINIA

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

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#### NOTE 25—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE: (CONTINUED)

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Bath, Virginia received the second round of CRF funds in the amount of \$361,810 in August 2020.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

(Note: 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, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 11,524,683	\$ 11,524,683	\$ 11,439,766	\$ (84,917)
Other local taxes	2,458,770	2,458,770	1,822,553	(636,217)
Permits, privilege fees, and regulatory licenses	-	-	49,537	49,537
Fines and forfeitures	-	-	2,135	2,135
Revenue from the use of money and property	2,200	2,200	143,974	141,774
Charges for services	7,000	116,319	181,224	64,905
Miscellaneous	38,446	48,836	92,802	43,966
Recovered costs	-	31,479	53,548	22,069
Intergovernmental:				
Commonwealth	1,252,735	1,252,735	1,356,974	104,239
Federal	153,346	153,346	512,506	359,160
Total revenues	<u>\$ 15,437,180</u>	<u>\$ 15,588,368</u>	<u>\$ 15,655,019</u>	<u>\$ 66,651</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,218,539	\$ 1,223,386	\$ 1,177,629	\$ 45,757
Judicial administration	438,217	446,002	416,402	29,600
Public safety	2,725,300	2,768,620	2,703,132	65,488
Public works	1,452,888	1,561,490	1,415,121	146,369
Health and welfare	290,742	300,742	294,249	6,493
Education	8,231,790	8,231,790	7,459,631	772,159
Parks, recreation, and cultural	565,239	598,988	500,956	98,032
Community development	315,983	475,983	443,842	32,141
Nondepartmental	254,102	207,518	137,103	70,415
Capital projects	496,500	498,468	110,000	388,468
Debt service:				
Principal retirement	1,020,000	1,020,000	1,020,000	-
Interest and other fiscal charges	70,312	78,056	78,056	-
Total expenditures	<u>\$ 17,079,612</u>	<u>\$ 17,411,043</u>	<u>\$ 15,756,121</u>	<u>\$ 1,654,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,642,432)</u>	<u>\$ (1,822,675)</u>	<u>\$ (101,102)</u>	<u>\$ 1,721,573</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (166,853)</u>	<u>\$ (166,853)</u>	<u>\$ (148,677)</u>	<u>\$ 18,176</u>
Total other financing sources (uses)	<u>\$ (166,853)</u>	<u>\$ (166,853)</u>	<u>\$ (148,677)</u>	<u>\$ 18,176</u>
Net change in fund balances	\$ (1,809,285)	\$ (1,989,528)	\$ (249,779)	\$ 1,739,749
Fund balances - beginning, as restated	1,809,285	1,989,528	7,909,867	5,920,339
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,660,088</u>	<u>\$ 7,660,088</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ 545,884	\$ 545,884	\$ 364,815	\$ (181,069)
Miscellaneous	-	290	781	491
Total revenues	<u>\$ 545,884</u>	<u>\$ 546,174</u>	<u>\$ 365,596</u>	<u>\$ (180,578)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 1,372,012	\$ 1,372,802	\$ 335,985	\$ 1,036,817
Total expenditures	<u>\$ 1,372,012</u>	<u>\$ 1,372,802</u>	<u>\$ 335,985</u>	<u>\$ 1,036,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (826,128)</u>	<u>\$ (826,628)</u>	<u>\$ 29,611</u>	<u>\$ 856,239</u>
Net change in fund balances	\$ (826,128)	\$ (826,628)	\$ 29,611	\$ 856,239
Fund balances - beginning, as restated	826,128	826,628	1,178,720	352,092
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,208,331</u>	<u>\$ 1,208,331</u>

## Special Revenue Fund - Special Lodging Tax Fund

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

Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other local taxes	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
Total revenues	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 2,750,000	\$ 2,750,000	\$ -	\$ 2,750,000
Total expenditures	\$ 2,750,000	\$ 2,750,000	\$ -	\$ 2,750,000
Excess (deficiency) of revenues over (under) expenditures	\$ (1,250,000)	\$ (1,250,000)	\$ 979,696	\$ 2,229,696
Net change in fund balances	\$ (1,250,000)	\$ (1,250,000)	\$ 979,696	\$ 2,229,696
Fund balances - beginning, as restated	1,250,000	1,250,000	752,409	(497,591)
Fund balances - ending	\$ -	\$ -	\$ 1,732,105	\$ 1,732,105

# County of Bath, Virginia

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

Primary Government

Pension Plans

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

	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 262,911	\$ 247,187	\$ 273,697
Interest	871,135	838,107	828,584
Differences between expected and actual experience	57,182	(367,052)	(45,544)
Impact of change in proportion	405,877	(210,891)	112,327
Changes in assumptions	390,793	-	(76,727)
Benefit payments	(671,881)	(632,681)	(633,465)
<b>Net change in total pension liability</b>	<b>\$ 1,316,017</b>	<b>\$ (125,330)</b>	<b>\$ 458,872</b>
<b>Total pension liability - beginning</b>	<b>12,374,856</b>	<b>12,500,186</b>	<b>12,041,314</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,690,873</b>	<b>\$ 12,374,856</b>	<b>\$ 12,500,186</b>
<b>Plan fiduciary net position</b>			
Impact of change in proportion	\$ 351,410	\$ (175,285)	\$ 87,664
Contributions - employer	283,599	277,876	279,957
Contributions - employee	121,921	111,939	120,958
Net investment income	731,128	749,862	1,144,882
Benefit payments	(671,881)	(632,681)	(633,465)
Administrator charges	(7,318)	(6,542)	(6,702)
Other	(460)	(665)	(1,016)
<b>Net change in plan fiduciary net position</b>	<b>\$ 808,399</b>	<b>\$ 324,504</b>	<b>\$ 992,278</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,714,227</b>	<b>10,389,723</b>	<b>9,397,445</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 11,522,626</b>	<b>\$ 10,714,227</b>	<b>\$ 10,389,723</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 2,168,247</b>	<b>\$ 1,660,629</b>	<b>\$ 2,110,463</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.16%</b>	<b>86.58%</b>	<b>83.12%</b>
<b>Covered payroll</b>	<b>\$ 2,490,532</b>	<b>\$ 2,334,682</b>	<b>\$ 2,280,650</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>87.06%</b>	<b>71.13%</b>	<b>92.54%</b>

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

# Exhibit 10

	2016	2015	2014
\$	259,627	\$ 248,054	\$ 208,104
	789,786	758,108	735,387
	80,983	120,191	-
	-	(8,319)	-
	-	-	-
	(743,484)	(604,144)	(617,023)
\$	386,912	\$ 513,890	\$ 326,468
	11,654,402	11,140,512	10,814,044
\$	12,041,314	\$ 11,654,402	\$ 11,140,512

\$	-	\$ (6,970)	\$ -
	298,180	286,900	242,398
	116,621	146,741	108,309
	156,983	424,375	1,288,118
	(743,484)	(604,144)	(617,023)
	(6,057)	(5,891)	(7,107)
	(70)	(88)	68
\$	(177,827)	\$ 240,923	\$ 1,014,763
	9,575,272	9,334,349	8,319,586
\$	9,397,445	\$ 9,575,272	\$ 9,334,349

\$	2,643,869	\$ 2,079,130	\$ 1,806,163
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78.04% 82.16% 83.79%

\$	2,352,914	\$ 2,255,503	\$ 2,166,188
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112.37% 92.18% 83.38%

## County of Bath, Virginia

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

Public Service Authority

Pension Plans

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

	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 32,533	\$ 39,697	\$ 38,596
Interest	107,794	134,597	116,843
Differences between expected and actual experience	7,076	(58,947)	(6,422)
Impact of change in proportion	(405,877)	210,891	(112,327)
Changes in assumptions	48,357	-	(10,820)
Benefit payments	(83,138)	(101,606)	(89,329)
<b>Net change in total pension liability</b>	\$ (293,255)	\$ 224,632	\$ (63,459)
<b>Total pension liability - beginning</b>	1,987,355	1,762,723	1,826,182
<b>Total pension liability - ending (a)</b>	<u>\$ 1,694,100</u>	<u>\$ 1,987,355</u>	<u>\$ 1,762,723</u>
<b>Plan fiduciary net position</b>			
Impact of change in proportion	\$ (351,410)	\$ 175,285	\$ (87,664)
Contributions - employer	35,092	44,626	39,478
Contributions - employee	15,086	17,977	17,057
Net investment income	90,469	120,425	161,446
Benefit payments	(83,138)	(101,606)	(89,329)
Administrator charges	(905)	(1,051)	(945)
Other	(57)	(107)	(143)
<b>Net change in plan fiduciary net position</b>	\$ (294,863)	\$ 255,549	\$ 39,900
<b>Plan fiduciary net position - beginning</b>	1,720,663	1,465,114	1,425,214
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 1,425,800</u>	<u>\$ 1,720,663</u>	<u>\$ 1,465,114</u>
<b>Public Service Authority's net pension liability - ending (a) - (b)</b>	\$ 268,300	\$ 266,692	\$ 297,609
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	84.16%	86.58%	83.12%
<b>Covered payroll</b>	\$ 304,024	\$ 300,566	\$ 320,655
<b>Public Service Authority's net pension liability as a percentage of covered payroll</b>	88.25%	88.73%	92.81%

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.

# Exhibit 11

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 39,375	\$ 37,620	\$ 31,382
119,779	114,975	110,896
12,282	18,228	-
-	8,319	-
-	-	-
(112,757)	(91,624)	(93,047)
\$ 58,679	\$ 87,518	\$ 49,231
1,767,503	1,679,985	1,630,754
\$ 1,826,182	\$ 1,767,503	\$ 1,679,985
\$ -	\$ 6,970	\$ -
45,222	43,511	36,553
17,687	22,255	16,333
23,808	64,361	194,248
(112,757)	(91,624)	(93,047)
(919)	(894)	(1,072)
(9)	(13)	10
\$ (26,968)	\$ 44,566	\$ 153,025
1,452,182	1,407,616	1,254,591
\$ 1,425,214	\$ 1,452,182	\$ 1,407,616
\$ 400,968	\$ 315,321	\$ 272,369
78.04%	82.16%	83.79%
\$ 355,519	\$ 342,068	\$ 326,658
112.78%	92.18%	83.38%

# County of Bath, Virginia

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

	2019	2018	2017
<b>Total pension liability</b>			
Service cost	\$ 48,901	\$ 56,896	\$ 55,777
Interest	279,666	276,821	292,977
Differences between expected and actual experience	98,139	(24,349)	(260,563)
Changes in assumptions	109,672	-	(66,278)
Benefit payments	(311,677)	(225,789)	(279,629)
<b>Net change in total pension liability</b>	\$ 224,701	\$ 83,579	\$ (257,716)
<b>Total pension liability - beginning</b>	4,151,066	4,067,487	4,325,203
<b>Total pension liability - ending (a)</b>	<u>\$ 4,375,767</u>	<u>\$ 4,151,066</u>	<u>\$ 4,067,487</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 15,969	\$ 43,353	\$ 46,903
Contributions - employee	28,417	30,294	32,479
Net investment income	271,314	299,787	453,312
Benefit payments	(311,677)	(225,789)	(279,629)
Administrator charges	(2,908)	(2,664)	(2,746)
Other	(170)	(263)	(401)
<b>Net change in plan fiduciary net position</b>	\$ 945	\$ 144,718	\$ 249,918
<b>Plan fiduciary net position - beginning</b>	4,243,398	4,098,680	3,848,762
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 4,244,343</u>	<u>\$ 4,243,398</u>	<u>\$ 4,098,680</u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	\$ 131,424	\$ (92,332)	\$ (31,193)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	97.00%	102.22%	100.77%
<b>Covered payroll</b>	\$ 627,250	\$ 651,019	\$ 681,625
<b>School Division's net pension liability as a percentage of covered payroll</b>	20.95%	-14.18%	-4.58%

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.

