

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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Jerry R. Townsend, Vice-Chair

Pattie Cooper-Jones
J. David Emert
Gene A. Southall

Robert M. Jones
Llew W. Gilliam, Jr.
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Board of Social Services

Pauly Hollingsworth, Chair
Ida Miley, Vice-Chair

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Shirley Wallace
Theresa Clark, Ph.D.

County School Board

Beulah M. Womack, Chair
Timothy W. Corbett Sr., M.D., Vice-Chair

James Duminter, Ed.D.
Doug Farley
Lucy Carson

Peter Y. Gur, Ph.D.
Elzora Stiff
Lawrence C. Varner, M.D.

Other Officials

Judge of Circuit Court
Clerk of Circuit Court
Judge of General District Court
Judge of the Juvenile & Domestic Relations District Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator

Donald C. Blessing
D. Lynnette Coe
Jody H. Fariss
Marvin H. Dunkum, Jr.
Megan L. Clark
Beverly M. Booth
Donna B. Nunnally
Wesley W. Reed
Barbara A. Johnson, Ed.D.
Roma R. Morris
W.W. Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2019

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Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Prince Edward, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Restatement of Beginning Balances

As described in Note 20 to the financial statements, in 2019, the County restated beginning balances for the reclassification of items related to GASB Statement No. 68 and No. 75 between the general governmental activities and business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-12, 89, and 90-104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince Edward, 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 basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and 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 September 28, 2020, on our consideration of the County of Prince Edward, 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 Prince Edward, 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 the County of Prince Edward, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
September 28, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors
To the Citizens of the County of Prince Edward, Virginia

The management of the County of Prince Edward, Virginia, presents this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage you to read this discussion and analysis in conjunction with the accompanying auditor's opinion on internal controls, the basic financial statements and the notes to the financial statements.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County's Primary Government accounts exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,828,761 (total net position). This was an increase of \$4,123,841 or 61.50% compared to the restated ending amount of \$6,704,920 on June 30, 2018. \$2,595,543 of the net position is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The Governmental activities net position was \$11,307,117 of the County's total, an increase of \$4,710,533 or 71.40% in comparison with restated net position of \$6,596,584 at June 30, 2018. Cash and cash equivalents for the Governmental Activities increased from \$13,917,207 in FY18 to \$14,108,825 at the end of FY19.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$14,297,044, an increase of \$1,628,290 when compared to the restated amount on June 30, 2018. \$9,569,834 of this amount reflects the School Board's net investment in capital assets. (\$23,866,878) of net assets are in unrestricted assets available to meet ongoing obligations. This is an increase of \$1,851,351 in the School Board's unrestricted net position for the fiscal year.
- In 2009, the County began operating its own utility system. The system consists of water and sewer lines and a sewer pump station purchased from the Town of Farmville. The County also started operating the landfill in 2018. Business-Type Activities net position was (\$478,356) which was a decrease of \$586,692. Unrestricted net position of Business-Type Activities decreased \$1,103,890 during the year ending with a balance of (\$1,064,618) on June 30, 2019 as compared to (\$39,272) on June 30, 2018.
- The combining long-term governmental obligations decreased \$1,119,949 during the current fiscal year. Details of this decrease can be found under the long-term debt section of the management discussion and analysis and in Note 7 of the report.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures exceeded revenues by \$2,328,057 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$8,260,652 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$13,931,438 which is a decrease of \$2,328,057 or 14% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$9,940,731 or 44% of total general fund expenditures excluding capital projects.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the County's basic financial statements. These financial statements are comprised of three (3) components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other information to supplement the basic financial statements. Local governmental accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide the public with both justification from the government that public monies have been used to comply with the desires of the elected officials and whether operating objectives have been met efficiently and effectively and can continue to be met in the future.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. Both the financial overview and accrual accounting factors are used in the reporting of private-sector business. Government-wide financial reporting consists of two statements: (1) The Statement of Net position and (2) The Statement of Activities.

The Statement of Net Position (exhibit one) presents information on all of the County's assets and liabilities. The difference between assets and liabilities is reported as net position. Net position is presented in three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (exhibit two) presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenues. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services to the public.

The Statement of Net Position and The Statement of Activities are both divided into two types of activities:

1. **Governmental Activities** - Most of the County's basic services are reported in this column to include: General Administration, Courts, Social Services, Economic Development, and Capital Projects. Governmental activities are supported primarily by taxes, state and federal grants.
2. **Business-Type Activities** - The County has three business-type activities: Water, Sewer, and Landfill. It is the intent of the County to recover all or a significant portion of the costs associated with providing these services through user fees and charges to customers receiving these services.
3. **Component Unit** - The County has two component units, the Prince Edward County Public Schools and the Industrial Development Authority. While the Component Units are legally separate entities, the County of Prince Edward is financially accountable for them. A primary government is accountable for an organization if the primary government appoints the majority of the organization's governing body. Financial information for the component units is reported separately from the financial information presented for the primary government.

Overview of the Financial Statements: (Continued)

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds can be placed in either of three (3) categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - A *governmental fund* is used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. However, government-wide financial statements are prepared on the accrual basis of accounting while governmental fund financial statements are prepared on the modified accrual basis of accounting. Thus, governmental fund financial statements focus on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Such information is useful in evaluating the County's ability to satisfy near-term financing requirements. Since the focus of governmental funds is narrower than that of government-wide financial statements, reconciliation between the two methods is provided in exhibits 4 and 6, respectively. By comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements readers may better understand the long-term impact of the County's near-term financing decisions.

The County has three funds considered major governmental funds - the *General Fund*, *Landfill Construction Fund*, and *School Debt Service Fund*. In addition, the County has one fund considered non-major - the *Recreation Fund*. Information on these funds is contained in exhibits eleven and fourteen through seventeen. This data is then displayed in the governmental fund balance sheet (exhibit 3) and the governmental fund statement of revenues, expenditures, and changes in fund balance (exhibit 5).

Proprietary funds - *Proprietary funds* consist of enterprise funds which are established to account for the delivery of goods and services to the public. These funds use the accrual basis of accounting, similar to private businesses. The County has two proprietary funds (Water and Sewer) at this time.

Enterprise funds are used to report the same functions as the business-type activities in the government-wide financial statements. Water and Sewer Funds are presented on the statements as major funds (Exhibits 7 - 9). Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is to finance these services primarily through user charges and fees.

Fiduciary funds - *Fiduciary funds* account for assets held by the government as a trustee or agent for another organization. The County is responsible for ensuring the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide statements since the funds are not available to support County activities. Information on these funds is contained in exhibits eighteen and nineteen.

Notes to the financial statements - Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report presents certain required information supplements including budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As stated earlier in this discussion, net position may serve as a useful indicator of a County's financial position over time. For the County in FY2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,828,761 at the close of the fiscal year as presented in the Table below. This was an increase of \$4,123,841 or 61% over the FY2018 restated ending amount of \$6,704,920.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 24,886,674	\$ 31,549,914	\$ 67,541	\$ 42,849	\$ 24,954,215	\$ 31,592,763
Capital assets	15,781,727	10,076,787	3,909,841	3,923,826	19,691,568	14,000,613
Total assets	\$ 40,668,401	\$ 41,626,701	\$ 3,977,382	\$ 3,966,675	\$ 44,645,783	\$ 45,593,376
Deferred outflows of resources	\$ 893,042	\$ 988,475	\$ 29,204.00	\$ -	\$ 922,246	\$ 988,475
Current liabilities	\$ 2,626,363	\$ 142,507	\$ 944,764	\$ 82,121	\$ 3,571,127	\$ 224,628
Long-term liabilities outstanding	20,026,391	21,754,420	3,464,063	3,589,760	23,490,454	25,344,180
Total liabilities	\$ 22,652,754	\$ 21,896,927	\$ 4,408,827	\$ 3,671,881	\$ 27,061,581	\$ 25,568,808
Deferred inflows of resources	\$ 7,601,572	\$ 14,308,123	\$ 76,115.00	\$ -	\$ 7,677,687	\$ 14,308,123
Net position:						
Net investment in capital assets	\$ 7,558,474	\$ 1,288,819	\$ 586,262	\$ 334,066	\$ 8,144,736	\$ 1,622,885
Restricted	88,482	88,483	-	-	88,482	88,483
Unrestricted	3,660,161	5,032,824	(1,064,618)	(39,272)	2,595,543	4,993,552
Total net position	\$ 11,307,117	\$ 6,410,126	\$ (478,356)	\$ 294,794	\$ 10,828,761	\$ 6,704,920

At the end of FY2019, the County's net investment in capital assets is \$8,144,736. These capital assets are used to deliver services to County residents and business; and accordingly, these assets are not available for future spending. Although the important and needed investment in capital assets is reported net of related debt, it should be noted that resources needed to repay such debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources subject to external restrictions on how they may be used. The County had restricted net position at the end of the fiscal year of \$88,482 for the use of Community Development Authority. The remaining balance of net position in the amount of \$2,595,543 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$2,595,543 Prince Edward County has more than \$12 million in cash and cash equivalents that are unrestricted and are available to meet current obligations. The difference between the two amounts is due to the inclusion of capital assets and long-term liabilities in the net position amount.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased Prince Edward County's net position by \$4,710,533. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$36,689 and expenses decreased \$394,381. The net effect was an increase in net position of \$4,710,533.

County of Prince Edward, Virginia

Changes in Net Position

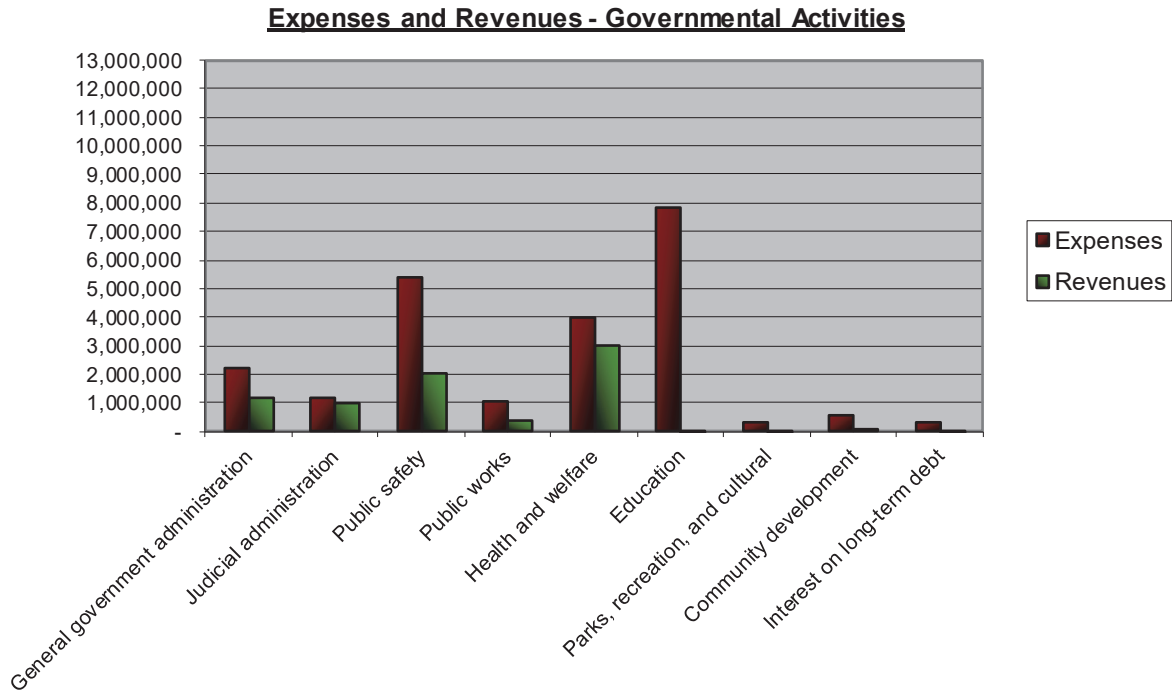
For the Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,814,840	\$ 1,726,616	\$ 731,722	\$ 648,806	\$ 2,546,562	\$ 2,375,422
Operating grants and contributions	5,718,072	5,923,691	-	-	5,718,072	5,923,691
General revenues:						
General property taxes	13,842,076	13,232,616	-	-	13,842,076	13,232,616
Other local taxes	4,085,493	3,931,069	-	-	4,085,493	3,931,069
Commonwealth non-categorical aid	1,712,077	1,728,039	-	-	1,712,077	1,728,039
Other general revenues	425,461	1,019,299	-	-	425,461	1,019,299
Total revenues	\$ 27,598,019	\$ 27,561,330	\$ 731,722	\$ 648,806	\$ 28,329,741	\$ 28,210,136
Expenses:						
General government administration	\$ 2,202,773	\$ 2,042,261	\$ -	\$ -	\$ 2,202,773	\$ 2,042,261
Judicial administration	1,150,670	1,315,062	-	-	1,150,670	1,315,062
Public safety	5,392,741	4,886,784	-	-	5,392,741	4,886,784
Public works	1,081,261	1,798,146	-	-	1,081,261	1,798,146
Health and welfare	4,012,545	4,261,484	-	-	4,012,545	4,261,484
Education	7,853,856	7,669,358	-	-	7,853,856	7,669,358
Parks, recreation, and cultural	299,078	282,598	-	-	299,078	282,598
Community development	590,515	638,456	-	-	590,515	638,456
Interest on long-term debt	304,047	387,718	-	-	304,047	387,718
Water fund	-	-	102,939	121,832	102,939	121,832
Sewer fund	-	-	41,587	46,855	41,587	46,855
Landfill fund	-	-	1,173,888	366,017	1,173,888	366,017
Total expenses	\$ 22,887,486	\$ 23,281,867	\$ 1,318,414	\$ 534,704	\$ 24,205,900	\$ 23,816,571
Transfers	\$ -	\$ (1,242,534)	\$ -	\$ 1,242,534	\$ -	\$ -
Increase (decrease) in net position	\$ 4,710,533	\$ 3,036,929	\$ (586,692)	\$ 1,356,636	\$ 4,123,841	\$ 4,393,565
Net position - beginning, as restated	6,596,584	3,373,197	108,336	(1,061,842)	6,704,920	2,311,355
Net position - ending	\$ 11,307,117	\$ 6,410,126	\$ (478,356)	\$ 294,794	\$ 10,828,761	\$ 6,704,920

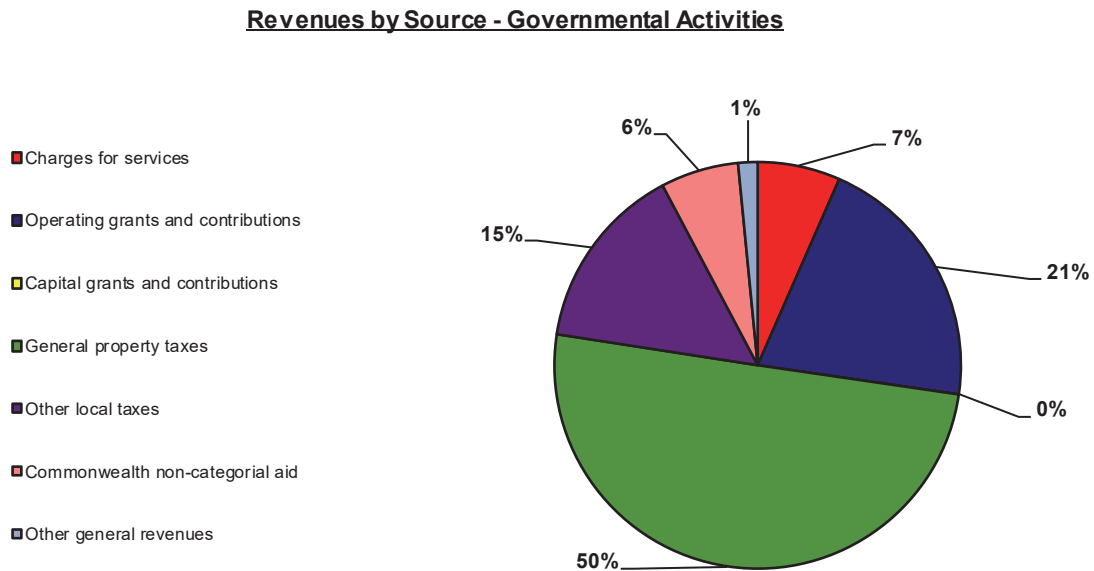
Revenues from governmental activities totaled \$27,598,019 with general property taxes (50%), operating grants and contributions (21%), and other local taxes (15%) comprising 86% of the County's revenues. Expenses for education (34%), health and welfare (18%), and public safety (24%) account for 76% of total governmental expenses of \$22,887,486.

Government-wide Financial Analysis: (Continued)

The chart below compares the revenues and expenses by program for governmental activities. In every category expenses outpace the revenues generated. This is common throughout the Commonwealth because most of the programs are not able to generate revenue. For those programs that can generate revenue (Recreation, Building Inspections etc.) the County has traditionally followed a policy of maintaining associated charges at a minimal level and funding the expenses from other revenue sources.



The Chart below portrays the Sources of Revenue for the Governmental Activities of the County.



Financial Analysis of the County's Funds

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

Governmental Funds - The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances at the end of the fiscal year can be used to measure net resources available for expenditure. Governmental Funds reported a combined ending fund balance of \$13,931,438, a decrease of \$2,328,057 when compared to the prior year. Approximately 71 percent (\$9,940,731) of the combined governmental fund balance is unassigned. The remaining 29% (\$3,990,707) of the combined fund balance is restricted or assigned to show it is not available for spending because it has been committed for future capital projects or debt service. Cash and cash equivalents in the amount of \$12,471,836 comprise 89% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$104,964 or 1%.

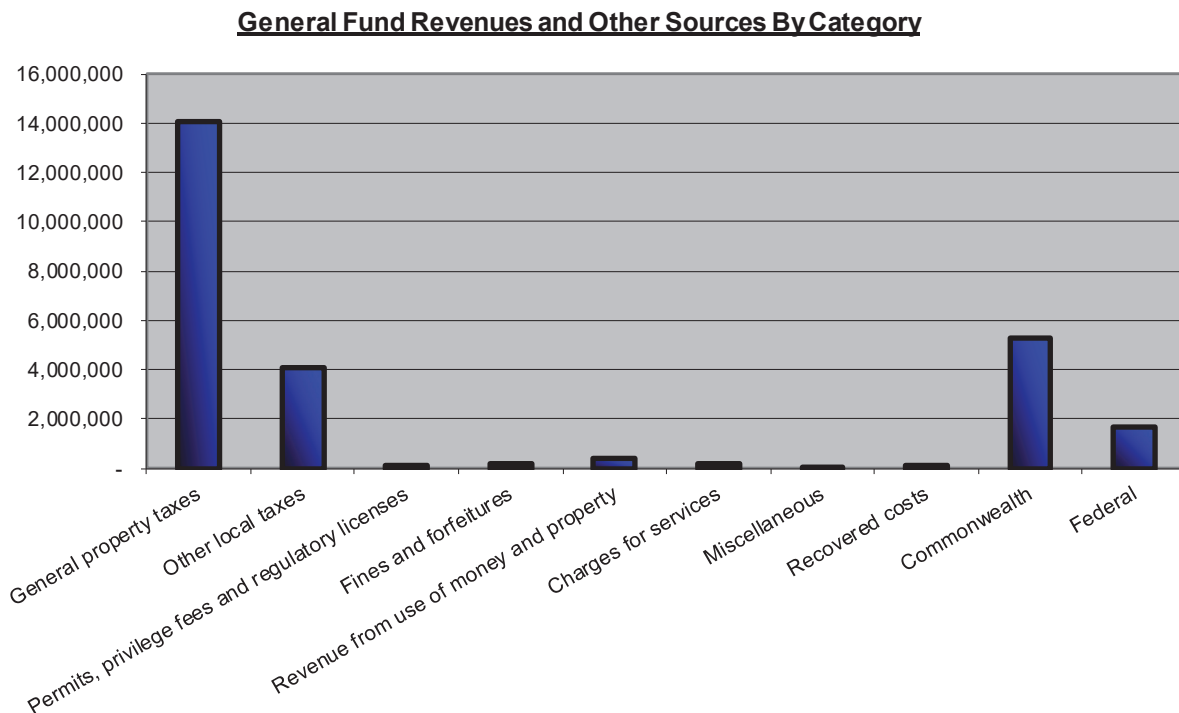
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2019 of \$10,029,213. This is a decrease from the prior year of \$2,891,672. The major component of the current year increase was an increase of capital projects expenditures of \$5,922,560.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2019 the Landfill Construction Fund had a fund balance of \$1,885,520, an increase of \$349,158. This increase was the result of a decrease of capital project expenditures in the fund.

As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44% of General Fund expenditures excluding capital projects. Total fund balance represents approximately the same percentage due to the minimal amount of reserved fund balance reported.

General Fund Revenues and Other Sources by Category

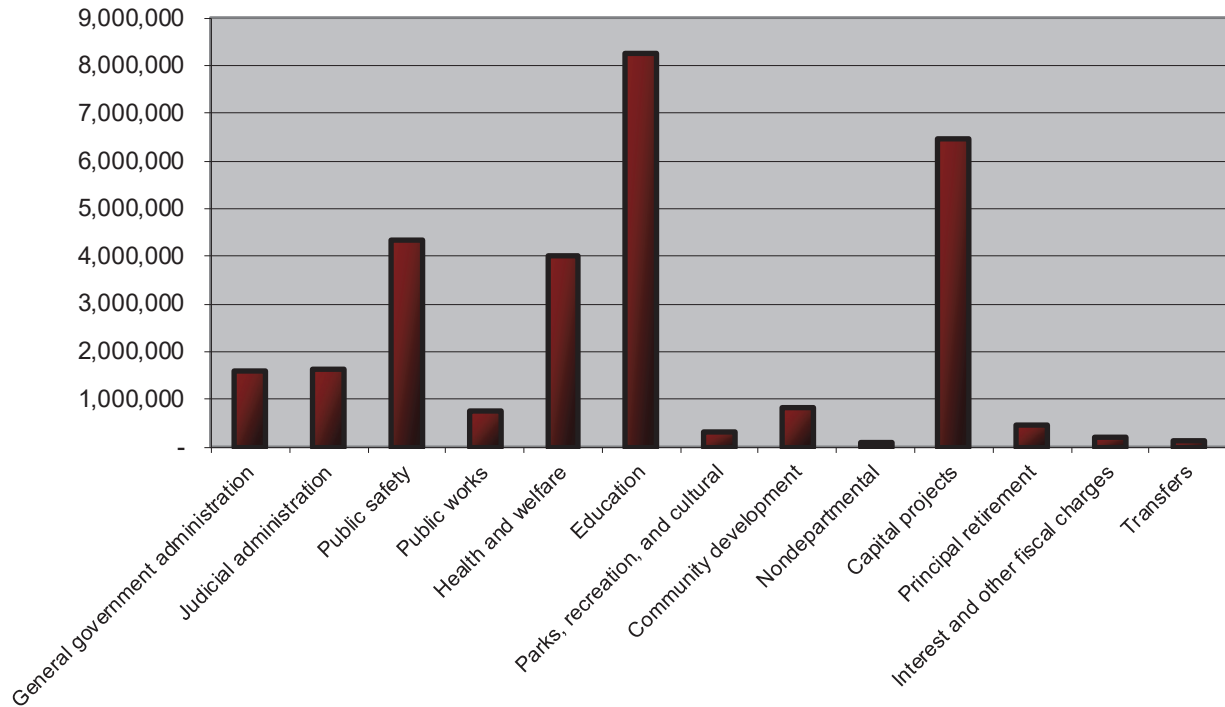
The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$26,200,155.