## Exhibit 12

2016	2015	2014
\$ 64,626	\$ 74,534	\$ 75,905
292,531	281,906	270,076
(119,113)	(25,192)	-
-	-	-
(183,722)	(175,196)	(178,761)
\$ 54,322	\$ 156,052	\$ 167,220
4,270,881	4,114,829	3,947,609
\$ 4,325,203	\$ 4,270,881	\$ 4,114,829
\$ 69,463	\$ 71,030	\$ 81,863
33,631	40,750	38,615
66,059	171,408	517,356
(183,722)	(175,196)	(178,761)
(2,422)	(2,375)	(2,812)
(28)	(34)	27
\$ (17,019)	\$ 105,583	\$ 456,288
3,865,781	3,760,198	3,303,910
\$ 3,848,762	\$ 3,865,781	\$ 3,760,198
\$ 476,441	\$ 405,100	\$ 354,631
88.98%	90.51%	91.38%
\$ 685,146	\$ 694,956	\$ 772,300
69.54%	58.29%	45.92%



## County of Bath, Virginia

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.05439%	0.05689%	0.05875%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,158,033	\$ 6,690,000	\$ 7,225,000
Employer's Covered Payroll	\$ 4,367,633	\$ 4,603,280	\$ 4,634,534
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	163.89%	145.33%	155.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	72.92%	72.92%

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.

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

**Exhibit 13**

<b>2016</b>			<b>2015</b>			
			<b>2014</b>			
0.05993%			0.06123%			
			0.05850%			
\$	8,398,000		\$	7,706,000	\$	7,069,000
\$	4,569,661		\$	4,552,058	\$	4,277,950
183.78%			169.29%			
			165.24%			
68.28%			70.68%			
			70.88%			

Schedule of Employer Contributions  
Pension plans  
June 30, 2011 through June 30, 2020

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
<b>Primary Government</b>					
2020	\$ 291,079	\$ 291,079	\$ -	\$ 2,555,312	11.39%
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%
<b>Component Unit Public Service Authority</b>					
2020	\$ 40,756	\$ 40,756	\$ -	\$ 367,834	11.08%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 14,165	\$ 14,165	\$ -	\$ 650,585	2.18%
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%
<b>Component Unit School Board (professional)</b>					
2020	\$ 702,753	\$ 702,753	\$ -	\$ 4,621,057	15.68%
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%

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

## Pension Plans

Year Ended June 30, 2020

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

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

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

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

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

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

## Component Unit School Board - Professional Employees

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

## Schedule of County's Share of Net OPEB Liability

## Group Life Insurance (GLI) Plan

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

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)
<b>Primary Government</b>					
2019	0.0127%	\$ 206,496	\$ 2,490,532	8.29%	52.00%
2018	0.0119%	181,803	2,334,682	7.79%	51.22%
2017	0.0124%	185,799	2,280,640	8.15%	48.86%
<b>Component Unit Public Service Authority</b>					
2019	0.00157%	\$ 25,552	\$ 304,024	8.40%	52.00%
2018	0.00192%	29,197	300,566	9.71%	51.22%
2017	0.00174%	26,201	320,665	8.17%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2019	0.00320%	\$ 52,073	\$ 627,250	8.30%	52.00%
2018	0.00342%	51,000	651,019	7.83%	51.22%
2017	0.00373%	56,000	687,506	8.15%	48.86%
<b>Component Unit School Board (professional)</b>					
2019	0.02336%	\$ 380,130	\$ 4,578,736	8.30%	52.00%
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 (GLI) Plan  
 Years Ended June 30, 2011 through June 30, 2020

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)
<b>Primary Government</b>					
2020	\$ 13,333	\$ 13,333	\$ -	\$ 2,555,312	0.52%
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%
<b>Component Unit Public Service Authority</b>					
2020	\$ 1,867	\$ 1,867	\$ -	\$ 359,038	0.52%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 3,383	\$ 3,383	\$ -	\$ 650,585	0.52%
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%
<b>Component Unit School Board (professional)</b>					
2020	\$ 24,029	\$ 24,029	\$ -	\$ 4,621,057	0.52%
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%

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

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

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

**Teachers**

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

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

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

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

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

Schedule of County's Share of Net OPEB Liability  
 Virginia Local Disability Program (VLDP)  
 For the Measurement Dates June 30, 2017 through June 30, 2019

<b>Date</b> <b>(1)</b>	<b>Employer's Proportion of the Net VLDP OPEB Liability (Asset)</b> <b>(2)</b>	<b>Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)</b> <b>(3)</b>	<b>Employer's Covered Payroll</b> <b>(4)</b>	<b>Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b> <b>(5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability</b> <b>(6)</b>
<b>Primary Government</b>					
2019	0.07839% \$	1,588 \$	234,509	0.68%	49.19%
2018	0.06552%	-	161,807	0.00%	51.39%
2017	0.07324%	876	134,501	0.65%	38.40%
<b>Component Unit Public Service Authority</b>					
2019	0.00970% \$	197 \$	37,661	0.52%	49.19%
2018	0.01052%	-	22,818	0.00%	51.39%
2017	0.01033%	124	18,967	0.65%	38.40%
<b>Component Unit School Board (nonprofessional)</b>					
2019	0.09533% \$	1,931 \$	294,547	0.66%	49.19%
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)  
 Years Ended June 30, 2011 through June 30, 2020

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
<b>Primary Government</b>					
2020	\$ 1,996	\$ 1,996	\$ -	\$ 277,175	0.72%
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%
<b>Component Unit Public Service Authority</b>					
2020	\$ 280	\$ 280	\$ -	\$ 38,888	0.72%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 2,416	\$ 2,416	\$ -	\$ 335,602	0.72%
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)  
 Year Ended June 30, 2020

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

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

**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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019

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<b>Date (1)</b>	<b>Employer's Proportion of the Net VLDP OPEB Liability (Asset) (2)</b>	<b>Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total VLDP OPEB Liability (6)</b>
2019	0.24994%	\$ 1,453	\$ 1,198,625	0.12%	74.12%
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)  
Years Ended June 30, 2011 through June 30, 2020

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Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2020	\$ 5,049	\$ 5,049	\$ -	\$ 1,231,493		0.41%
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)  
 Year Ended June 30, 2020

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

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

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
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (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)
2019	0.05441%	\$ 712,280	\$ 4,563,687	15.61%	8.97%
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) Plan  
Years Ended June 30, 2011 through June 30, 2020

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Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2020	\$ 55,453	\$ 55,453	\$ -	\$ 4,621,057	1.20%
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%

Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
Year Ended June 30, 2020

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

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

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



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

	2019	2018	2017
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 870	\$ 886	\$ 976
Interest	6,122	6,000	6,000
Differences between expected and actual experience	9,802	5,000	-
Changes of assumptions	2,345	-	(4,000)
Benefit payments	(8,186)	(7,149)	(5,352)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 10,953</b>	<b>\$ 4,737</b>	<b>\$ (2,376)</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>91,361</b>	<b>86,624</b>	<b>89,000</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 102,314</b>	<b>\$ 91,361</b>	<b>\$ 86,624</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 6,084	\$ 5,664	\$ 5,930
Net investment income	609	795	1,193
Benefit payments	(8,186)	(7,149)	(5,352)
Administrator charges	(2)	(17)	(19)
Other	178	(59)	59
<b>Net change in plan fiduciary net position</b>	<b>\$ (1,317)</b>	<b>\$ (766)</b>	<b>\$ 1,811</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,045</b>	<b>11,811</b>	<b>10,000</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 9,728</b>	<b>\$ 11,045</b>	<b>\$ 11,811</b>
<b>School Division's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 92,586</b>	<b>\$ 80,316</b>	<b>\$ 74,813</b>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>9.51%</b>	<b>12.09%</b>	<b>13.63%</b>
<b>Covered payroll</b>	<b>\$ 627,250</b>	<b>\$ 651,019</b>	<b>\$ 681,625</b>
<b>School Division's net HIC OPEB liability as a percentage of covered payroll</b>	<b>14.76%</b>	<b>12.34%</b>	<b>10.98%</b>

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) Plan

Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 6,311	\$ 6,311	\$ -	\$ 650,585	0.97%
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%

Notes to Required Supplementary Information  
 Component Unit School Board (nonprofessional)  
 Health Insurance Credit (HIC) Plan  
 Year Ended June 30, 2020

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

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Primary Government  
 For the Measurement Dates of July 1, 2017 through July 1, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 23,000	\$ 26,000	\$ 25,400
Interest	15,500	20,200	18,800
Changes in assumptions	15,500	-	-
Differences between expected and actual experience	(102,100)	(163,900)	-
Benefit payments	-	(6,900)	(5,500)
Other charges	-	(13,100)	-
<b>Net change in total OPEB liability</b>	<b>\$ (48,100)</b>	<b>\$ (137,700)</b>	<b>\$ 38,700</b>
<b>Total OPEB liability - beginning</b>	<b>406,300</b>	<b>544,000</b>	<b>505,300</b>
<b>Total OPEB liability - ending</b>	<b>\$ 358,200</b>	<b>\$ 406,300</b>	<b>\$ 544,000</b>
 <b>Covered-employee payroll</b>	 \$ 3,619,215	 \$ 3,619,215	 \$ 3,252,015
 <b>Primary Government's total OPEB liability (asset)</b>			
<b>as a percentage of covered payroll</b>	<b>9.90%</b>	<b>11.23%</b>	<b>16.73%</b>