General Fund Revenues and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$29,091,827 including transfers out of the fund of \$110,153.

General Fund Expenditures and Other Sources By Category



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues decreased by \$146,047 over the original budgeted amount. The final expenditure budget reflected an increase of \$113,613 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$ 111,855 in intergovernmental revenues from the Commonwealth of Virginia
- \$ 1,758 in intergovernmental revenues from the Federal government

The Expenditure amendments were as follows:

- \$ 13,093 increase in Judicial administration
- \$ 442,096 increase in Public safety
- \$ 1,838 increase in Public works
- \$ 5,752 increase in Community development
- (\$ 36,676) decrease in Nondepartmental
- \$ 4,132,611 increase in Capital projects

As can be seen the increase in Public Safety and decrease in Public Works accounted for the majority of the decrease in the budgeted expenditures.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental and enterprise operations as of June 30, 2019, is \$19,691,568 (net of accumulated depreciation) as listed below. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

County of Prince Edward, Virginia
Capital Assets
June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,501,360	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360	\$ 1,501,360
Buildings	6,153,226	6,482,951	-	-	6,153,226	6,482,951
Improvements other than buildings	1,241,739	1,316,169	-	-	1,241,739	1,316,169
Equipment	496,065	530,386	356,580	283,600	852,645	813,986
Utility plant in service	-	-	3,553,261	3,640,226	3,553,261	3,640,226
Construction in progress	6,389,337	245,921	-	-	6,389,337	245,921
Net capital assets	<u>\$ 15,781,727</u>	<u>\$ 10,076,787</u>	<u>\$ 3,909,841</u>	<u>\$ 3,923,826</u>	<u>\$ 19,691,568</u>	<u>\$ 14,000,613</u>

Additional information on Prince Edward County's capital assets can be found in Note 4 of this report.

Long-term debt - At the close of FY2019, Prince Edward County had total outstanding obligations of \$23,490,454. Of this amount, \$12,103,263 comprises note payable and bonds payable of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources, i.e., revenue bonds, landfill closure and post-closure liability, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations decreased by \$1,119,949.

Additional information on the Prince Edward County's long-term obligations can be found in Note 7 of this report.

Economic Factors Influencing FY2020 Budgets and Tax Rates

One of the priorities of the Board of Supervisors is to maintain low tax rates. For FY20, the Board of Supervisors has directed the County Administrator to present a budget that was not only balanced but will also not contain any tax increases.

Construction and home improvements show moderate increases in the County and continued steady growth is anticipated. Economic development will also continue to help generate additional tax revenues to offset expenditures stemming from growing service demands. Both of these factors will assist in avoiding tax increases that would create additional burdens to our citizens.

Requests for Information

This financial report is designed to provide a general overview of the County of Prince Edward's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administration Office, 111 South Street, Farmville, Virginia 23901.

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 12,500,636	\$ -	\$ 12,500,636	\$ 1,747,657	\$ 407,073
Receivables (net of allowance for uncollectibles):					
Taxes receivable	8,332,971	-	8,332,971	-	-
Accounts receivable	83,146	67,541	150,687	-	-
Loan receivable	-	-	-	-	1,026,351
Note receivable	198,266	-	198,266	-	-
Due from primary government	-	-	-	-	21,556
Due from component unit	1,117,086	-	1,117,086	-	-
Due from other governmental units	1,046,380	-	1,046,380	876,737	-
Prepaid items	-	-	-	151,943	-
Industrial assets	-	-	-	-	991,175
Restricted assets:					
Cash and cash equivalents	1,608,189	-	1,608,189	-	-
Capital assets (net of accumulated depreciation):					
Land	1,501,360	-	1,501,360	99,952	-
Buildings and improvements	6,153,226	-	6,153,226	8,393,988	-
Improvements other than buildings	1,241,739	-	1,241,739	226,133	-
Equipment	496,065	356,580	852,645	849,761	-
Utility plant in service	-	3,553,261	3,553,261	-	-
Construction in progress	6,389,337	-	6,389,337	-	-
Total assets	\$ 40,668,401	\$ 3,977,382	\$ 44,645,783	\$ 12,346,171	\$ 2,446,155
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 392,599	\$ 24,320	\$ 416,919	\$ 2,133,668	\$ -
OPEB related items	53,809	4,884	58,693	284,096	-
Deferred amount on bond refunding	446,634	-	446,634	-	-
Total deferred outflows of resources	\$ 893,042	\$ 29,204	\$ 922,246	\$ 2,417,764	\$ -
LIABILITIES					
Short-term borrowing	\$ -	\$ 788,759	\$ 788,759	\$ -	\$ -
Accounts payable	2,225,284	105,105	2,330,389	10,538	-
Accrued liabilities	564	-	564	1,168,420	-
Retainage payable	332,836	-	332,836	-	-
Accrued interest payable	67,679	34,463	102,142	-	-
Due to other governmental units	-	16,437	16,437	-	-
Due to primary government	-	-	-	1,138,642	-
Long-term liabilities:					
Due within one year	973,802	237,112	1,210,914	-	-
Due in more than one year	19,052,589	3,226,951	22,279,540	22,018,176	-
Total liabilities	\$ 22,652,754	\$ 4,408,827	\$ 27,061,581	\$ 24,335,776	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 717,956	\$ 70,038	\$ 787,994	\$ 3,615,003	\$ -
OPEB related items	72,423	6,077	78,500	1,110,200	-
Deferred revenue - property taxes	6,811,193	-	6,811,193	-	-
Total deferred inflows of resources	\$ 7,601,572	\$ 76,115	\$ 7,677,687	\$ 4,725,203	\$ -
NET POSITION					
Net investment in capital assets	\$ 7,558,474	\$ 586,262	\$ 8,144,736	\$ 9,569,834	\$ -
Restricted:					
Community Development Authority	88,482	-	88,482	-	-
Unrestricted	3,660,161	(1,064,618)	2,595,543	(23,866,878)	2,446,155
Total net position	\$ 11,307,117	\$ (478,356)	\$ 10,828,761	\$ (14,297,044)	\$ 2,446,155

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,202,773	\$ 933,900	\$ 223,407	\$ -
Judicial administration	1,150,670	222,815	740,448	-
Public safety	5,392,741	291,622	1,713,621	-
Public works	1,081,261	356,559	-	-
Health and welfare	4,012,545	-	3,030,596	-
Education	7,853,856	-	-	-
Parks, recreation, and cultural	299,078	-	-	-
Community development	590,515	9,944	10,000	-
Interest on long-term debt	304,047	-	-	-
Total governmental activities	\$ 22,887,486	\$ 1,814,840	\$ 5,718,072	\$ -
Business-type activities:				
Water	\$ 102,939	\$ 834	\$ -	\$ -
Sewer	41,587	1,841	-	-
Landfill	1,173,888	729,047	-	-
Total business-type activities	\$ 1,318,414	\$ 731,722	\$ -	\$ -
Total primary government	\$ 24,205,900	\$ 2,546,562	\$ 5,718,072	\$ -
COMPONENT UNITS:				
School Board	\$ 24,551,141	\$ 420,819	\$ 17,892,501	\$ -
Industrial Development Authority	189,020	-	-	-
Total component units	\$ 24,740,161	\$ 420,819	\$ 17,892,501	\$ -
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Consumers' utility taxes				
Motor vehicle licenses				
Taxes on recordation and wills				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Contributions from the County of Prince Edward, Virginia				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	
\$ (1,045,466)	\$ -	\$ (1,045,466)	\$ -	\$ -	
(187,407)	-	(187,407)	-	-	
(3,387,498)	-	(3,387,498)	-	-	
(724,702)	-	(724,702)	-	-	
(981,949)	-	(981,949)	-	-	
(7,853,856)	-	(7,853,856)	-	-	
(299,078)	-	(299,078)	-	-	
(570,571)	-	(570,571)	-	-	
(304,047)	-	(304,047)	-	-	
<u>\$ (15,354,574)</u>	<u>\$ -</u>	<u>\$ (15,354,574)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (102,105)	\$ (102,105)	\$ -	\$ -	
-	(39,746)	(39,746)	-	-	
-	(444,841)	(444,841)	-	-	
<u>\$ -</u>	<u>\$ (586,692)</u>	<u>\$ (586,692)</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (15,354,574)</u>	<u>\$ (586,692)</u>	<u>\$ (15,941,266)</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (6,237,821)	\$ -	
-	-	-	-	(189,020)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,237,821)</u>	<u>\$ (189,020)</u>	
\$ 13,842,076	\$ -	\$ 13,842,076	\$ -	\$ -	
2,986,074	-	2,986,074	-	-	
316,994	-	316,994	-	-	
547,162	-	547,162	-	-	
156,349	-	156,349	-	-	
78,914	-	78,914	-	-	
348,973	-	348,973	13,208	5,631	
76,488	-	76,488	10,797	4,000	
-	-	-	7,842,106	-	
1,712,077	-	1,712,077	-	-	
<u>\$ 20,065,107</u>	<u>\$ -</u>	<u>\$ 20,065,107</u>	<u>\$ 7,866,111</u>	<u>\$ 9,631</u>	
\$ 4,710,533	\$ (586,692)	\$ 4,123,841	\$ 1,628,290	\$ (179,389)	
6,596,584	108,336	6,704,920	(15,925,334)	2,625,544	
<u>\$ 11,307,117</u>	<u>\$ (478,356)</u>	<u>\$ 10,828,761</u>	<u>\$ (14,297,044)</u>	<u>\$ 2,446,155</u>	

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Fund Financial Statements

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Balance Sheet
 Governmental Funds
 June 30, 2019

	General	School Debt Service	Landfill Construction	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 10,187,481	\$ -	\$ 1,859,429	\$ 424,926	\$ 12,471,836
Receivables (net of allowance for uncollectibles):					
Taxes receivable	8,332,971	-	-	-	8,332,971
Accounts receivable	57,055	-	26,091	-	83,146
Notes receivable	51,266	-	-	-	51,266
Due from component unit	1,117,086	-	-	-	1,117,086
Due from other governmental units	1,046,380	-	-	-	1,046,380
Restricted assets:					
Cash and cash equivalents	-	1,608,189	-	-	1,608,189
Total assets	\$ 20,792,239	\$ 1,608,189	\$ 1,885,520	\$ 424,926	\$ 24,710,874
LIABILITIES					
Accounts payable	\$ 2,219,281	\$ -	\$ -	\$ 6,004	\$ 2,225,285
Accrued liabilities	564	-	-	-	564
Retainage payable	332,836	-	-	-	332,836
Due to other funds	70,164	-	-	10,406	80,570
Total liabilities	\$ 2,622,845	\$ -	\$ -	\$ 16,410	\$ 2,639,255
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	\$ 8,140,181	\$ -	\$ -	\$ -	\$ 8,140,181
FUND BALANCES					
Restricted:					
Community Development Authority	\$ 88,482	\$ -	\$ -	\$ -	\$ 88,482
Debt service	-	1,608,189	-	-	1,608,189
Assigned:					
Landfill construction	-	-	1,885,520	-	1,885,520
Recreation capital projects	-	-	-	8,214	8,214
Special revenue	-	-	-	400,302	400,302
Unassigned	9,940,731	-	-	-	9,940,731
Total fund balances	\$ 10,029,213	\$ 1,608,189	\$ 1,885,520	\$ 408,516	\$ 13,931,438
Total liabilities, deferred inflows of resources and fund balances	\$ 20,792,239	\$ 1,608,189	\$ 1,885,520	\$ 424,926	\$ 24,710,874

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 13,931,438

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

Capital assets, cost	\$ 27,886,119	
Accumulated depreciation	(12,104,392)	15,781,727

Internal services funds are used by the County to charge the cost of health and dental insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. The internal service fund net position is: 109,370

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable property taxes	\$ 1,328,988	
Notes receivable	147,000	1,475,988

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

Pension related items	\$ 392,599	
OPEB related items	53,809	
Deferred amount on bond refunding	446,634	893,042

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

Bonds and loans payable, including premium on bonds	\$ (12,103,263)	
Accrued interest payable	(67,679)	
Compensated absences	(630,057)	
Net OPEB liabilities	(970,483)	
Net pension liability	(953,511)	
Landfill closure, postclosure and corrective action cost liability	(5,369,076)	(20,094,069)

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

Pension related items	\$ (717,956)	
OPEB related items	(72,423)	(790,379)

Net position of governmental activities		\$ 11,307,117
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The notes to the financial statements are an integral part of this statement.

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

	General	School Debt Service	Landfill Construction Fund	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 14,078,027	\$ -	\$ -	\$ -	\$ 14,078,027
Other local taxes	4,085,494	-	-	-	4,085,494
Permits, privilege fees, and regulatory licenses	96,743	-	-	-	96,743
Fines and forfeitures	192,265	-	-	-	192,265
Revenue from the use of money and property	375,945	36,045	14,388	1,293	427,671
Charges for services	197,736	-	334,770	59,527	592,033
Miscellaneous	75,991	-	-	497	76,488
Recovered costs	130,236	-	-	-	130,236
Intergovernmental:					
Commonwealth	5,312,149	-	-	462,431	5,774,580
Federal	1,655,569	-	-	-	1,655,569
Total revenues	\$ 26,200,155	\$ 36,045	\$ 349,158	\$ 523,748	\$ 27,109,106
EXPENDITURES					
Current:					
General government administration	\$ 1,596,311	\$ -	\$ -	\$ -	\$ 1,596,311
Judicial administration	1,627,710	-	-	-	1,627,710
Public safety	4,341,140	-	-	455,489	4,796,629
Public works	763,086	-	-	-	763,086
Health and welfare	4,019,977	-	-	-	4,019,977
Education	8,272,402	-	-	-	8,272,402
Parks, recreation, and cultural	299,078	-	-	-	299,078
Community development	841,366	-	-	-	841,366
Nondepartmental	91,379	-	-	-	91,379
Capital projects	6,458,113	-	-	-	6,458,113
Debt service:					
Principal retirement	471,528	-	-	-	471,528
Interest and other fiscal charges	199,584	-	-	-	199,584
Total expenditures	\$ 28,981,674	\$ -	\$ -	\$ 455,489	\$ 29,437,163
Excess (deficiency) of revenues over (under) expenditures	\$ (2,781,519)	\$ 36,045	\$ 349,158	\$ 68,259	\$ (2,328,057)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 110,153	\$ -	\$ -	\$ 110,153
Transfers out	(110,153)	-	-	-	(110,153)
Total other financing sources (uses)	\$ (110,153)	\$ 110,153	\$ -	\$ -	\$ -
Net change in fund balances	\$ (2,891,672)	\$ 146,198	\$ 349,158	\$ 68,259	\$ (2,328,057)
Fund balances - beginning	12,920,885	1,461,991	1,536,362	340,257	16,259,495
Fund balances - ending	<u>\$ 10,029,213</u>	<u>\$ 1,608,189</u>	<u>\$ 1,885,520</u>	<u>\$ 408,516</u>	<u>\$ 13,931,438</u>

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

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

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

Net change in fund balances - total governmental funds \$ (2,328,057)

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

Capital asset additions	\$ 6,352,425	
Net transfer of joint tenancy assets	(69,765)	
Depreciation expense	<u>(577,720)</u>	5,704,940

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

Unavailable property tax revenue		(235,951)
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The issuance of long-term notes receivable consumes the current financial resources of governmental funds, while the receipt of repayment of the principal of long-term notes receivable provides current financial resources to governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term notes receivable.

(61,500)

Internal service funds are used by the County to charge the costs of health and dental insurance benefits to individual funds. The change in net position of the internal service fund is reported with governmental activities.

21,027

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.

(Increase) decrease in landfill closure, postclosure and corrective action cost liability	\$ (120,713)	
Principal payments and premium amortization	<u>884,633</u>	763,920

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.

(Increase) decrease in accrued interest payable	\$ 2,299	
(Increase) decrease in compensated absences	36,851	
Increase (decrease) in deferred amount on refunding	(34,356)	
Pension expense	828,388	
OPEB expense	<u>12,972</u>	<u>846,154</u>

Change in net position of governmental activities		<u>\$ 4,710,533</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Landfill	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	28,800
Accounts receivables	-	-	67,541	67,541	-
Due from other funds	-	-	-	-	80,570
Total current assets	\$ -	\$ -	\$ 67,541	\$ 67,541	\$ 109,370
Noncurrent assets:					
Capital assets:					
Utility plant in service	\$ 3,107,261	\$ 1,241,000	\$ -	\$ 4,348,261	\$ -
Machinery and equipment	-	-	422,100	422,100	-
Accumulated depreciation	(546,800)	(248,200)	(65,520)	(860,520)	-
Total capital assets	\$ 2,560,461	\$ 992,800	\$ 356,580	\$ 3,909,841	\$ -
Total noncurrent assets	\$ 2,560,461	\$ 992,800	\$ 356,580	\$ 3,909,841	\$ -
Total assets	\$ 2,560,461	\$ 992,800	\$ 424,121	\$ 3,977,382	\$ 109,370
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 24,320	\$ 24,320	\$ -
OPEB related items	-	-	4,884	4,884	-
Total deferred outflows of resources	\$ -	\$ -	\$ 29,204	\$ 29,204	\$ -
LIABILITIES					
Current liabilities:					
Reconciled overdraft	\$ 235,299	\$ 87,450	\$ 466,010	\$ 788,759	\$ -
Accounts payable	21	-	105,084	105,105	-
Accrued interest payable	25,099	9,364	-	34,463	-
Due to other funds	-	-	16,437	16,437	-
Bonds payable - current portion	172,834	64,278	-	237,112	-
Total current liabilities	\$ 433,253	\$ 161,092	\$ 587,531	\$ 1,181,876	\$ -
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 2,248,819	\$ 837,648	\$ -	\$ 3,086,467	\$ -
Net pension liability	-	-	59,067	59,067	-
Net OPEB liability	-	-	81,417	81,417	-
Total noncurrent liabilities	\$ 2,248,819	\$ 837,648	\$ 140,484	\$ 3,226,951	\$ -
Total liabilities	\$ 2,682,072	\$ 998,740	\$ 728,015	\$ 4,408,827	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 70,038	\$ 70,038	\$ -
OPEB related items	-	-	6,077	6,077	-
Total deferred inflows of resources	\$ -	\$ -	\$ 76,115	\$ 76,115	\$ -
NET POSITION					
Net investment in capital assets	\$ 138,808	\$ 90,874	\$ 356,580	\$ 586,262	\$ -
Unrestricted	(260,419)	(96,814)	(707,385)	(1,064,618)	109,370
Total net position	\$ (121,611)	\$ (5,940)	\$ (350,805)	\$ (478,356)	\$ 109,370

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

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities</u> <u>Internal</u> <u>Service</u> <u>Fund</u>
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 834	\$ -	\$ -	\$ 834	\$ -
Sewer revenues	-	1,841	-	1,841	-
Landfill revenues	-	-	729,047	729,047	-
Insurance premiums	-	-	-	-	933,800
Total operating revenues	<u>\$ 834</u>	<u>\$ 1,841</u>	<u>\$ 729,047</u>	<u>\$ 731,722</u>	<u>\$ 933,800</u>
OPERATING EXPENSES					
Supplies	\$ 376	\$ -	\$ -	\$ 376	\$ -
Utilities	-	830	-	830	-
Insurance	813	813	-	1,626	912,773
Collections	-	-	641,123	641,123	-
Landfill operations	-	-	467,245	467,245	-
Depreciation	62,145	24,820	65,520	152,485	-
Total operating expenses	<u>\$ 63,334</u>	<u>\$ 26,463</u>	<u>\$ 1,173,888</u>	<u>\$ 1,263,685</u>	<u>\$ 912,773</u>
Operating income (loss)	<u>\$ (62,500)</u>	<u>\$ (24,622)</u>	<u>\$ (444,841)</u>	<u>\$ (531,963)</u>	<u>\$ 21,027</u>
Interest expense	<u>\$ (39,605)</u>	<u>\$ (15,124)</u>	<u>\$ -</u>	<u>\$ (54,729)</u>	<u>\$ -</u>
Total nonoperating revenues (expenses)	<u>\$ (39,605)</u>	<u>\$ (15,124)</u>	<u>\$ -</u>	<u>\$ (54,729)</u>	<u>\$ -</u>
Change in net position	<u>\$ (102,105)</u>	<u>\$ (39,746)</u>	<u>\$ (444,841)</u>	<u>\$ (586,692)</u>	<u>\$ 21,027</u>
Total net position - beginning, as restated	<u>(19,506)</u>	<u>33,806</u>	<u>94,036</u>	<u>108,336</u>	<u>88,343</u>
Total net position - ending	<u><u>\$ (121,611)</u></u>	<u><u>\$ (5,940)</u></u>	<u><u>\$ (350,805)</u></u>	<u><u>\$ (478,356)</u></u>	<u><u>\$ 109,370</u></u>

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

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 834	\$ 1,841	\$ 661,506	\$ 664,181	\$ 853,230
Payments to suppliers	(1,210)	(1,643)	(1,031,865)	(1,034,718)	(912,773)
Net cash provided by (used for) operating activities	<u>\$ (376)</u>	<u>\$ 198</u>	<u>\$ (370,359)</u>	<u>\$ (370,537)</u>	<u>\$ (59,543)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from other funds	\$ 235,299	\$ 87,450	\$ 466,010	\$ 788,759	\$ -
Net cash provided by (used for) noncapital financing activities	<u>\$ 235,299</u>	<u>\$ 87,450</u>	<u>\$ 466,010</u>	<u>\$ 788,759</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to capital assets	\$ -	\$ -	\$ (138,500)	\$ (138,500)	\$ -
Principal payments on bonds	(194,108)	(72,073)	-	(266,181)	-
Interest payments	(40,815)	(15,575)	-	(56,390)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (234,923)</u>	<u>\$ (87,648)</u>	<u>\$ (138,500)</u>	<u>\$ (461,071)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ (42,849)	\$ (42,849)	\$ (59,543)
Cash and cash equivalents - beginning	-	-	42,849	42,849	88,343
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,800</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (62,500)	\$ (24,622)	\$ (444,841)	\$ (531,963)	\$ 21,027
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 62,145	\$ 24,820	\$ 65,520	\$ 152,485	\$ -
(Increase) decrease in accounts receivable	-	-	(67,541)	(67,541)	(80,570)
(Increase) decrease in deferred outflows - pension	-	-	(24,320)	(24,320)	-
(Increase) decrease in deferred outflows - OPEB	-	-	(4,884)	(4,884)	-
Increase (decrease) in due to other funds	-	-	6,882	6,882	-
Increase (decrease) in accounts payable	(21)	-	68,685	68,664	-
Increase (decrease) in deferred inflows - pension	-	-	70,038	70,038	-
Increase (decrease) in deferred inflows - OPEB	-	-	6,077	6,077	-
Increase (decrease) in net pension liability	-	-	(45,650)	(45,650)	-
Increase (decrease) in net OPEB liability	-	-	(325)	(325)	-
Total adjustments	<u>\$ 62,124</u>	<u>\$ 24,820</u>	<u>\$ 74,482</u>	<u>\$ 161,426</u>	<u>\$ (80,570)</u>
Net cash provided by (used for) operating activities	<u>\$ (376)</u>	<u>\$ 198</u>	<u>\$ (370,359)</u>	<u>\$ (370,537)</u>	<u>\$ (59,543)</u>

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 252,203
Total assets	<u>\$ 252,203</u>
LIABILITIES	
Amounts held for social services clients	\$ 2,796
Amounts held as sales tax to other towns	30
Amounts held for Piedmont Alcohol Safety Action Program	<u>249,377</u>
Total liabilities	<u>\$ 252,203</u>

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

Management’s Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of “management’s discussion and analysis” (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget, final budget, and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Prince Edward, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units - The County has no blended component units.