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 Measurement Dates of July 1, 2017 through July 1, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 34,600	\$ 44,700	\$ 43,600
Interest	19,600	34,200	32,400
Changes in assumptions	13,200	-	-
Differences between expected and actual experience	(141,300)	(427,600)	-
Benefit payments	-	(27,300)	(25,000)
Other changes	-	(49,200)	-
<b>Net change in total OPEB liability</b>	\$ (73,900)	\$ (425,200)	\$ 51,000
<b>Total OPEB liability - beginning</b>	504,800	930,000	879,000
<b>Total OPEB liability - ending</b>	<u>\$ 430,900</u>	<u>\$ 504,800</u>	<u>\$ 930,000</u>
 <b>Covered-employee payroll</b>	 \$ 4,423,485	 \$ 4,423,485	 \$ 3,974,685
 <b>School Division's total OPEB liability (asset) as a percentage of covered payroll</b>	 9.74%	 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  
Year Ended June 30, 2020

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Valuation Date: 7/1/2018  
Measurement Date: 7/1/2019

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	3.13% representing the Municipal GO AA 20-year yield curve rate as of June 28, 2019
Inflation	2.50% per year
Healthcare Trend Rate	15.65 for fiscal year end 2019 (to reflect actual experience), then 6.50% for fiscal year end 2020, decreasing 0.25% per year to an ultimate rate of 5.00%
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-2019

## **OTHER SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2020

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	CSA Fund	Virginia Public Assistance	Total
<b>ASSETS</b>			
Due from other governmental units	\$ 19,257	\$ 48,599	\$ 67,856
Total assets	<u>\$ 19,257</u>	<u>\$ 48,599</u>	<u>\$ 67,856</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 18,545	\$ 5,658	\$ 24,203
Due to other funds	712	42,941	43,653
Total liabilities	<u>\$ 19,257</u>	<u>\$ 48,599</u>	<u>\$ 67,856</u>
<b>FUND BALANCES</b>			
Committed	\$ -	\$ -	\$ -
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 19,257</u>	<u>\$ 48,599</u>	<u>\$ 67,856</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2020

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	<b>CSA Fund</b>	<b>Virginia Public Assistance</b>	<b>Total</b>
<b>REVENUES</b>			
Intergovernmental:			
Commonwealth	\$ 81,896	\$ 159,882	\$ 241,778
Federal	-	388,274	388,274
Total revenues	<u>\$ 81,896</u>	<u>\$ 548,156</u>	<u>\$ 630,052</u>
<b>EXPENDITURES</b>			
Current:			
Health and welfare	\$ 138,188	\$ 640,541	\$ 778,729
Total expenditures	<u>\$ 138,188</u>	<u>\$ 640,541</u>	<u>\$ 778,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (56,292)</u>	<u>\$ (92,385)</u>	<u>\$ (148,677)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 56,292	\$ 92,385	\$ 148,677
Total other financing sources (uses)	<u>\$ 56,292</u>	<u>\$ 92,385</u>	<u>\$ 148,677</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, 2020

	CSA Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Commonwealth	95,627	95,627	81,896	(13,731)
Federal	-	-	-	-
Total revenues	<u>\$ 95,627</u>	<u>\$ 95,627</u>	<u>\$ 81,896</u>	<u>\$ (13,731)</u>
EXPENDITURES				
Current:				
Health and welfare	<u>\$ 167,500</u>	<u>\$ 167,500</u>	<u>\$ 138,188</u>	<u>\$ 29,312</u>
Total expenditures	<u>\$ 167,500</u>	<u>\$ 167,500</u>	<u>\$ 138,188</u>	<u>\$ 29,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (71,873)</u>	<u>\$ (71,873)</u>	<u>\$ (56,292)</u>	<u>\$ 15,581</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 71,873</u>	<u>\$ 71,873</u>	<u>\$ 56,292</u>	<u>\$ (15,581)</u>
Total other financing sources (uses)	<u>\$ 71,873</u>	<u>\$ 71,873</u>	<u>\$ 56,292</u>	<u>\$ (15,581)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2020

	Virginia Public Assistance Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Intergovernmental:				
Commonwealth	496,885	496,885	159,882	(337,003)
Federal	211,205	211,205	388,274	177,069
Total revenues	<u>\$ 732,890</u>	<u>\$ 732,890</u>	<u>\$ 548,156</u>	<u>\$ (184,734)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 827,870	\$ 827,870	\$ 640,541	\$ 187,329
Total expenditures	<u>\$ 827,870</u>	<u>\$ 827,870</u>	<u>\$ 640,541</u>	<u>\$ 187,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (94,980)</u>	<u>\$ (94,980)</u>	<u>\$ (92,385)</u>	<u>\$ 2,595</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 94,980	\$ 94,980	\$ 92,385	\$ (2,595)
Total other financing sources (uses)	<u>\$ 94,980</u>	<u>\$ 94,980</u>	<u>\$ 92,385</u>	<u>\$ (2,595)</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, 2020

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 644,395	\$ 93,405	\$ 737,800
Due from other governmental units	136,485	-	136,485
Inventories	-	30,922	30,922
Prepaid items	105,839	-	105,839
Total assets	<u>\$ 886,719</u>	<u>\$ 124,327</u>	<u>\$ 1,011,046</u>
<b>LIABILITIES</b>			
Accrued payroll	\$ 644,395	\$ 39,482	\$ 683,877
Due to primary government	107,824	-	107,824
Unearned revenue	134,500	-	134,500
Total liabilities	<u>\$ 886,719</u>	<u>\$ 39,482</u>	<u>\$ 926,201</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	\$ -	\$ 30,922	\$ 30,922
Prepaid items	105,839	-	105,839
Committed:			
School cafeteria	-	53,923	53,923
Unassigned (deficit)	(105,839)	-	(105,839)
Total fund balances	<u>\$ -</u>	<u>\$ 84,845</u>	<u>\$ 84,845</u>
Total liabilities and fund balances	<u>\$ 886,719</u>	<u>\$ 124,327</u>	<u>\$ 1,011,046</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above		\$	84,845
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		11,596,783	
Machinery and equipment		1,456,931	
Construction in progress		110,000	
			13,401,996
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,576,122	
OPEB related items		191,495	
			1,767,617
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	\$	(1,608,431)	
Capital lease		(98,611)	
Compensated absences		(261,212)	
Net OPEB liabilities		(1,671,353)	
Net pension liability		(7,289,457)	
			(10,929,064)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(1,198,823)	
OPEB related items		(615,154)	
			(1,813,977)
Net position of governmental activities		\$	<u>2,511,417</u>

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

	<b>School Operating Fund</b>	<b>School Cafeteria Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Charges for services	\$ 3,548	\$ 36,224	\$ 39,772
Miscellaneous	30,333	-	30,333
Intergovernmental:			
Local government	7,211,149	242,734	7,453,883
Commonwealth	1,804,143	9,158	1,813,301
Federal	562,142	285,116	847,258
Total revenues	<u>\$ 9,611,315</u>	<u>\$ 573,232</u>	<u>\$ 10,184,547</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 9,454,965	\$ 559,929	\$ 10,014,894
Debt service:			
Principal retirement	101,187	-	101,187
Interest and other fiscal charges	55,163	-	55,163
Total expenditures	<u>\$ 9,611,315</u>	<u>\$ 559,929</u>	<u>\$ 10,171,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 13,303</u>	<u>\$ 13,303</u>
Net change in fund balances	\$ -	\$ 13,303	\$ 13,303
Fund balances - beginning	-	71,542	71,542
Fund balances - ending	<u>\$ -</u>	<u>\$ 84,845</u>	<u>\$ 84,845</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	\$ 13,303
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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	\$ 445,735	
Depreciation expense	(667,321)	
Net allocation of debt financed school assets based on current year repayments	<u>1,020,000</u>	798,414

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.

Principal repayments	\$ <u>101,187</u>	101,187
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (35,464)	
Pension expense	(15,902)	
OPEB expense	<u>11,201</u>	(40,165)

Change in net position of governmental activities	\$ <u>872,739</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, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 3,548	\$ 3,548
Miscellaneous	33,000	33,000	30,333	(2,667)
Intergovernmental:				
Local government	7,855,781	7,855,751	7,211,149	(644,602)
Commonwealth	1,767,547	1,767,577	1,804,143	36,566
Federal	615,788	686,459	562,142	(124,317)
Total revenues	<u>\$ 10,272,116</u>	<u>\$ 10,342,787</u>	<u>\$ 9,611,315</u>	<u>\$ (731,472)</u>
EXPENDITURES				
Current:				
Education	\$ 10,272,116	\$ 10,342,787	\$ 9,454,965	\$ 731,472
Debt service:				
Principal retirement	-	-	101,187	-
Interest and other fiscal charges	-	-	55,163	-
Total expenditures	<u>\$ 10,272,116</u>	<u>\$ 10,342,787</u>	<u>\$ 9,611,315</u>	<u>\$ 731,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Exhibit 39

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 100,000	\$ 100,000	\$ 36,224	\$ (63,776)
-	-	-	-
370,290	370,290	242,734	(127,556)
6,783	6,783	9,158	2,375
150,000	150,000	285,116	135,116
<u>\$ 627,073</u>	<u>\$ 627,073</u>	<u>\$ 573,232</u>	<u>\$ (53,841)</u>
\$ 627,073	\$ 627,073	\$ 559,929	\$ 67,144
-	-	-	-
-	-	-	-
<u>\$ 627,073</u>	<u>\$ 627,073</u>	<u>\$ 559,929</u>	<u>\$ 67,144</u>
\$ -	\$ -	\$ 13,303	\$ 13,303
\$ -	\$ -	\$ 13,303	\$ 13,303
-	-	71,542	71,542
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,845</u>	<u>\$ 84,845</u>

**DISCRETELY PRESENTED COMPONENT UNIT  
– SERVICE AUTHORITY**

Statement of Net Position  
Discretely Presented Component Unit - Service Authority  
June 30, 2020

	<b>Component Unit Service Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,410,075
Accounts receivable, net of allowances for uncollectibles	164,158
Total current assets	\$ 3,574,233
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents (restricted for debt service)	\$ 16,712
Cash and cash equivalents (restricted for security deposits)	36,448
Total restricted assets	\$ 53,160
Capital assets:	
Land and land rights	\$ 116,187
Machinery and equipment	496,517
Utility plant in service	21,866,815
Construction in progress	55,339
Accumulated depreciation	(14,861,215)
Total capital assets	\$ 7,673,643
Total noncurrent assets	\$ 7,726,803
Total assets	\$ 11,301,036
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 81,161
OPEB related items	6,163
Total deferred outflows of resources	\$ 87,324
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 15,426
Customer deposits	37,545
Unearned revenue	3,482,264
Compensated absences - current portion	5,385
Bonds payable - current portion	20,473
Total current liabilities	\$ 3,561,093
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 16,154
Bonds payable - net of current portion	337,805
Net OPEB liabilities	25,749
Net pension liability	268,300
Total noncurrent liabilities	\$ 648,008
Total liabilities	\$ 4,209,101
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 73,820
OPEB related items	2,848
Total deferred inflows of resources	\$ 76,668
<b>NET POSITION</b>	
Net investment in capital assets	\$ 7,315,365
Restricted - reserve fund	16,712
Unrestricted (deficit)	(229,486)
Total net position	\$ 7,102,591

Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Service Authority  
Year Ended June 30, 2020

	<b>Component Unit Service Authority</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water revenues	\$ 336,779
Sewer revenues	740,495
Late and reconnect fees	41,141
Total operating revenues	<u>\$ 1,118,415</u>
<b>OPERATING EXPENSES</b>	
Payroll and related benefits	\$ 582,754
Water	73,935
Sewer	149,277
Administration	48,424
Laboratory and engineering	16,900
Maintenance	14,101
Utilities and transportation	242,515
Insurance claims and premiums	21,941
Depreciation	449,287
Total operating expenses	<u>\$ 1,599,134</u>
Operating income (loss)	<u>\$ (480,719)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	\$ 88,744
Development fees	83,399
Total nonoperating revenues (expenses)	<u>\$ 172,143</u>
Change in net position	\$ (308,576)
Total net position - beginning	7,411,167
Total net position - ending	<u><u>\$ 7,102,591</u></u>

Statement of Cash Flows  
Discretely Presented Component Unit - Service Authority  
Year Ended June 30, 2020

	<b>Component Unit Service Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,074,953
Payments to suppliers	(590,823)
Payments to employees	(599,410)
Net cash provided by (used for) operating activities	<u>\$ (115,280)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	\$ (149,021)
Principal payments on bonds	(20,473)
Development fees	<u>190,917</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ 21,423</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	\$ <u>88,744</u>
Net cash provided by (used for) investing activities	<u>\$ 88,744</u>
Net increase (decrease) in cash and cash equivalents	\$ (5,113)
Cash and cash equivalents - beginning - including restricted	<u>3,468,348</u>
Cash and cash equivalents - ending - including restricted	<u><u>\$ 3,463,235</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ <u>(480,719)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 449,287
(Increase) decrease in accounts receivable	(45,444)
(Increase) decrease in deferred outflows of resources	(34,513)
Increase (decrease) in customer deposits	1,982
Increase (decrease) in accounts payable	(23,730)
Increase (decrease) in compensated absences	9,022
Increase (decrease) in deferred inflows of resources	10,675
Increase (decrease) in net OPEB liabilities	(3,448)
Increase (decrease) in net pension liability	1,608
Total adjustments	<u>\$ 365,439</u>
Net cash provided by (used for) operating activities	<u><u>\$ (115,280)</u></u>

## **SUPPORTING SCHEDULES**

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 4,272,465	\$ 4,272,465	\$ 4,283,581	\$ 11,116
Real and personal public service corporation taxes	7,056,551	7,056,551	6,926,677	(129,874)
Personal property taxes	175,667	175,667	188,374	12,707
Penalties	10,000	10,000	25,494	15,494
Interest	10,000	10,000	15,640	5,640
Total general property taxes	<u>\$ 11,524,683</u>	<u>\$ 11,524,683</u>	<u>\$ 11,439,766</u>	<u>\$ (84,917)</u>
Other local taxes:				
Local sales and use taxes	\$ 849,993	\$ 849,993	\$ 704,233	\$ (145,760)
Consumption tax	18,000	18,000	18,700	700
Mixed beverage license taxes	2,000	2,000	1,655	(345)
Motor vehicle license taxes	79,190	79,190	74,597	(4,593)
Bank stock taxes	38,000	38,000	42,637	4,637
Taxes on recordation and wills	20,500	20,500	40,177	19,677
Hotel and motel room taxes	545,180	545,180	364,524	(180,656)
Restaurant food taxes	905,907	905,907	576,030	(329,877)
Total other local taxes	<u>\$ 2,458,770</u>	<u>\$ 2,458,770</u>	<u>\$ 1,822,553</u>	<u>\$ (636,217)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ -	\$ -	\$ 1,100	\$ 1,100
Permits and other licenses	-	-	48,437	48,437
Total permits, privilege fees, and regulatory licenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,537</u>	<u>\$ 49,537</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ -	\$ -	\$ 2,135	\$ 2,135
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 133,974	\$ 133,974
Revenue from use of property	2,200	2,200	10,000	7,800
Total revenue from use of money and property	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ 143,974</u>	<u>\$ 141,774</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,000	\$ 5,000	\$ 3,945	\$ (1,055)
Charges for courthouse maintenance	-	-	3,253	3,253
Courthouse security fee	-	-	17,375	17,375
Concealed weapons permits	-	-	2,010	2,010
Charges for Commonwealth's Attorney	-	-	815	815
Sheriff's fees	-	-	321	321
Law library fees	-	-	402	402
Soil and erosion fees	-	-	780	780
Charges for sanitation and waste removal	-	105,993	122,997	17,004
Charges for parks and recreation	-	3,326	4,315	989
Charges for other protection	-	-	525	525
Charges for other services	2,000	2,000	24,486	22,486
Total charges for services	<u>\$ 7,000</u>	<u>\$ 116,319</u>	<u>\$ 181,224</u>	<u>\$ 64,905</u>
Miscellaneous:				
Miscellaneous	\$ 38,446	\$ 48,836	\$ 92,802	\$ 43,966
Refunds and recoveries	-	31,479	53,548	22,069
Total miscellaneous	<u>\$ 38,446</u>	<u>\$ 80,315</u>	<u>\$ 146,350</u>	<u>\$ 66,035</u>
Total revenue from local sources	<u>\$ 14,031,099</u>	<u>\$ 14,182,287</u>	<u>\$ 13,785,539</u>	<u>\$ (396,748)</u>

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Railroad rolling stock taxes	\$ -	\$ -	\$ 9,284	\$ 9,284
Mobile home titling tax	-	-	10,715	10,715
Communications taxes	105,000	105,000	95,675	(9,325)
Tax on deeds	500	500	5,468	4,968
Personal property tax relief funds	40,275	40,275	40,276	1
Total noncategorical aid	\$ 145,775	\$ 145,775	\$ 161,418	\$ 15,643
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 71,457	\$ 71,457	\$ 73,076	\$ 1,619
Sheriff	516,463	516,463	535,284	18,821
Commissioner of revenue	74,383	74,383	77,119	2,736
Treasurer	64,582	64,582	72,673	8,091
Registrar/electoral board	25,995	25,995	42,095	16,100
Clerk of the Circuit Court	146,483	146,483	190,807	44,324
Total shared expenses	\$ 899,363	\$ 899,363	\$ 991,054	\$ 91,691
Other categorical aid:				
Shared expenses - Mountain Soil and Water				
Conservation District	\$ 123,512	\$ 123,512	\$ 122,521	\$ (991)
Emergency medical services division fees	5,000	5,000	-	(5,000)
Fire programs fund	20,000	20,000	20,000	-
E-911 Addressing/Mapping/Implementation Project	52,500	52,500	47,497	(5,003)
Virginia Juvenile Community Crime Control Act	6,585	6,585	6,585	-
Litter grant	-	-	4,883	4,883
Seized funds	-	-	1,816	1,816
Other state funds	-	-	1,200	1,200
Total other categorical aid	\$ 207,597	\$ 207,597	\$ 204,502	\$ (3,095)
Total categorical aid	\$ 1,106,960	\$ 1,106,960	\$ 1,195,556	\$ 88,596
Total revenue from the Commonwealth	\$ 1,252,735	\$ 1,252,735	\$ 1,356,974	\$ 104,239
Revenue from the federal government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 145,846	\$ 145,846	\$ 347,781	\$ 201,935
Coronavirus relief funds	-	-	164,725	164,725
Total noncategorical aid	\$ 145,846	\$ 145,846	\$ 512,506	\$ 366,660
Categorical aid:				
Local emergency planning grant	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Total categorical aid	\$ 7,500	\$ 7,500	\$ -	\$ (7,500)
Total revenue from the federal government	\$ 153,346	\$ 153,346	\$ 512,506	\$ 359,160
Total General Fund	\$ 15,437,180	\$ 15,588,368	\$ 15,655,019	\$ 66,651



Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Total miscellaneous	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Total revenue from local sources	\$ 24,800	\$ 24,800	\$ -	\$ (24,800)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 496,885	\$ 496,885	\$ 159,882	\$ (337,003)
Total revenue from the Commonwealth	\$ 496,885	\$ 496,885	\$ 159,882	\$ (337,003)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 211,205	\$ 211,205	\$ 388,274	\$ 177,069
Total categorical aid	\$ 211,205	\$ 211,205	\$ 388,274	\$ 177,069
Total revenue from the federal government	\$ 211,205	\$ 211,205	\$ 388,274	\$ 177,069
Total Virginia Public Assistance Fund	\$ 732,890	\$ 732,890	\$ 548,156	\$ (184,734)
<b>CSA Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 95,627	\$ 95,627	\$ 81,896	\$ (13,731)
Total categorical aid	\$ 95,627	\$ 95,627	\$ 81,896	\$ (13,731)
Total revenue from the Commonwealth	\$ 95,627	\$ 95,627	\$ 81,896	\$ (13,731)
Total CSA Fund	\$ 95,627	\$ 95,627	\$ 81,896	\$ (13,731)
<b>Special Lodging Tax Fund</b>				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
Total other local taxes	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
Total revenue from local sources	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
Total Special Lodging Tax Fund	\$ 1,500,000	\$ 1,500,000	\$ 979,696	\$ (520,304)
<b>Lodging Tax- Marketing /Capital Fund:</b>				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes-designated for marketing	\$ 272,942	\$ 272,942	\$ 182,553	\$ (90,389)
Hotel and motel room taxes-designated for capital improvements	272,942	272,942	182,262	(90,680)
Total other local taxes	\$ 545,884	\$ 545,884	\$ 364,815	\$ (181,069)
Miscellaneous:				
Other miscellaneous	\$ -	\$ 290	\$ 781	\$ 491
Total miscellaneous	\$ -	\$ 290	\$ 781	\$ 491
Total revenue from local sources	\$ 545,884	\$ 546,174	\$ 365,596	\$ (180,578)
Total Lodging Tax -Marketing/Capital Fund	\$ 545,884	\$ 546,174	\$ 365,596	\$ (180,578)
Total Primary Government	\$ 18,311,581	\$ 18,463,059	\$ 17,630,363	\$ (832,696)