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

The Prince Edward County School Board operates the elementary and secondary public schools in the County. School Board members are appointed by the Board of Supervisors. 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 Prince Edward County School Board does not issue separate financial statements.

The Prince Edward County Industrial Development Authority was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Prince Edward County on October 21, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900), et. seq., of the Code of Virginia (1950), as amended. The Authority is authorized to issue revenue bonds; acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade inducing enterprise to locate and remain in Virginia. The Authority is governed by seven directors appointed by the Board of Supervisors of Prince Edward County. The Authority is fiscally dependent on the County. Complete financial statements of the Authority may be obtained at the Authority's administrative office.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

C. Jointly Governed Organizations

The County, in conjunction with other localities, has created the Central Virginia Regional Library, the Piedmont Regional Jail, the Piedmont Regional Juvenile Detention Center, and Crossroads Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$234,078 to the regional library, \$79,882 to the juvenile detention center, and \$60,000 to the Crossroads Community Services Board.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

b. Special Revenue Fund

The Piedmont Court Services Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the Piedmont Court. The Piedmont Court Services Fund is considered a nonmajor fund.

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Landfill Construction Fund is considered a major fund. The Recreation Fund is considered a nonmajor fund.

d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The School Debt Service Fund is considered a major fund.

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

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

3. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the County is that the cost of providing services to the general public be financed or recovered through user charges. Currently the County's Water and Sewer and Landfill Funds are accounted for as enterprise funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees and facility 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.

E. Budgets and Budgetary Accounting:

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); 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 and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, Piedmont Court Service Fund and the Water Sewer and Landfill Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. There were two departments reporting expenditures in excess of appropriations. Public works reported expenditures of \$763,086 with a final budget of \$701,673, and Community development reported expenditures of \$841,366 with a final budget of \$748,569.

F. Cash and Cash Equivalents

For purposes of reporting cash flows for proprietary-type funds, cash and cash equivalents include cash on hand, money market funds, certificates of deposit and investments with maturities of three months or less from the date of acquisition.

The County maintains a pool of cash and investments in which each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average monthly balances. The majority of funds in the County's accounts are invested at all times.

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balance between funds are reported as "advance to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$789,051 at June 30, 2019 and is comprised solely of property taxes. Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The County bills and collects its own property taxes.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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 for the year ended June 30, 2019.

Property, plant and equipment 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>
Structures, lines & accessories	50
Utility plant in service	50
Buildings	40
Building improvements	20-40
Equipment	5

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the 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 this item, reference the related notes.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

I. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has 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 liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

J. Compensated Absences

Vested or accumulated vacation leave are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting 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.

K. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financials statements, governmental fund types recognized bond premiums and discounts, during the current period. The face amount of debt issued and premiums on issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

L. Fund Equity

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

L. Fund Equity: (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by formal Board action. 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).

M. 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.

N. Restricted Assets

The County reports restricted assets of \$1,608,189, which is to be used for debt service on QZAB bonds.

O. Net Position

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

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

P. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted 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.

Q. Pensions

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

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

The County has no formal investment policy addressing the various risks related to investments.

Note 3—Due From Other Governmental Units:

Amounts due from other governments are detailed as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia		
State sales taxes	\$ -	\$ 345,638
Local sales tax	503,239	-
Communication tax	42,267	-
Shared expenses	188,396	-
Social services funds	90,628	-
Comprehensive services	64,129	-
Other	21,103	-
Federal Government:		
School funds	-	531,099
Social services funds	136,618	-
	<u>\$ 1,046,380</u>	<u>\$ 876,737</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,501,360	\$ -	\$ -	\$ 1,501,360
Construction in progress	245,921	6,143,416	-	6,389,337
Total capital assets not being depreciated	<u>\$ 1,747,281</u>	<u>\$ 6,143,416</u>	<u>\$ -</u>	<u>\$ 7,890,697</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,675,909	\$ -	\$ 132,886	\$ 11,543,023
Improvements other than buildings	5,112,516	-	-	5,112,516
Equipment	3,130,874	209,009	-	3,339,883
Total capital assets being depreciated	<u>\$ 19,919,299</u>	<u>\$ 209,009</u>	<u>\$ 132,886</u>	<u>\$ 19,995,422</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,192,958	\$ 259,960	\$ 63,121	\$ 5,389,797
Improvements other than buildings	3,796,347	74,430	-	3,870,777
Equipment	2,600,488	243,330	-	2,843,818
Total accumulated depreciation	<u>\$ 11,589,793</u>	<u>\$ 577,720</u>	<u>\$ 63,121</u>	<u>\$ 12,104,392</u>
Total capital assets being depreciated, net	<u>\$ 8,329,506</u>	<u>\$ (368,711)</u>	<u>\$ 69,765</u>	<u>\$ 7,891,030</u>
Governmental activities capital assets, net	<u>\$ 10,076,787</u>	<u>\$ 5,774,705</u>	<u>\$ 69,765</u>	<u>\$ 15,781,227</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Primary Government: (Continued)				
Business-type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 283,600	\$ 138,500	\$ -	\$ 422,100
Utility plant in service	<u>4,348,261</u>	<u>-</u>	<u>-</u>	<u>4,348,261</u>
Total capital assets being depreciated	<u>\$ 4,631,861</u>	<u>\$ 138,500</u>	<u>\$ -</u>	<u>\$ 4,770,361</u>
Accumulated depreciation:				
Buildings	\$ -	\$ 65,520	\$ -	\$ 65,520
Utility plant in service	<u>708,035</u>	<u>86,965</u>	<u>-</u>	<u>795,000</u>
Total accumulated depreciation	<u>\$ 708,035</u>	<u>\$ 152,485</u>	<u>\$ -</u>	<u>\$ 860,520</u>
Total capital assets being depreciated, net	<u>\$ 3,923,826</u>	<u>\$ (13,985)</u>	<u>\$ -</u>	<u>\$ 3,909,841</u>
Business-type activities capital assets, net	<u>\$ 3,923,826</u>	<u>\$ (13,985)</u>	<u>\$ -</u>	<u>\$ 3,909,841</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Component Unit-School Board:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 99,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,952</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,815,666	\$ 132,886	\$ -	\$ 23,948,552
Improvements other than buildings	720,057	-	-	720,057
Equipment	<u>5,908,891</u>	<u>458,450</u>	<u>-</u>	<u>6,367,341</u>
Total capital assets being depreciated	<u>\$ 30,444,614</u>	<u>\$ 591,336</u>	<u>\$ -</u>	<u>\$ 31,035,950</u>
Accumulated depreciation:				
Buildings and improvements	\$ 14,933,347	\$ 621,217	\$ -	\$ 15,554,564
Improvements other than buildings	481,599	12,325	-	493,924
Equipment	<u>5,336,725</u>	<u>180,855</u>	<u>-</u>	<u>5,517,580</u>
Total accumulated depreciation	<u>\$ 20,751,671</u>	<u>\$ 814,397</u>	<u>\$ -</u>	<u>\$ 21,566,068</u>
Total capital assets being depreciated, net	<u>\$ 9,692,943</u>	<u>\$ (223,061)</u>	<u>\$ -</u>	<u>\$ 9,469,882</u>
Governmental activities capital assets, net	<u>\$ 9,792,895</u>	<u>\$ (223,061)</u>	<u>\$ -</u>	<u>\$ 9,569,834</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Capital Assets: (Continued)

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

Primary Government	
Governmental activities:	
General government administration	\$ 318,073
Public safety	145,099
Public works	83,227
Health and Welfare	4,360
Community development	<u>26,961</u>
Total Governmental Activities	\$ <u>577,720</u>
Business type activities	\$ <u>86,965</u>
Total Primary Government	\$ <u><u>664,685</u></u>
Component Unit-School Board	\$ <u><u>814,397</u></u>

Note 5—Pension Plan:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Benefit Structures: (Continued)

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	85	35
Inactive members:		
Vested inactive members	17	6
Non-vested inactive members	24	9
Inactive members active elsewhere in VRS	53	15
Total inactive members	94	30
Active members	118	27
Total covered employees	297	92

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 8.12% 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 County were \$414,591 and \$475,366 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 4.38% 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 \$27,198 and \$56,736 for the years ended June 30, 2019 and June 30, 2018, respectively.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

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 Count's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions - General Employees

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

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

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at 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 PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

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

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

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

Mortality rates: (Continued)

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

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Discount Rate: (Continued)

the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 23,101,252	\$ 21,306,100	\$ 1,795,152
Changes for the year:			
Service cost	\$ 586,171	\$ -	\$ 586,171
Interest	1,581,656	-	1,581,656
Differences between expected and actual experience	(693,470)	-	(693,470)
Contributions - employer	-	446,611	(446,611)
Contributions - employee	-	250,026	(250,026)
Net investment income	-	1,575,307	(1,575,307)
Benefit payments, including refunds of employee contributions	(1,012,324)	(1,012,324)	-
Administrative expenses	-	(13,613)	13,613
Other changes	-	(1,400)	1,400
Net changes	\$ 462,033	\$ 1,244,607	\$ (782,574)
Balances at June 30, 2018	\$ 23,563,285	\$ 22,550,707	\$ 1,012,578

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 3,968,603	\$ 3,846,068	\$ 122,535
Changes for the year:			
Service cost	\$ 54,086	\$ -	\$ 54,086
Interest	270,765	-	270,765
Differences between expected and actual experience	(196,710)	-	(196,710)
Contributions - employer	-	54,735	(54,735)
Contributions - employee	-	29,348	(29,348)
Net investment income	-	281,847	(281,847)
Benefit payments, including refunds of employee contributions	(201,063)	(201,063)	-
Administrative expenses	-	(2,481)	2,481
Other changes	-	(249)	249
Net changes	<u>\$ (72,922)</u>	<u>\$ 162,137</u>	<u>\$ (235,059)</u>
Balances at June 30, 2018	<u>\$ 3,895,681</u>	<u>\$ 4,008,205</u>	<u>\$ (112,524)</u>

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's			
Net Pension Liability (Asset)	\$ 3,929,667	\$ 1,012,578	\$ (1,426,337)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 309,411	\$ (112,524)	\$ (470,827)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$440,036) and (\$254,791) respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 595,451	\$ -	\$ 75,284
Change in assumptions	2,328	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	192,537	-	30,721
Employer contributions subsequent to the measurement date	414,591	-	27,198	-
Total	\$ 416,919	\$ 787,988	\$ 27,198	\$ 106,005

\$414,591 and \$27,198 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ (314,540)	\$ (60,553)
2021	(232,326)	(2,274)
2022	(219,703)	(39,814)
2023	(19,091)	(3,364)
Thereafter	-	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,785,470 and \$1,879,993 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$17,294,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .14706% as compared to .14602% at June 30, 2017.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (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)

For the year ended June 30, 2019, the school division recognized pension expense of \$323,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,478,000
Net difference between projected and actual earnings on pension plan investments	-	367,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	115,000	1,664,000
Changes in assumptions	206,000	-
Employer contributions subsequent to the measurement date	<u>1,785,470</u>	<u>-</u>
Total	<u>\$ 2,106,470</u>	<u>\$ 3,509,000</u>

\$1,897,013 was reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2020	\$ (913,000)
2021	(886,000)
2022	(1,022,000)
2023	(319,000)
2024	(48,000)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability: (Continued)

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

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

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 26,417,000	\$ 17,294,000	\$ 9,743,000

Pension Plan Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Pension Plan: (Continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans		Net Pension Liability (Asset)	Pension Expense
	Deferred Outflows	Deferred Inflows		
Primary Government				
Primary Government	\$ 416,919	\$ 787,994	\$ 1,012,578	\$ (440,036)
Totals	<u>\$ 416,919</u>	<u>\$ 787,994</u>	<u>\$ 1,012,578</u>	<u>\$ (440,036)</u>
Component Unit School Board				
School Board Nonprofessional	\$ 27,198	\$ 106,003	\$ (112,524)	\$ (254,791)
School Board Professional	2,106,470	3,509,000	17,294,000	323,000
Totals	<u>\$ 2,133,668</u>	<u>\$ 3,615,003</u>	<u>\$ 17,181,476</u>	<u>\$ 68,209</u>

Note 6—Compensated Absences:

The County has accrued the liability arising from compensated absences.

County employees earn vacation and sick leave at various rates. The County had outstanding compensated absences as follows:

Primary Government	\$ <u>630,057</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

Governmental Activities:

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

	Restated Balance at July 1, 2018	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2019	Payable Due Within One Year
Governmental Activities:					
Revenue bond	\$ 408,725	\$ -	\$ 96,287	\$ 312,438	\$ 99,908
General obligation bonds (VPSA)	415,000	-	50,000	365,000	50,000
General obligation bonds	1,468,082	-	243,562	1,224,520	251,886
General lease purchase	7,407,445	-	312,426	7,095,019	327,035
Premium on bond issuance	747,788	-	70,358	677,430	69,967
Qualified zone academy bonds	2,116,857	-	-	2,116,857	-
Notes payable	424,000	-	112,000	312,000	112,000
Landfill closure and postclosure care liability	4,875,943	112,147	-	4,988,090	-
Landfill corrective action plan	372,420	8,566	-	380,986	-
Net pension liability	1,690,435	2,055,509	2,792,433	953,511	-
Net OPEB liabilities	974,358	112,926	116,801	970,483	-
Compensated absences	666,908	-	36,851	630,057	63,006
Total Governmental Activities	<u>\$ 21,567,961</u>	<u>\$ 2,289,148</u>	<u>\$ 3,830,718</u>	<u>\$ 20,026,391</u>	<u>\$ 973,802</u>

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

Year	Bonds & Notes Payable (1)	
	Principal	Interest
2020	\$ 840,829	\$ 326,229
2021	857,238	293,973
2022	890,146	260,856
2023	826,948	228,683
2024	862,225	196,843
2025-2029	2,646,891	520,277
2030-2032	2,384,700	29,595
	<u>\$ 9,308,977</u>	<u>\$ 1,856,456</u>

(1) Excludes annual payment to debt service sinking fund for the Qualified Zone Academy Bonds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations:

General obligation bonds:

\$1,000,000 Virginia Public School Authority Bonds issued May 11, 2006, maturing annually through July 15, 2026 with interest payable semi-annually at rates from 4.1% to 5.1%. \$ 365,000

\$5,123,382 Series 2015 Lease purchase issued June 17, 2015, maturing annually through June 17, 2030 with interest payable annually at a rate of 2.35% 4,760,013

Plus: Premium on issuance 5,830

\$2,080,820 general obligation bond issued June 13, 2012, maturing annually through June 30, 2024 with interest payable semi-annually at varying interest rates of 2.125 to 5.125%. 1,004,520

Plus: Premium on issuance 213,507

\$540,000 general obligation refunded bond issued August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a variable rate. 220,000

Total general obligation bonds \$ 6,568,870

Revenue bond (payable from General Fund property rentals):

\$499,538 lease revenue bond dated August 15, 2017, maturing annually through November 1, 2021 with interest payable semi-annually at a variable rate. \$ 312,438

\$2,391,777 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate. 2,335,006

Plus: Premium on issuance 458,093

Total revenue bond (payable from General Fund property rentals) \$ 3,105,537

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations: (Continued)

Qualified zone academy bonds:

\$1,116,857 Qualified Zone Academy Bond, issued December 29, 2005, maturing December 29, 2020. Annual payments of \$60,425 are required to be placed in a sinking fund that will be used to pay the debt in 2020. \$ 1,116,857

\$1,000,000 Qualified Zone Academy Bonds, issued December 13, 2006, maturing December 13, 2022. Annual payments of \$49,728 are required to be placed in a sinking fund that will be used to pay the debt in 2022. 1,000,000

Total qualified zone academy bonds \$ 2,116,857

Notes Payable:

\$1,500,000 note payable issued May 29, 2007, due in annual principal installments of \$100,000 and semi-annual interest payments at 4.61%, maturing July 31, 2021 \$ 300,000

\$120,000 note payable issued March 2010, due in annual principal installments of \$12,000 bearing no interest, maturing March 2020. 12,000

Total notes payable \$ 312,000

Other long-term obligations:

Landfill closure and postclosure care liability \$ 4,988,090

Landfill corrective action plan liability 380,986

Compensated absences 630,057

Net pension liability 953,511

Net OPEB liabilities 970,483

Total other long-term obligations \$ 7,923,127

Total Governmental Activities long-term obligations \$ 20,026,391

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2019:

	<u>Restated Balance July 1, 2018</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Business-type Activities:					
Lease revenue bonds	\$ 3,123,940	\$ -	\$ 181,397	\$ 2,942,543	\$ 187,751
Premium on bond issuance	465,820	-	84,784	381,036	49,361
Net pension liability	104,717	127,331	172,981	59,067	-
Net OPEB liabilities	81,742	9,474	9,799	81,417	-
Total Business-type Activities	\$ <u>3,776,219</u>	\$ <u>136,805</u>	\$ <u>448,961</u>	\$ <u>3,464,063</u>	\$ <u>237,112</u>

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

<u>Year</u>	<u>Lease Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 187,751	\$ 116,059
2021	194,118	107,786
2022	206,200	98,330
2023	215,195	89,018
2024	222,790	80,781
2025-2029	1,296,234	253,790
2030-2032	620,255	23,168
	\$ <u>2,942,543</u>	\$ <u>768,932</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bond (payable from Enterprise Fund):

\$2,342,978 lease revenue bond dated November 16, 2011, maturing annually through June 30, 2032 with interest payable semi-annually at a rate of 3.67%. \$ 547,549

\$2,407,652 lease revenue bond dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate. 2,394,994

Plus: Premium on issuance 381,036

Other long-term obligations:

Net pension liability \$ 59,067

Net OPEB liabilities 81,417

Total other long-term obligations \$ 140,484

Total business-type activities long-term obligations \$ 3,464,063

Component Unit - School Board:

The following is a summary of long-term obligations transactions of the Component Unit- School Board for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Net OPEB liabilities	\$ 5,647,200	\$ 706,100	\$ 1,516,600	\$ 4,836,700	-
Net pension liability	<u>18,080,535</u>	<u>5,010,000</u>	<u>5,674,000</u>	<u>17,416,535</u>	-
Total	<u>\$ 23,727,735</u>	<u>\$ 5,716,100</u>	<u>\$ 7,190,600</u>	<u>\$ 22,253,235</u>	-

Note 8—Litigation:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 9—Contingent Liabilities:

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

Note 10—Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
D. Lynnette Coe, Clerk of the Circuit Court	\$ 360,000
Donna B. Nunnally, Treasurer	400,000
Beverly M. Booth, Commissioner of the Revenue	3,000
Wesley W. Reed, Sheriff	30,000
United State Fidelity and Guaranty Company - Surety	
Clerk and Deputy Clerk of the School Board	50,000
Aetna Casualty and Surety Company - Surety	
Roma R. Morris, Director of Social Services	100,000
Fidelity and Deposit Company of Maryland - Surety	
County Administrator	2,000

Note 11—Landfill Closure and Postclosure Care Cost:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a portion of this closure and postclosure care liability in each period based on landfill capacity as of each balance sheet date. The County opened a new cell in 2008. The amounts reported as closure and postclosure care liabilities at June 30, 2019 were \$2,639,372 and \$2,348,718, respectively. Furthermore, the County reports \$380,986 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology or changes in regulation. During fiscal year 2017 the County started construction on a new cell.

The County has demonstrated financial assurance requirements for closure, postclosure and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code. The County intends to fund these costs from accumulated funds held in the general fund.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and natural disasters. The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. 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 losses. Settled claims from these risks have not exceeded commercial coverage.

Note 13—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 110,153
School Debt Service Fund	110,153	-
Total	\$ <u>110,153</u>	\$ <u>110,153</u>

Transfers were made for operational expenditures.

Note 14—Notes Receivable:

The County provided an equipment loan to Prospect Volunteer Fire Department in March 2016 in the amount of \$187,500. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2019, this note had an outstanding balance of \$75,000.

The County provided an equipment loan to Prince Edward County Rescue Squad in March 2017 in the amount of \$120,000. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2019, this note had an outstanding balance of \$72,000.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 14—Notes Receivable: (Continued)

The County received an energy conservation block grant from the Department of Mines, Minerals and Energy on behalf of STEPS, Inc. in the amount of \$668,002. The grant was paid to STEPS, Inc. to fund an energy efficiency contract in the amount of \$719,268. The difference between the grant award and the contract was loaned to STEPS, Inc. in the amount of \$51,266. Payment is expected during 2020. The loan bears no interest. The outstanding balance on the note receivable at June 30, 2019 was \$51,266.

Note 15—Unavailable/Deferred Revenue:

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$8,092,965 (including 2nd half billings of \$6,763,977 not due until December 5) at June 30, 2019.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2019 but paid in advance by the taxpayers totaled \$47,216 at June 30, 2019.

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Benefit Amounts

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

HIC Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 HIC Program were \$140,781 and \$146,208 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,882,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .14829% as compared to .14698% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$143,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 10,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	16,000
Change in proportion	15,000	71,000
Employer contributions subsequent to the measurement date	<u>140,781</u>	<u>-</u>
Total	<u>\$ 155,781</u>	<u>\$ 98,000</u>

\$140,781 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (16,000)
2021	(16,000)
2022	(16,000)
2023	(15,000)
2024	(15,000)
Thereafter	(5,000)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Discount Rate: (Continued)

rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,102,000	\$ 1,882,000	\$ 1,695,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description; (Continued)

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

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

Eligible Employees

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

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions: (Continued)

year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$27,809 and \$27,288 for the years ended June 30, 2019 and June 30, 2018, respectively, for the County; \$3,485 and \$3,112 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (nonprofessional); \$61,430 and \$63,014 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (professional).

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

At June 30, 2019, the entity reported a liability of \$416,000 for the County; \$48,000 for the School Board (nonprofessional); and \$963,000 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .02739% as compared to .02738% at June 30, 2017 for the County. At June 30, 2018, the participating employer's proportion was .00314% as compared to .00316% at June 30, 2017 for the School Board (nonprofessional). At June 30, 2018, the participating employer's proportion was .06344% as compared to .06312% at June 30, 2017 for the School Board (professional).