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Charges for services:				
Tuition and payments from another county or city	\$ -	\$ -	\$ 3,548	\$ 3,548
Total charges for services	\$ -	\$ -	\$ 3,548	\$ 3,548
Miscellaneous:				
Refunds and recoveries	\$ 33,000	\$ 33,000	\$ 30,333	\$ (2,667)
Total miscellaneous	33,000	33,000	30,333	(2,667)
Total revenue from local sources	\$ 33,000	\$ 33,000	\$ 33,881	\$ 881
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 7,855,781	\$ 7,855,751	\$ 7,211,149	\$ (644,602)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 583,996	\$ 584,026	\$ 593,789	\$ 9,763
Basic school aid	639,421	639,421	610,025	(29,396)
Gifted and talented	5,253	5,253	5,071	(182)
Remedial education	13,493	13,493	13,025	(468)
Special Education	64,581	64,581	62,343	(2,238)
Textbook payment	10,371	10,371	10,012	(359)
Vocational standards of quality payments	52,925	52,925	65,858	12,933
Fringe benefits	111,755	111,755	107,881	(3,874)
At risk	18,468	18,468	17,915	(553)
English as a second language	1,346	1,346	1,178	(168)
Homebound payment	-	-	838	838
Early reading intervention	4,680	4,680	5,348	668
Remedial summer school	-	-	3,386	3,386
K-3 initiative	14,221	14,221	-	(14,221)
Lottery proceeds	36,531	36,531	36,392	(139)
Individual student alternative education program	8,355	8,355	8,387	32
Special education - foster children	-	-	82	82
Preschool Pilot Grant	36,538	36,538	35,270	(1,268)
Technology	128,000	128,000	128,000	-
Medicaid	30,000	30,000	77,642	47,642
Standards of Learning algebra readiness	1,356	1,356	1,377	21
Other state funds	6,257	6,257	20,324	14,067
Total categorical aid	\$ 1,767,547	\$ 1,767,577	\$ 1,804,143	\$ 36,566
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	\$ 140,000	\$ 140,000	\$ 142,885	\$ 2,885
Title I	100,000	100,000	121,266	21,266
Vocational education	8,000	8,000	8,481	481

Schedule of Revenues - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020 (Continued)

<b>Fund, Major and Minor Revenue Source</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
<b>Intergovernmental: (Continued)</b>				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Improving Teacher Quality	\$ 30,000	\$ 30,000	\$ 2,734	\$ (27,266)
Rural education achievement program	44,000	44,000	33,594	(10,406)
Title III	1,500	1,500	1,407	(93)
Immigrant and youth grant	10,000	10,000	6,604	(3,396)
Foster care	107,638	107,638	-	(107,638)
Forest reserve	40,000	110,671	110,671	-
Total categorical aid	<u>\$ 481,288</u>	<u>\$ 551,959</u>	<u>\$ 427,642</u>	<u>\$ (124,317)</u>
Total revenue from the federal government	<u>\$ 615,788</u>	<u>\$ 686,459</u>	<u>\$ 562,142</u>	<u>\$ (124,317)</u>
Total School Operating Fund	<u>\$ 10,272,116</u>	<u>\$ 10,342,787</u>	<u>\$ 9,611,315</u>	<u>\$ (731,472)</u>
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 100,000	\$ 100,000	\$ 36,224	\$ (63,776)
Total revenue from local sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 36,224</u>	<u>\$ (63,776)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Bath, Virginia	\$ 370,290	\$ 370,290	\$ 242,734	\$ (127,556)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 6,783	\$ 6,783	\$ 9,158	\$ 2,375
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 150,000	\$ 150,000	\$ 256,042	\$ 106,042
USDA donated food	-	-	29,074	29,074
Total revenue from the federal government	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 285,116</u>	<u>\$ 135,116</u>
Total School Cafeteria Fund	<u>\$ 627,073</u>	<u>\$ 627,073</u>	<u>\$ 573,232</u>	<u>\$ (53,841)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,899,189</u>	<u>\$ 10,969,860</u>	<u>\$ 10,184,547</u>	<u>\$ (785,313)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 198,271	\$ 198,271	\$ 187,914	\$ 10,357
General and financial administration:				
County administrator	\$ 312,542	\$ 314,386	\$ 299,025	\$ 15,361
Commissioner of revenue	203,350	203,350	198,753	4,597
Treasurer	245,997	247,000	248,817	(1,817)
Data Processing	88,200	88,200	80,766	7,434
Total general and financial administration	\$ 850,089	\$ 852,936	\$ 827,361	\$ 25,575
Board of elections:				
Registrar	\$ 89,168	\$ 89,168	\$ 87,869	\$ 1,299
Electoral board and officials	81,011	83,011	74,485	8,526
Total board of elections	\$ 170,179	\$ 172,179	\$ 162,354	\$ 9,825
Total general government administration	\$ 1,218,539	\$ 1,223,386	\$ 1,177,629	\$ 45,757
Judicial administration:				
Courts:				
Circuit court	\$ 25,806	\$ 25,806	\$ 18,709	\$ 7,097
General district court	24,060	24,060	18,682	5,378
Special magistrates	1,624	1,624	614	1,010
Clerk of the circuit court	255,983	263,768	251,334	12,434
Total courts	\$ 307,473	\$ 315,258	\$ 289,339	\$ 25,919
Commonwealth's attorney:				
Commonwealth's attorney	\$ 130,744	\$ 130,744	\$ 127,063	\$ 3,681
Total commonwealth's attorney	\$ 130,744	\$ 130,744	\$ 127,063	\$ 3,681
Total judicial administration	\$ 438,217	\$ 446,002	\$ 416,402	\$ 29,600
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,140,016	\$ 1,169,664	\$ 1,174,493	\$ (4,829)
Total law enforcement and traffic control	\$ 1,140,016	\$ 1,169,664	\$ 1,174,493	\$ (4,829)
Fire and rescue services:				
Fire department	\$ 383,385	\$ 379,832	\$ 353,857	\$ 25,975
Contribution to fire and rescue	149,750	165,772	165,092	680
Total fire and rescue services	\$ 533,135	\$ 545,604	\$ 518,949	\$ 26,655
Correction and detention:				
County/City operated institutions	\$ 100,000	\$ 100,000	\$ 93,590	\$ 6,410
Total correction and detention	\$ 100,000	\$ 100,000	\$ 93,590	\$ 6,410
Inspections:				
Building	\$ 221,587	\$ 222,790	\$ 194,773	\$ 28,017
Total inspections	\$ 221,587	\$ 222,790	\$ 194,773	\$ 28,017
Other protection:				
Animal control	\$ 109,571	\$ 109,571	\$ 102,584	\$ 6,987
Emergency communications	508,222	508,222	508,482	(260)
Emergency management	106,184	106,184	103,556	2,628
Medical examiner (coroner)	200	200	120	80
VJCCCA	6,385	6,385	6,585	(200)
Total other protection	\$ 730,562	\$ 730,562	\$ 721,327	\$ 9,235
Total public safety	\$ 2,725,300	\$ 2,768,620	\$ 2,703,132	\$ 65,488

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Public works:				
Sanitation and waste removal:				
General engineering/administration	\$ 1,143,080	\$ 1,251,682	\$ 1,160,850	\$ 90,832
Total sanitation and waste removal	\$ 1,143,080	\$ 1,251,682	\$ 1,160,850	\$ 90,832
Maintenance of general buildings and grounds:				
General engineering/administration	\$ 271,362	\$ 271,362	\$ 203,816	\$ 67,546
Airport Authority	38,446	38,446	50,455	(12,009)
Total maintenance of general buildings and grounds	\$ 309,808	\$ 309,808	\$ 254,271	\$ 55,537
Total public works	\$ 1,452,888	\$ 1,561,490	\$ 1,415,121	\$ 146,369
Health and welfare:				
Health:				
Local health department	\$ 99,227	\$ 99,227	\$ 99,227	\$ -
Total health	\$ 99,227	\$ 99,227	\$ 99,227	\$ -
Mental health and mental retardation:				
Administration	\$ 33,924	\$ 33,924	\$ 33,924	\$ -
Total mental health and mental retardation	\$ 33,924	\$ 33,924	\$ 33,924	\$ -
Welfare:				
Welfare administration				
Public welfare	\$ 76,155	\$ 86,155	\$ 84,155	\$ 2,000
Tax relief for the elderly	81,436	81,436	76,943	4,493
Total welfare	\$ 157,591	\$ 167,591	\$ 161,098	\$ 6,493
Total health and welfare	\$ 290,742	\$ 300,742	\$ 294,249	\$ 6,493
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 5,749	\$ 5,749	\$ 5,749	\$ -
Contributions to County School Board	8,226,041	8,226,041	7,453,882	772,159
Total education	\$ 8,231,790	\$ 8,231,790	\$ 7,459,631	\$ 772,159
Parks, recreation, and cultural:				
Parks and recreation:				
Administration	\$ 403,277	\$ 437,026	\$ 338,994	\$ 98,032
Total parks and recreation	\$ 403,277	\$ 437,026	\$ 338,994	\$ 98,032
Library:				
Regional library	\$ 161,962	\$ 161,962	\$ 161,962	\$ -
Total library	\$ 161,962	\$ 161,962	\$ 161,962	\$ -
Total parks, recreation, and cultural	\$ 565,239	\$ 598,988	\$ 500,956	\$ 98,032
Community development:				
Planning and community development:				
Planning	\$ 112,983	\$ 112,983	\$ 99,045	\$ 13,938
Economic development	-	160,000	164,725	(4,725)
Total planning and community development	\$ 112,983	\$ 272,983	\$ 263,770	\$ 9,213
Environmental management:				
Administration	\$ 145,785	\$ 145,785	\$ 135,423	\$ 10,362
Total environmental management	\$ 145,785	\$ 145,785	\$ 135,423	\$ 10,362
Cooperative extension program:				
Administration	\$ 57,215	\$ 57,215	\$ 44,649	\$ 12,566
Total cooperative extension program	\$ 57,215	\$ 57,215	\$ 44,649	\$ 12,566
Total community development	\$ 315,983	\$ 475,983	\$ 443,842	\$ 32,141