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$1,000 (County), (\$1,000) (School Board - nonprofessional), and \$0 (School Board - professional). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 21,184	\$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	14,000
Change in assumptions	-	17,000
Changes in proportion	-	7,000
Employer contributions subsequent to the measurement date	27,809	-
Total	<u>\$ 48,993</u>	<u>\$ 45,000</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 2,000	\$ -
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change in assumptions	-	2,000
Changes in proportion	-	2,000
Employer contributions subsequent to the measurement date	3,485	-
Total	<u>\$ 5,485</u>	<u>\$ 6,000</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 47,000	\$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	31,000
Change in assumptions	-	40,000
Changes in proportion	5,000	35,000
Employer contributions subsequent to the measurement date	61,430	-
Total	<u>\$ 113,430</u>	<u>\$ 124,000</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

\$27,809 (County); \$3,485 (School Board nonprofessional), and \$61,430 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2020	\$ (8,000)	\$ (2,000)	\$ (21,000)
2021	(8,000)	(2,000)	(21,000)
2022	(8,000)	-	(21,000)
2023	(3,000)	-	(12,000)
2024	1,000	-	1,000
Thereafter	1,000	-	2,000

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

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

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

NET GLI OPEB Liability

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

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

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 17—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 543,000	\$ 416,000	\$ 312,000
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 62,000	\$ 48,000	\$ 36,000
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,259,000	\$ 963,000	\$ 723,000

GLI Program Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 5, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Vision 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 who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Plan Membership

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

Total active employees with coverage	115
Total retirees with coverage	<u>1</u>
Total	<u><u>116</u></u>

Contributions

The board does 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 Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2019 was \$9,700.

Total OPEB Liability

The County’s total OPEB liability was measured as of July 1, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of July 1, 2018
Salary Increases	2.50% per year for general salary inflations as of July 1, 2018
Discount Rate	3.62% for accounting and funding disclosures as of June 30, 2018
Healthcare Cost Trend Rates	7.25% for fiscal year ending June 30, 2019

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

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

Discount Rate

The discount rate has been set equal to 3.62% and represents GO AA 20-year yield curve rate as of June 30, 2018.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2018	\$	644,100
Changes for the year:		
Service cost		22,800
Interest		23,600
Changes in experience		(14,900)
Contributions - employer		(9,700)
Other charges		(30,000)
Net changes		<u>(8,200)</u>
Balances at June 30, 2019	\$	<u><u>635,900</u></u>

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

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

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
\$	707,900	\$ 635,900	\$ 571,600

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.25% decreasing by 0.25% annually to an ultimate rate of 4.25%) or one percentage point higher (8.25% decreasing by 0.25% annually to an ultimate rate of 6.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.25% decreasing to 4.25%)	Healthcare Cost Trend (7.25% decreasing to 5.25%)	1% Increase (8.25% decreasing to 6.25%)
\$ 557,200	\$ 635,900	\$ 730,800

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

For the year ended June 30, 2019, the County recognized OPEB expense in the amount of \$37,300.

At June 30, 2019 the County had deferred outflows of resources of \$9,700; deferred inflows of resources related to the OPEB plan were \$33,500.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,100
Changes in assumptions	-	22,400
Employer contributions subsequent to the measurement date	9,700	-
Total	\$ 9,700	\$ 33,500

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

\$9,700 was reported as deferred outflows of resources related to OPEB resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (11,400)
2021	(11,400)
2022	(10,700)
2023	-
2024	-
Thereafter	-

School Board

Plan Description

In addition to the pension benefits described in Note 5, the School Board administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Vision 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 School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

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

Total active employees with coverage	301
Total retirees with coverage	<u>21</u>
Total	<u><u>322</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Contributions

The board does 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 School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$9,400.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of July 1, 2018
Salary Increases	2.50% per year for general salary inflations as of July 1, 2018
Discount Rate	3.62% for accounting and funding disclosures as of June 30, 2018
Healthcare Cost Trend Rates	7.25% for fiscal year ending June 30, 2019

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

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

Discount Rate

The discount rate has been set equal to 3.62% and represents the Municipal GO-AA 20-year yield curve rate as of June 30, 2018.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Changes in Total OPEB Liability

	<u>School Board Total OPEB Liability</u>	
Balances at June 30, 2018	\$	2,784,200
Changes for the year:		
Service cost		127,600
Interest		103,500
Changes in experience		(968,800)
Contributions - employer		(9,400)
Other charges		(93,400)
Net changes		<u>(840,500)</u>
Balances at June 30, 2019	\$	<u>1,943,700</u>

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

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

<u>Rate</u>		
<u>1% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
\$ 2,097,200	\$ 1,943,700	\$ 1,801,800

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.25% decreasing by 0.25% annually to an ultimate rate of 5.25%) or one percentage point higher (8.25% decreasing by 0.25% annually to an ultimate rate of 6.25%) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>Healthcare Cost Trend</u>		
<u>1% Decrease (6.25% decreasing to 4.00%)</u>	<u>(7.25% decreasing to 5.00%)</u>	<u>1% Increase (8.25% decreasing to 6.00%)</u>
\$ 1,752,500	\$ 1,943,700	\$ 2,167,600

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 18—Medical, Dental, and Vision Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$51,100. At June 30, 2019, the School Board had deferred outflows of resources of \$9,400; deferred inflows of resources related to the OPEB plan were \$882,200.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 804,600
Changes in assumptions	-	77,600
Employer contributions subsequent to the measurement date	<u>9,400</u>	<u>-</u>
Total	<u>\$ 9,400</u>	<u>\$ 882,200</u>

\$9,400 was reported as deferred outflows of resources related to OPEB resulting from the School Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (180,000)
2021	(180,000)
2022	(180,000)
2023	(180,000)
2024	(162,200)
Thereafter	-

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 19—Summary of Net OPEB Liabilities, Deferred Outflows and Deferred Inflows of Resources:

OPEB PLANS				
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program (Note 17):				
County	\$ 48,993	\$ 45,000	\$ 416,000	\$ 1,000
County Stand-Alone Plan (Note 18)	9,700	33,500	635,900	37,300
Totals	<u>\$ 58,693</u>	<u>\$ 78,500</u>	<u>\$ 1,051,900</u>	<u>\$ 38,300</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 5,485	\$ 6,000	\$ 48,000	\$ (1,000)
School Board Professional	113,430	124,000	963,000	-
Teacher Health Insurance Credit Program (Note 16)	155,781	98,000	1,882,000	143,000
School Stand-Alone Plan (Note 18)	9,400	882,200	1,943,700	51,100
Totals	<u>\$ 284,096</u>	<u>\$ 1,110,200</u>	<u>\$ 4,836,700</u>	<u>\$ 193,100</u>

Note 20—Upcoming Pronouncements:

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

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 20—Upcoming Pronouncements: (Continued)

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

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

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

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

Note 21—Beginning Net Position Restatement:

The County reclassified items between governmental activities and business-type activities, resulted in the following restatement of net position:

	<u>Primary Government</u>	<u>Primary Government</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Position, as reported at July 1, 2018	\$ 6,410,126	\$ 294,794
Reclassification of items related to GASB Statement No. 68 and No. 75:		
Health Insurance OPEB	49,853	(49,853)
Group Life Insurance OPEB	31,889	(31,889)
VRS Pension	104,716	(104,716)
Net Position, as restated at July 1, 2018	<u>\$ 6,596,584</u>	<u>\$ 108,336</u>

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Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 13,063,516	\$ 13,063,516	\$ 14,078,027	\$ 1,014,511
Other local taxes	3,721,850	3,721,850	4,085,494	363,644
Permits, privilege fees, and regulatory licenses	69,682	69,682	96,743	27,061
Fines and forfeitures	163,200	163,200	192,265	29,065
Revenue from the use of money and property	354,663	354,663	375,945	21,282
Charges for services	98,821	98,821	197,736	98,915
Miscellaneous	26,000	26,000	75,991	49,991
Recovered costs	87,478	87,478	130,236	42,758
Intergovernmental:				
Commonwealth	5,571,191	5,683,046	5,312,149	(370,897)
Federal	1,489,142	1,490,900	1,655,569	164,669
Total revenues	\$ 24,645,543	\$ 24,759,156	\$ 26,200,155	\$ 1,440,999
EXPENDITURES				
Current:				
General government administration	\$ 1,752,447	\$ 1,752,447	\$ 1,596,311	\$ 156,136
Judicial administration	1,630,555	1,643,648	1,627,710	15,938
Public safety	4,251,084	4,693,180	4,341,140	352,040
Public works	699,835	701,673	763,086	(61,413)
Health and welfare	4,463,399	4,463,399	4,019,977	443,422
Education	8,452,734	8,452,734	8,272,402	180,332
Parks, recreation, and cultural	304,078	304,078	299,078	5,000
Community development	742,817	748,569	841,366	(92,797)
Nondepartmental	184,007	147,331	91,379	55,952
Capital projects	180,350	4,312,961	6,458,113	(2,145,152)
Debt service:				
Principal retirement	471,268	471,268	471,528	(260)
Interest and other fiscal charges	199,584	199,584	199,584	-
Total expenditures	\$ 23,332,158	\$ 27,890,872	\$ 28,981,674	\$ (1,090,802)
Excess (deficiency) of revenues over (under) expenditures	\$ 1,313,385	\$ (3,131,716)	\$ (2,781,519)	\$ 350,197
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (110,153)	\$ (110,153)
Total other financing sources (uses)	\$ -	\$ -	\$ (110,153)	\$ (110,153)
Net change in fund balances	\$ 1,313,385	\$ (3,131,716)	\$ (2,891,672)	\$ 240,044
Fund balances - beginning	(1,313,385)	3,131,716	12,920,885	9,789,169
Fund balances - ending	\$ -	\$ -	\$ 10,029,213	\$ 10,029,213

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 586,171	\$ 608,923	\$ 583,283	\$ 545,827	\$ 555,966
Interest	1,581,656	1,517,955	1,509,879	1,462,131	1,383,489
Differences between expected and actual experience	(693,470)	(219,828)	(1,025,111)	(446,242)	-
Changes in assumptions	-	7,334	-	-	-
Benefit payments, including refunds of employee contributions	(1,012,324)	(996,413)	(908,946)	(850,241)	(781,769)
Net change in total pension liability	<u>\$ 462,033</u>	<u>\$ 917,971</u>	<u>\$ 159,105</u>	<u>\$ 711,475</u>	<u>\$ 1,157,686</u>
Total pension liability - beginning	<u>23,101,252</u>	<u>22,183,281</u>	<u>22,024,176</u>	<u>21,312,701</u>	<u>20,155,015</u>
Total pension liability - ending (a)	<u>\$ 23,563,285</u>	<u>\$ 23,101,252</u>	<u>\$ 22,183,281</u>	<u>\$ 22,024,176</u>	<u>\$ 21,312,701</u>
Plan fiduciary net position					
Contributions - employer	\$ 446,611	\$ 437,632	\$ 555,222	\$ 567,774	\$ 604,584
Contributions - employee	250,026	265,479	241,585	248,130	246,898
Net investment income	1,575,307	2,341,406	333,781	841,567	2,496,224
Benefit payments, including refunds of employee contributions	(1,012,324)	(996,413)	(908,946)	(850,241)	(781,769)
Administrative expense	(13,613)	(13,544)	(11,833)	(11,394)	(13,259)
Other	(1,400)	(2,082)	(141)	(176)	132
Net change in plan fiduciary net position	<u>\$ 1,244,607</u>	<u>\$ 2,032,478</u>	<u>\$ 209,668</u>	<u>\$ 795,660</u>	<u>\$ 2,552,810</u>
Plan fiduciary net position - beginning	<u>21,306,100</u>	<u>19,273,622</u>	<u>19,063,954</u>	<u>18,268,294</u>	<u>15,715,484</u>
Plan fiduciary net position - ending (b)	<u>\$ 22,550,707</u>	<u>\$ 21,306,100</u>	<u>\$ 19,273,622</u>	<u>\$ 19,063,954</u>	<u>\$ 18,268,294</u>
County's net pension liability (asset) - ending (a) - (b)	\$ 1,012,578	\$ 1,795,152	\$ 2,909,659	\$ 2,960,222	\$ 3,044,407
Plan fiduciary net position as a percentage of the total pension liability	95.70%	92.23%	86.88%	86.56%	85.72%
Covered payroll	\$ 5,191,889	\$ 5,030,792	\$ 5,034,064	\$ 4,994,453	\$ 4,941,586
County's net pension liability (asset) as a percentage of covered payroll	19.50%	35.68%	57.80%	59.27%	61.61%