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Primary Government: (Continued)</b>				
<b>General Fund: (Continued)</b>				
Nondepartmental:				
Miscellaneous	\$ 254,102	\$ 207,518	\$ 137,103	\$ 70,415
Total nondepartmental	<u>\$ 254,102</u>	<u>\$ 207,518</u>	<u>\$ 137,103</u>	<u>\$ 70,415</u>
Capital outlay:				
Capital projects	\$ 496,500	\$ 498,468	\$ 110,000	\$ 388,468
Total capital outlay	<u>\$ 496,500</u>	<u>\$ 498,468</u>	<u>\$ 110,000</u>	<u>\$ 388,468</u>
Debt service:				
Principal retirement	\$ 1,020,000	\$ 1,020,000	\$ 1,020,000	\$ -
Interest and other fiscal charges	70,312	78,056	78,056	-
Total debt service	<u>\$ 1,090,312</u>	<u>\$ 1,098,056</u>	<u>\$ 1,098,056</u>	<u>\$ -</u>
Total General Fund	<u>\$ 17,079,612</u>	<u>\$ 17,411,043</u>	<u>\$ 15,756,121</u>	<u>\$ 1,654,922</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 584,570	\$ 584,570	\$ 557,130	\$ 27,440
Purchased services	143,300	143,300	83,411	59,889
Child care	100,000	100,000	-	100,000
Total health and welfare	<u>\$ 827,870</u>	<u>\$ 827,870</u>	<u>\$ 640,541</u>	<u>\$ 187,329</u>
Total Virginia Public Assistance Fund	<u>\$ 827,870</u>	<u>\$ 827,870</u>	<u>\$ 640,541</u>	<u>\$ 187,329</u>
<b>CSA Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 167,500	\$ 167,500	\$ 138,188	\$ 29,312
Total CSA Fund	<u>\$ 167,500</u>	<u>\$ 167,500</u>	<u>\$ 138,188</u>	<u>\$ 29,312</u>
<b>Special Lodging Tax Fund:</b>				
Economic development	\$ 2,750,000	\$ 2,750,000	\$ -	\$ 2,750,000
Total Special Lodging Tax Fund	<u>\$ 2,750,000</u>	<u>\$ 2,750,000</u>	<u>\$ -</u>	<u>\$ 2,750,000</u>
<b>Lodging Tax Marketing &amp; Capital Fund:</b>				
Economic development	\$ 1,372,012	\$ 1,372,802	\$ 335,985	\$ 1,036,817
Total Marketing/Capital Fund	<u>\$ 1,372,012</u>	<u>\$ 1,372,802</u>	<u>\$ 335,985</u>	<u>\$ 1,036,817</u>
Total Primary Government	<u>\$ 22,196,994</u>	<u>\$ 22,529,215</u>	<u>\$ 16,870,835</u>	<u>\$ 5,658,380</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Instruction	\$ 7,389,865	\$ 7,389,865	\$ 6,841,765	\$ 548,100
Operating costs:				
Administration, attendance and health services	\$ 458,313	\$ 458,313	\$ 446,746	\$ 11,567
Pupil transportation	904,771	975,442	894,390	81,052
Operation and maintenance of school plant	1,519,167	1,519,167	1,272,064	247,103
Total operating costs	<u>\$ 2,882,251</u>	<u>\$ 2,952,922</u>	<u>\$ 2,613,200</u>	<u>\$ 339,722</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 101,187	\$ (101,187)
Interest and other fiscal charges	-	-	55,163	(55,163)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,350</u>	<u>\$ (156,350)</u>
Total education	<u>\$ 10,272,116</u>	<u>\$ 10,342,787</u>	<u>\$ 9,611,315</u>	<u>\$ 731,472</u>
Total School Operating Fund	<u>\$ 10,272,116</u>	<u>\$ 10,342,787</u>	<u>\$ 9,611,315</u>	<u>\$ 731,472</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
June 30, 2020 (Continued)

<b>Fund, Function, Activity and Elements</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special revenue fund:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 627,073	\$ 627,073	\$ 559,929	\$ 67,144
Total School Cafeteria Fund	<u>\$ 627,073</u>	<u>\$ 627,073</u>	<u>\$ 559,929</u>	<u>\$ 67,144</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 10,899,189</u>	<u>\$ 10,969,860</u>	<u>\$ 10,171,244</u>	<u>\$ 798,616</u>

## **STATISTICAL SECTION**



## STATISTICAL SECTION

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### 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.

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#### 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.

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#### 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.

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#### 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.

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#### 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			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610
Restricted	100,065	100,065	-	-
Unrestricted	7,374,898	10,001,253	9,882,222	10,072,864
Total governmental activities net position	<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	\$ 1,865,865	\$ 1,108,675	\$ 1,805,410	\$ 1,322,610
Restricted	100,065	100,065	-	-
Unrestricted	7,374,898	10,001,253	9,882,222	10,072,864
Total primary government net position	<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 preseted as restated.

Table 1

Fiscal Year					
2015	2016	2017 (1)	2018	2019	2020
\$ 1,057,884	\$ 1,474,375	\$ 1,510,211	\$ 1,313,518	\$ 1,200,664	\$ 966,079
-	-	-	-	752,410	1,732,105
7,835,053	6,712,935	6,073,950	6,625,165	6,685,387	6,390,469
<u>\$ 8,892,937</u>	<u>\$ 8,187,310</u>	<u>\$ 7,584,161</u>	<u>\$ 7,938,683</u>	<u>\$ 8,638,461</u>	<u>\$ 9,088,653</u>
\$ 1,057,884	\$ 1,474,375	\$ 1,510,211	\$ 1,313,518	\$ 1,200,664	\$ 966,079
-	-	-	-	752,410	1,732,105
7,835,053	6,712,935	6,073,950	6,625,165	6,685,387	6,390,469
<u>\$ 8,892,937</u>	<u>\$ 8,187,310</u>	<u>\$ 7,584,161</u>	<u>\$ 7,938,683</u>	<u>\$ 8,638,461</u>	<u>\$ 9,088,653</u>

# County of Bath, Virginia

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Expenses</b>					
Governmental activities:					
General government administration	\$ 1,229,730	\$ 1,211,724	\$ 1,268,772	\$ 1,049,191	\$ 1,020,326
Judicial administration	336,921	344,405	439,010	369,801	356,973
Public safety	1,829,651	2,040,286	2,112,434	2,478,869	2,487,830
Public works	1,100,064	1,064,089	1,155,574	1,429,114	1,421,247
Health and welfare	827,199	826,654	935,708	941,207	1,035,457
Education	6,460,206	6,904,010	7,459,886	8,899,869	9,084,728
Parks, recreation and cultural	465,168	467,408	539,930	542,796	511,218
Community development	241,827	1,145,116	969,681	1,087,763	1,307,591
Nondepartmental	281,777	47,199	65,610	68,899	76,482
Interest on long-term debt	399,090	383,614	1,234,856	196,898	172,996
Total governmental activities expenses	\$ 13,171,633	\$ 14,434,505	\$ 16,181,461	\$ 17,064,407	\$ 17,474,848
Total primary government expenses	\$ 13,171,633	\$ 14,434,505	\$ 16,181,461	\$ 17,064,407	\$ 17,474,848
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government administration	\$ 18,315	\$ 16,135	\$ 17,263	\$ 18,107	\$ 15,279
Judicial administration	24,213	17,805	16,900	25,980	29,729
Public safety	51,081	70,979	110,031	119,570	61,237
Public works	55,290	60,820	73,434	24,600	37,625
Parks, recreation and cultural	9,328	9,245	7,470	8,267	8,308
Operating grants and contributions	1,453,368	1,784,659	1,721,339	1,817,277	2,133,388
Capital grants and contributions	-	-	-	25,000	15,000
Total governmental activities program revenues	\$ 1,611,595	\$ 1,959,643	\$ 1,946,437	\$ 2,038,801	\$ 2,300,566
Total primary government program revenues	\$ 1,611,595	\$ 1,959,643	\$ 1,946,437	\$ 2,038,801	\$ 2,300,566
Net (expense) / revenue					
Governmental activities	\$ (11,560,038)	\$ (12,474,862)	\$ (14,235,024)	\$ (15,025,606)	\$ (15,174,282)
Total primary government net expense	\$ (11,560,038)	\$ (12,474,862)	\$ (14,235,024)	\$ (15,025,606)	\$ (15,174,282)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 11,384,262	\$ 11,409,502	\$ 11,685,185	\$ 11,720,316	\$ 11,682,189
Local sales and use taxes	687,422	807,325	873,109	920,676	925,382
Restaurant food tax	195,557	804,380	879,825	859,248	691,592
Motor vehicle licenses taxes	72,513	72,341	72,794	73,882	75,778
Taxes on recordation and wills	68,993	91,714	98,445	50,256	63,019
Bank stock taxes	30,036	32,266	33,918	37,797	55,675
Hotel and motel room taxes	707,584	721,982	823,534	969,850	1,008,345
Other local taxes	19,695	21,958	20,760	21,377	21,244
Unrestricted grants and contributions	233,860	231,527	337,617	321,975	346,539
Unrestricted revenues from use of money and property	57,130	51,966	43,463	35,934	12,915
Miscellaneous	187,667	99,066	78,866	67,737	41,127
Effect of change in accounting principle (1)	-	-	-	-	-
Total governmental activities	\$ 13,644,719	\$ 14,344,027	\$ 14,947,516	\$ 15,079,048	\$ 14,923,805
Total primary government	\$ 13,644,719	\$ 14,344,027	\$ 14,947,516	\$ 15,079,048	\$ 14,923,805
<b>Change in Net Position</b>					
Governmental activities	\$ 2,084,681	\$ 1,869,165	\$ 712,492	\$ 53,442	\$ (250,477)
Total primary government	\$ 2,084,681	\$ 1,869,165	\$ 712,492	\$ 53,442	\$ (250,477)

(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				
2016	2017	2018	2019	2020
\$ 1,174,034	\$ 1,114,156	\$ 1,134,535	\$ 1,109,785	\$ 1,251,439
388,586	439,940	428,181	400,581	432,280
2,646,136	2,925,952	2,787,707	2,549,396	2,709,613
1,736,640	1,097,385	1,179,161	1,343,309	1,417,759
1,051,764	1,016,210	984,438	1,032,741	1,085,540
8,815,193	9,395,332	9,296,708	9,214,671	8,690,331
541,942	555,200	553,239	583,930	534,838
1,216,657	785,851	496,504	634,872	781,892
96,606	129,098	78,239	88,741	137,103
156,066	134,714	119,053	102,067	77,099
\$ 17,823,624	\$ 17,593,838	\$ 17,057,765	\$ 17,060,093	\$ 17,117,894
\$ 17,823,624	\$ 17,593,838	\$ 17,057,765	\$ 17,060,093	\$ 17,117,894
\$ 15,612	\$ 20,584	\$ 23,346	\$ 25,560	\$ 24,486
27,207	32,006	25,698	22,173	23,980
36,172	35,985	69,457	76,040	56,338
15,619	1,184	10,126	10,859	123,777
5,189	6,093	3,147	3,162	4,315
1,967,670	1,919,398	1,667,338	1,765,539	1,942,836
190,572	251,865	57,361	59,328	47,497
\$ 2,258,041	\$ 2,267,115	\$ 1,856,473	\$ 1,962,661	\$ 2,223,229
\$ 2,258,041	\$ 2,267,115	\$ 1,856,473	\$ 1,962,661	\$ 2,223,229
\$ (15,565,583)	\$ (15,326,723)	\$ (15,201,292)	\$ (15,097,432)	\$ (14,894,665)
\$ (15,565,583)	\$ (15,326,723)	\$ (15,201,292)	\$ (15,097,432)	\$ (14,894,665)
\$ 11,540,509	\$ 11,608,685	\$ 11,596,114	\$ 11,511,516	\$ 11,431,037
789,831	937,441	849,993	827,700	704,233
789,831	834,316	905,907	828,554	576,030
75,514	76,835	74,859	77,603	74,597
45,124	41,867	475,062	44,840	40,177
46,567	40,394	39,893	48,833	42,637
1,078,690	1,103,163	1,091,064	1,762,955	1,709,035
20,753	20,704	22,006	21,560	20,355
370,041	402,731	395,213	499,335	509,199
18,009	27,767	56,350	112,172	143,974
85,087	43,306	49,353	62,142	93,583
-	(489,260)	-	-	-
\$ 14,859,956	\$ 14,647,949	\$ 15,555,814	\$ 15,797,210	\$ 15,344,857
\$ 14,859,956	\$ 14,647,949	\$ 15,555,814	\$ 15,797,210	\$ 15,344,857
\$ (705,627)	\$ (678,774)	\$ 354,522	\$ 699,778	\$ 450,192
\$ (705,627)	\$ (678,774)	\$ 354,522	\$ 699,778	\$ 450,192

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Local sales and use Tax</b>	<b>Restaurant Food Tax</b>	<b>Motor Vehicle License Tax</b>	<b>Record- ation and Wills Tax</b>	<b>Hotel and Motel Taxes</b>	<b>Other Local Taxes</b>	<b>Total</b>
2020 \$	11,431,037	\$ 704,233	\$ 576,030	\$ 74,597	\$ 40,177	\$ 1,709,035	\$ 62,992	\$ 14,598,101
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

**County of Bath, Virginia**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General fund					
Nonspendable	\$ 51,150	\$ 8,767	\$ 8,474	\$ 15,164	\$ 39,978
Restricted	100,065	100,065	-	-	-
Committed	-	718,561	70,490	8,252	-
Assigned	390,000	533,935	6,134,500	6,241,060	299,643
Unassigned	6,450,006	7,542,031	3,169,892	3,201,601	9,015,028
Total general fund	<u>\$ 6,991,221</u>	<u>\$ 8,903,359</u>	<u>\$ 9,383,356</u>	<u>\$ 9,466,077</u>	<u>\$ 9,354,649</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 2,540
Restricted	-	-	-	-	-
Committed for:					
Special revenue funds	371,089	419,929	484,479	586,124	674,451
Total all other governmental funds	<u>\$ 371,089</u>	<u>\$ 419,929</u>	<u>\$ 484,479</u>	<u>\$ 586,124</u>	<u>\$ 676,991</u>

Table 4

Fiscal Year				
2016	2017	2018	2019	2020
\$ 29,669	\$ 10,827	\$ 37,826	\$ 41,359	\$ 86,483
-	-	-	55,403	-
-	-	-	-	-
72,674	163,500	270,951	27,061	534,012
<u>8,204,617</u>	<u>7,794,839</u>	<u>7,918,047</u>	<u>7,841,447</u>	<u>7,039,593</u>
<u>\$ 8,306,960</u>	<u>\$ 7,969,166</u>	<u>\$ 8,226,824</u>	<u>\$ 7,965,270</u>	<u>\$ 7,660,088</u>
\$ 200	\$ -	\$ -	\$ -	\$ -
-	-	-	697,007	-
465,304	727,725	1,042,371	1,178,719	2,940,436
<u>\$ 465,504</u>	<u>\$ 727,725</u>	<u>\$ 1,042,371</u>	<u>\$ 1,875,726</u>	<u>\$ 2,940,436</u>



**County of Bath, Virginia**

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

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
General property taxes	\$ 11,579,115	\$ 11,342,321	\$ 11,719,341	\$ 11,675,049	\$ 11,778,520
Other local taxes	1,781,800	2,551,966	2,802,385	2,933,086	2,841,035
Permits, privilege fees and regulatory licenses	44,109	63,894	103,695	112,675	55,267
Fines and forfeitures	245	312	968	5,841	8,130
Revenue from use of money and property	57,130	51,966	43,463	35,934	12,915
Charges for services	113,873	110,778	86,435	78,008	88,781
Miscellaneous	64,507	47,310	78,866	67,737	41,127
Recovered costs	123,160	51,756	51,539	24,453	26,717
Intergovernmental:					
Commonwealth	1,348,968	1,356,016	1,420,094	1,489,796	1,564,092
Federal	338,260	660,170	672,862	674,456	930,835
Total revenues	\$ 15,451,167	\$ 16,236,489	\$ 16,979,648	\$ 17,097,035	\$ 17,347,419
<b>Expenditures</b>					
General government administration	\$ 890,821	\$ 892,324	\$ 975,861	\$ 947,808	\$ 982,285
Judicial administration	333,562	342,536	431,886	366,567	371,390
Public safety	1,772,124	1,835,699	1,889,823	2,131,542	2,129,588
Public works	1,109,988	1,062,139	1,172,565	1,427,212	1,005,518
Health and welfare	830,523	832,665	928,633	934,589	1,055,014
Education	6,160,206	6,595,610	7,564,786	7,586,708	8,071,628
Parks, recreation and cultural	447,482	446,139	505,283	469,312	495,977
Community development	240,380	1,080,677	966,366	1,085,578	1,311,770
Nondepartmental	123,594	67,108	64,947	68,899	76,482
Capital projects	372,194	429,675	973,322	806,721	784,479
Debt service:					
Principal	717,189	315,000	9,280,000	915,000	910,000
Interest and other fiscal charges	391,413	375,939	1,226,629	197,733	173,849
Total expenditures	\$ 13,389,476	\$ 14,275,511	\$ 25,980,101	\$ 16,937,669	\$ 17,367,980
Excess of revenues over (under) expenditures	\$ 2,061,691	\$ 1,960,978	\$ (9,000,453)	\$ 159,366	\$ (20,561)
<b>Other financing sources (uses)</b>					
Transfers in	\$ 207,303	\$ 223,460	\$ 239,450	\$ 154,689	\$ 209,891
Transfers out	(207,303)	(223,460)	(239,450)	(154,689)	(209,891)
Issuance of indebtedness	-	-	9,545,000	25,000	-
Total other financing sources (uses)	\$ -	\$ -	\$ 9,545,000	\$ 25,000	\$ -
Net change in fund balances	\$ 2,061,691	\$ 1,960,978	\$ 544,547	\$ 184,366	\$ (20,561)
Debt service as a percentage of noncapital expenditures	8.2797%	4.8400%	7.7186%	6.5696%	6.3961%

Table 5

Fiscal Year				
2016	2017	2018	2019	2020
\$ 11,520,566	\$ 11,597,266	\$ 11,613,869	\$ 11,479,901	\$ 11,439,766
2,846,310	3,054,720	3,458,784	3,612,045	3,167,064
29,122	30,973	60,352	69,300	49,537
5,647	8,676	3,496	1,096	2,135
18,009	27,767	56,350	112,172	143,974
65,030	56,203	67,926	67,398	181,224
85,087	43,306	49,353	62,142	93,583
25,518	47,344	23,622	36,683	53,548
1,583,905	1,656,392	1,607,505	1,586,774	1,598,752
944,378	917,602	512,407	737,428	900,780
\$ 17,123,572	\$ 17,440,249	\$ 17,453,664	\$ 17,764,939	\$ 17,630,363
\$ 1,125,533	\$ 1,105,739	\$ 1,034,464	\$ 1,137,128	\$ 1,177,629
401,423	438,287	419,515	422,716	416,402
2,600,932	2,752,004	2,681,454	2,624,468	2,703,132
1,743,951	1,103,133	1,268,853	1,347,909	1,415,121
1,051,884	1,005,510	975,652	1,067,062	1,072,978
7,955,783	8,419,432	8,306,608	8,162,771	7,459,631
506,166	522,250	525,185	600,276	500,956
1,551,947	851,260	496,425	644,067	779,827
96,606	129,098	78,239	88,741	137,103
261,585	179,128	-	-	110,000
930,000	950,000	975,000	995,000	1,020,000
156,938	135,606	119,965	103,000	78,056
\$ 18,382,748	\$ 17,591,447	\$ 16,881,360	\$ 17,193,138	\$ 16,870,835
\$ (1,259,176)	\$ (151,198)	\$ 572,304	\$ 571,801	\$ 759,528
\$ 190,527	\$ 168,674	\$ 143,663	\$ 147,455	\$ 148,677
(190,527)	(168,674)	(143,663)	(147,455)	(148,677)
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -
\$ (1,259,176)	\$ (151,198)	\$ 572,304	\$ 571,801	\$ 759,528
6.0673%	6.2947%	6.5317%	6.4875%	6.5825%

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	Record-ation and Wills Tax	Hotel and Motel Room Tax (1)	Other Local Taxes	Total
2020	\$ 11,439,766	\$ 704,233	\$ 576,030	\$ 74,597	\$ 40,177	\$ 1,709,035	\$ 62,992	\$ 14,606,830
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

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

## County of Bath, Virginia

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

<b>Fiscal Year</b>	<b>Real Estate (1)</b>	<b>Personal Property</b>	<b>Machinery and Tools</b>	<b>Public Service (2)</b>	<b>Total Taxable Assessed Value</b>
2020	\$ 883,391,700	\$ 62,539,400	\$ 4,911,200	\$ 1,385,637,012	\$ 2,336,479,312
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

Source: Commissioner of Revenue

- (1) Real estate is assessed at 100% of fair 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

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	<b>Estimated Actual Taxable Value (3)</b>	<b>Assessed Value as a Percentage of Actual Value (1)</b>	<b>State Sales Assessment Ratio (4)</b>	<b>Total Direct Rate</b>
\$	834,858,400	105.81%	103.48%	1.70
	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

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
2020	\$ 0.50	\$ 0.35	\$ 0.50	\$ 0.35
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

(1) Per \$100 of assessed value

Principal Property Taxpayers  
Current Year and the Period Nine Years Prior

Taxpayer	Type Business	Fiscal Year 2020		Fiscal Year 2011	
		2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
Public Service	Utilities (Power, etc.)	\$ 1,374,551,377	58.830%	\$ 1,270,143,889	59.543%
The Homestead LC	Hotel	82,239,900	3.520%	99,794,900	4.678%
NA Homestead Preserve	Hotel	24,392,700	1.044%		0.000%
The Owners Club	Timeshares	22,803,300	0.976%	23,316,600	1.093%
DG Land Holdings	R.E. Prop. & invst.	7,450,600	0.319%		0.000%
Fort Lewis Lodge	Lodging	4,568,500	0.196%	4,269,400	0.200%
Bill Chambers	Real Estate Dev.	2,693,900	0.115%		0.000%
F.C. Plecker & Sons	Construction	2,054,100	0.088%	2,651,900	0.124%
Lockridge Enterprises	Farming	1,756,300	0.075%	1,612,900	0.076%
J.C. Snead	Recreation	1,158,100	0.050%	N/A	0.000%
CA Partners	Real Estate Dev.	1,019,100	0.044%	2,779,700	0.130%
CEA2 Investments	Real Estate Dev.	126,900	0.005%	N/A	0.000%
VA Hot Springs Land Co.	Real Estate Dev.	16,700	0.001%	3,543,100	0.166%
Warm Spring Investment	R.E. Prop. & invst.	-	0.000%	41,437,600	1.943%
Cambata Industries	Farming; aviation	-	0.000%	10,128,000	0.475%
		<u>\$ 1,524,831,477</u>	<u>65.26%</u>	<u>\$ 1,459,677,989</u>	<u>68.43%</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
2020	\$	11,492,138	\$ 11,246,968	97.87%	\$ -	\$ 11,246,968	97.87%
2019		11,492,138	11,314,582	98.45%	122,945	11,437,527	99.52%
2018		11,551,252	11,376,569	98.49%	150,525	11,527,094	99.79%
2017		11,555,323	11,262,008	97.46%	282,227	11,544,235	99.90%
2016		11,499,348	11,327,388	98.50%	164,335	11,327,388	98.50%
2015		11,644,754	11,494,387	98.71%	146,752	11,641,139	99.97%
2014		11,670,710	11,469,643	98.28%	198,353	11,667,996	99.98%
2013		11,654,162	11,475,356	98.47%	176,725	11,652,081	99.98%
2012		11,335,319	11,071,943	97.68%	261,886	11,333,829	99.99%
2011		11,327,270	11,123,491	98.20%	203,702	11,327,193	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			
2020	\$ -	\$ -	\$ 2,105,000	\$ -	\$ 2,105,000	0.76%	\$ 487
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

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

<b>Fiscal Year</b>		<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>		<b>Net Bonded Debt (3)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (2)</b>	<b>Net Bonded Debt per Capita (1)</b>
2020	\$	2,105,000	\$	-	\$ 2,105,000	0.09%	\$ 487
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

(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

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemploy- ment Rate</b>
2020	4,318	\$ 277,285,000	\$ 66,864	48	530	14.10%
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%

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 2020			Fiscal Year 2011		
	(1) Employees	Rank	% of Total County Employment	(1) Employees	Rank	% of Total County Employment
The Omni Homestead	600	1	23.23%	750	1	31.42%
Bath County Public Schools	140	2	5.42%	175	2	7.33%
Bath County Community Hospital	200	3	7.74%	175	3	7.33%
Kissito Helathcare (Springs Nursing Center)	84	5	3.25%	75	6	3.14%
County of Bath	63	4	2.44%	75	5	3.14%
Dominion Virginia Power (2)	50	6	1.94%	-	-	0.00%
Barc Electrical Co-op	50	7	1.94%	35	7	1.47%
Speyside Bourbon Stave Mill	55	8	2.13%	-	-	0.00%
VA Department of Conservation	35	9	1.36%	35	8	1.47%
Owners Club	35	10	1.36%	-	9	1.47%
Virginia Electric and Power Company	-	-	0.00%	75	4	3.14%
Virginia Hot Springs Realty	-	-	0.00%	35	10	1.47%
Totals	<u>1,312</u>		<u>50.79%</u>	<u>1,430</u>		<u>52.61%</u>
Total estimated jobs in County	2,583			2,718		

(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 2011.

Sources:

VA Employment Commission, [www.vec.virginia.gov](http://www.vec.virginia.gov) (50 Largest Employers in Bath County for fourth quarter 2019 - latest available -and 2011).

VA Workforce Connection, 12/16/2020, [www.vawc.virginia.gov](http://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 2020 and 2011 annual.

## County of Bath, Virginia

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

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General government	11	10	9	9	9
Judicial administration	5	5	5	5	5
Public safety					
Sheriff's department	17	17	19	19	19
911 Administrator	1	0	0	0	0
Building inspections	1	1	1	1	1
Animal control	2	2	2	2	2
Public works					
General maintenance	2	2	2	2	2
Landfill	0	0	0	0	0
Health and welfare					
Department of social services	7	7	7	7	7
Culture and recreation					
Parks and recreation	3	3	3	3	3
Library	1	1	1	1	1
Community development					
Tourism	0	1	2	2	2
Planning	2	2	2	2	2
Totals	<u>52</u>	<u>51</u>	<u>53</u>	<u>53</u>	<u>53</u>

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

Table 15

Fiscal Year				
2016	2017	2018	2019	2020
9	9	9	9	9
5	5	5	5	5
19	19	19	22	22
0	0	0	0	0
1	1	1	1	1
2	2	2	2	1
2	2	2	2	2
0	0	0	0	
7	7	7	8	8
3	3	3	4	4
1	0	0	0	0
1	1	1	0	0
2	2	2	2	2
52	51	51	55	54

## County of Bath, Virginia

### Operating Indicators by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Public safety					
Sheriff's department:					
Physical arrests	62	125	167	146	134
Traffic violations	10	12	52	137	157
Civil papers	1,101	1,114	1,215	1,056	1,149
Building inspections:					
Inspections made	77	118	239	345	336
Permits issued	90	93	112	103	116
Animal control:					
Number of calls answered	547	579	620	643	520
Public works					
Landfill:					
Refuse collected (tons/day) (1)	20	20	20	20	14
Recycling (tons/day) (1)	5	5	5	5	7
Health and welfare					
Department of Social Services:					
Caseload	775	814	884	900	900
Culture and recreation					
Parks and recreation:					
After-school program participants	n/a	n/a	n/a	n/a	n/a
Youth sports participants	523	477	450	311	355
Component Unit - School Board					
Education:					
School age population (2)	630	635	604	590	570
Number of teachers (2)	69	61	67	67	68
Local expenditures per pupil (2)	\$9,888	\$10,153	\$16,129	\$12,807	\$14,450

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				
2016	2017	2018	2019	2020
93	207	111	103	181
159	182	47	45	56
1,020	993	955	1,013	1,041
337	395	370	303	282
109	133	119	120	127
499	413	387	200	164
15	17	14	15	18
7	7	6	6	1
1,176	4,295	6,183	6,121	7,979
n/a	n/a	n/a	n/a	
466	492	420	445	400
584	562	522	515	495
66	66	64	65	62
\$14,522	\$16,424	\$20,790	\$15,407	\$16,551



## County of Bath, Virginia

### Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
General government					
Administration buildings	5	5	5	5	5
Vehicles	1	1	1	1	1
Public safety					
Sheriff's department:					
Patrol units	12	12	13	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	3	3	3	3	2
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	4	4	4	4
School buses	18	19	19	19	18

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

Table 17

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Fiscal Year				
2016	2017	2018	2019	2020
5 2	5 2	5 2	5 2	5 2
13	13	13	16	17
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 16	4 18	4 19	4 19	4 16

## **COMPLIANCE**

**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**

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**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, 2020, 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 15, 2020.

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

## **Purpose of this Report**

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

*Robinson, Farmer, Cox Associates*

Staunton, Virginia  
December 15, 2020



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

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**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, 2020. 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, 2020.

## 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 15, 2020

County of Bath, Virginia

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Department of Social Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not Available	\$ 881	
Temporary Assistance for Needy Families	93.558	Not Available	54,279	
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	Not Available	94	
Low-Income Home Energy Assistance	93.568	Not Available	10,841	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Available	10,647	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	123	
Foster Care - Title IV-E	93.658	Not Available	31,452	
Adoption Assistance	93.659	Not Available	36,752	
Social Services Block Grant	93.667	Not Available	51,988	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Not Available	505	
Children's Health Insurance Program	93.767	Not Available	1,453	
Medicaid Cluster:				
Medical Assistance Program	93.778	Not Available	95,235	
Total Department of Health and Human Services			\$ 294,250	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture and Consumer Services:				
Commodities	10.555	Not Available	\$ 29,074	
Department of Education:				
National School Lunch Program	10.555	APE402540000	127,654	
COVID-19 National School Lunch Program (NSLP)	10.555	APE402540000	38,421	
Subtotal CFDA 10.555			\$ 195,149	
School Breakfast Program	10.553	APE42530000	\$ 66,395	
COVID-19 School Breakfast Program	10.553	APE42530000	23,572	
Subtotal CFDA 10.553			\$ 89,967	
Child Nutrition Cluster Total			\$ 285,116	
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	APE438410000	110,671	
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	94,024	
Total Department of Agriculture			\$ 489,811	
Department of Treasury				
Pass Through Payments:				
Department of Accounts				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	\$ 164,725	\$ 164,725



**County of Bath, Virginia**

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2020

<b>Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through entity identifying number</b>	<b>Federal Expenditures</b>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	APE403710000	\$ 138,842
Special Education - Preschool Grants	84.173	APE625210000	4,043
Total Special Education Cluster			\$ 142,885
Title I Grants to Local Educational Agencies	84.010	APE429010000	121,266
Higher Education Institutional Aid	84.031	Not available	1,407
Career and Technical Education - Basic Grants to States	84.048	APE610950000	8,481
Supporting Effective Instruction State Grants	84.367	APE614800000	2,734
Rural Education	84.358	Not available	33,594
Student Support and Academic Enrichment Program	84.424	APE602810000	6,604
Total Department of Education			\$ 316,971
Total Expenditures of Federal Awards			\$ 1,265,757

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, 2020. 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 value of the commodities received and disbursed.

**NOTE D - 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	\$ 900,780
Less payments in lieu of tax under CFDA 15.226 not included above	(347,781)
Total primary government	\$ 552,999

Discretely presented component unit - School Board:

School operating fund	\$ 562,142
School cafeteria fund	285,116
Less payments in lieu of tax under CFDA 15.226 not included above	(134,500)
Total discretely presented component unit - School Board	\$ 712,758

Total federal expenditures per basic financial statements \$ 1,265,757

Total federal expenditures per the Schedule of Expenditures of Federal awards \$ 1,265,757

**County of Bath, Virginia**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

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**Section I-Summary of Auditors' Results**

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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

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**Section II-Financial Statement Findings**

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None

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**Section III-Federal Award Findings and Questioned Costs**

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None

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**Section IV-Summary of Prior Year Findings**

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There were no prior year findings.