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

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 54,086	\$ 54,550	\$ 53,998	\$ 50,122	\$ 74,756
Interest	270,765	279,919	266,348	266,930	257,300
Differences between expected and actual experience	(196,710)	(251,147)	74,389	(119,719)	-
Changes in assumptions	-	(14,912)	-	-	-
Benefit payments, including refunds of employee contributions	(201,063)	(197,298)	(204,429)	(206,875)	(182,074)
Net change in total pension liability	\$ (72,922)	\$ (128,888)	\$ 190,306	\$ (9,542)	\$ 149,982
Total pension liability - beginning	3,968,603	4,097,491	3,907,185	3,916,727	3,766,745
Total pension liability - ending (a)	\$ 3,895,681	\$ 3,968,603	\$ 4,097,491	\$ 3,907,185	\$ 3,916,727
Plan fiduciary net position					
Contributions - employer	\$ 54,735	\$ 52,589	\$ 55,387	\$ 56,512	\$ 50,281
Contributions - employee	29,348	27,717	30,165	30,842	29,439
Net investment income	281,847	425,863	60,144	160,116	493,037
Benefit payments, including refunds of employee contributions	(201,063)	(197,298)	(204,429)	(206,875)	(182,074)
Administrative expense	(2,481)	(2,524)	(2,277)	(2,280)	(2,719)
Other	(249)	(376)	(26)	(33)	26
Net change in plan fiduciary net position	\$ 162,137	\$ 305,971	\$ (61,036)	\$ 38,282	\$ 387,990
Plan fiduciary net position - beginning	3,846,068	3,540,097	3,601,133	3,562,851	3,174,861
Plan fiduciary net position - ending (b)	\$ 4,008,205	\$ 3,846,068	\$ 3,540,097	\$ 3,601,133	\$ 3,562,851
School Division's net pension liability (asset) - ending (a) - (b)	\$ (112,524)	\$ 122,535	\$ 557,394	\$ 306,052	\$ 353,876
Plan fiduciary net position as a percentage of the total pension liability	102.89%	96.91%	86.40%	92.17%	90.97%
Covered payroll	\$ 590,719	\$ 582,130	\$ 607,723	\$ 602,654	\$ 599,266
School Division's net pension liability (asset) as a percentage of covered payroll	-19.05%	21.05%	91.72%	50.78%	59.05%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.15%	0.14%	0.15%	0.16%	0.17%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,294,000	\$ 17,958,000	\$ 21,669,000	\$ 20,311,000	\$ 20,970,000
Employer's Covered Payroll	11,995,057	11,604,550	11,760,526	11,745,639	12,499,030
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	144.18%	154.75%	184.25%	172.92%	167.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 414,591	\$ 414,591	\$ -	\$ 5,327,164	7.78%
2018	475,366	475,366	-	5,191,889	9.16%
2017	448,244	448,244	-	5,030,792	8.91%
2016	573,883	573,883	-	5,034,064	11.40%
2015	569,368	569,368	-	4,994,453	11.40%
2014	605,344	605,344	-	4,941,586	12.25%
2013	603,669	603,669	-	4,927,907	12.25%
2012	459,960	459,960	-	4,549,559	10.11%
2011	465,177	465,177	-	4,601,161	10.11%
2010	430,761	430,761	-	4,651,842	9.26%
Component Unit School Board (nonprofessional)					
2019	\$ 27,198	\$ 27,198	\$ -	\$ 670,157	4.06%
2018	56,736	56,736	-	590,719	9.60%
2017	55,128	55,128	-	582,130	9.47%
2016	55,607	55,607	-	607,723	9.15%
2015	55,143	55,143	-	602,654	9.15%
2014	51,178	51,178	-	599,266	8.54%
2013	68,018	68,018	-	796,467	8.54%
2012	49,452	49,452	-	831,125	5.95%
2011	49,421	49,421	-	830,612	5.95%
2010	50,279	50,279	-	805,757	6.24%
Component Unit School Board (professional)					
2019	\$ 1,785,470	\$ 1,785,470	\$ -	\$ 11,697,847	15.26%
2018	1,879,993	1,879,993	-	11,995,057	15.67%
2017	1,657,572	1,657,572	-	11,604,550	14.28%
2016	1,728,178	1,728,178	-	11,760,526	14.69%
2015	1,660,376	1,660,376	-	11,745,639	14.14%
2014	1,444,425	1,444,425	-	12,499,030	11.56%
2013	1,498,019	1,498,019	-	12,847,504	11.66%
2012	1,488,380	1,488,380	-	13,136,626	11.33%
2011	1,167,485	1,167,485	-	13,073,738	8.93%
2010	1,562,792	1,562,792	-	13,452,785	11.62%

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

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.14829%	\$ 1,882,000	\$ 11,992,549	15.69%	8.08%
2017	0.14698%	1,865,000	11,599,639	16.08%	7.04%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 140,781	\$ 140,781	\$ -	\$ 11,731,764	1.20%
2018	146,208	146,208	-	11,992,549	1.22%
2017	128,756	128,756	-	11,599,639	1.11%
2016	124,966	124,966	-	11,789,274	1.06%
2015	127,172	127,172	-	11,997,401	1.06%
2014	140,852	140,852	-	12,689,326	1.11%
2013	148,825	148,825	-	13,407,623	1.11%
2012	78,820	78,820	-	13,136,626	0.60%
2011	78,442	78,442	-	13,073,738	0.60%
2010	105,080	105,080	-	10,103,888	1.04%

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2018	0.02739% \$	416,000 \$	5,207,704	7.99%	51.22%
2017	0.02738%	412,000	5,051,155	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.00314% \$	48,000 \$	598,180	8.02%	51.22%
2017	0.00316%	48,000	582,130	8.25%	48.86%
Component Unit School Board (professional)					
2018	0.06344% \$	963,000 \$	12,063,055	7.98%	51.22%
2017	0.06312%	950,000	11,642,450	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 27,809	\$ 27,809	\$ -	\$ 5,347,838	0.52%
2018	27,288	27,288	-	5,207,704	0.52%
2017	26,266	26,266	-	5,051,155	0.52%
2016	24,175	24,175	-	5,036,405	0.48%
2015	23,986	23,986	-	4,997,028	0.48%
2014	23,720	23,720	-	4,941,586	0.48%
2013	23,701	23,701	-	4,937,736	0.48%
2012	12,833	12,833	-	4,583,194	0.28%
2011	12,883	12,883	-	4,601,161	0.28%
2010	9,418	9,418	-	3,488,095	0.27%
Component Unit School Board (nonprofessional)					
2019	\$ 3,485	\$ 3,485	\$ -	\$ 670,157	0.52%
2018	3,112	3,112	-	598,180	0.52%
2017	3,027	3,027	-	582,130	0.52%
2016	2,917	2,917	-	607,723	0.48%
2015	2,893	2,893	-	602,654	0.48%
2014	2,882	2,882	-	600,508	0.48%
2013	3,940	3,940	-	799,900	0.49%
2012	2,327	2,327	-	831,125	0.28%
2011	2,326	2,326	-	830,612	0.28%
2010	1,633	1,633	-	604,792	0.27%
Component Unit School Board (professional)					
2019	\$ 61,430	\$ 61,430	\$ -	\$ 11,813,390	0.52%
2018	63,014	63,014	-	12,063,055	0.52%
2017	60,541	60,541	-	11,642,450	0.52%
2016	56,945	56,945	-	11,863,594	0.48%
2015	57,789	57,789	-	12,039,575	0.48%
2014	60,969	60,969	-	12,701,952	0.48%
2013	61,127	61,127	-	12,734,854	0.48%
2012	37,116	37,116	-	13,255,553	0.28%
2011	36,518	36,518	-	13,042,020	0.28%
2010	27,233	27,233	-	10,086,326	0.27%

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

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 22,800	\$ 22,200
Interest	23,600	22,400
Differences between expected and actual experience	(14,900)	-
Benefit payments	(9,700)	(14,500)
Changes in assumptions	(30,000)	-
Net change in total OPEB liability	<u>\$ (8,200)</u>	<u>\$ 30,100</u>
Total OPEB liability - beginning	<u>644,100</u>	<u>614,000</u>
Total OPEB liability - ending	<u><u>\$ 635,900</u></u>	<u><u>\$ 644,100</u></u>
Covered payroll	\$ 5,103,500	\$ 4,870,600
County's total OPEB liability (asset) as a percentage of covered payroll	12.46%	13.22%

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

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

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of July 1, 2018
Salary Scale	2.50% as of July 1, 2018
Healthcare Trend Rate	7.25% for fiscal year 2019, decreasing .25% per year to an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit - School Board
 For the Measurement Dates of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 127,600	\$ 124,500
Interest	103,500	98,000
Differences between expected and actual experience	(968,800)	-
Benefit payments	(9,400)	(129,900)
Other charges	(93,400)	-
Net change in total OPEB liability	<u>\$ (840,500)</u>	<u>\$ 92,600</u>
Total OPEB liability - beginning	<u>2,784,200</u>	<u>2,691,600</u>
Total OPEB liability - ending	<u><u>\$ 1,943,700</u></u>	<u><u>\$ 2,784,200</u></u>
Covered payroll	\$ 12,388,700	\$ 10,339,900
School Board's total OPEB liability (asset) as a percentage of covered payroll	15.69%	26.93%

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

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

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of July 1, 2018
Salary Scale	2.50% as of July 1, 2018
Healthcare Trend Rate	7.25% for fiscal year 2019, decreasing .25% per year to an ultimate rate of 5.00%
Retirement Age	At least age 60 with at least 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

Other Supplementary Information

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Combining and Individual Fund Financial Statements and Schedules

Capital Projects Fund - Landfill Construction Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 14,388	\$ 6,388
Charges for services	250,000	250,000	334,770	84,770
Total revenues	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 349,158</u>	<u>\$ 91,158</u>
EXPENDITURES				
Current:				
Capital projects	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ -</u>	<u>\$ 258,000</u>
Total expenditures	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ -</u>	<u>\$ 258,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,158</u>	<u>\$ 349,158</u>
Net change in fund balances	\$ -	\$ -	\$ 349,158	\$ 349,158
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,536,362</u>	<u>1,536,362</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,885,520</u>	<u>\$ 1,885,520</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 416,712	\$ 8,214	\$ 424,926
Total assets	<u>\$ 416,712</u>	<u>\$ 8,214</u>	<u>\$ 424,926</u>
LIABILITIES			
Accounts payable	\$ 6,004	\$ -	\$ 6,004
Due to other funds	<u>10,406</u>	<u>-</u>	<u>10,406</u>
Total liabilities	<u>\$ 16,410</u>	<u>\$ -</u>	<u>\$ 16,410</u>
FUND BALANCES			
Assigned:			
Recreation capital projects	\$ -	\$ 8,214	\$ 8,214
Special revenue	<u>400,302</u>	<u>-</u>	<u>400,302</u>
Total fund balances	<u>\$ 400,302</u>	<u>\$ 8,214</u>	<u>\$ 408,516</u>
Total liabilities and fund balances	<u>\$ 416,712</u>	<u>\$ 8,214</u>	<u>\$ 424,926</u>

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

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
	<u>Piedmont Court Services</u>	<u>Recreation Fund</u>	<u>Nonmajor Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 1,225	\$ 68	\$ 1,293
Charges for services	59,527	-	59,527
Miscellaneous	497	-	497
Intergovernmental:			
Commonwealth	462,431	-	462,431
Total revenues	<u>\$ 523,680</u>	<u>\$ 68</u>	<u>\$ 523,748</u>
EXPENDITURES			
Public Safety	<u>\$ 455,489</u>	<u>\$ -</u>	<u>\$ 455,489</u>
Total expenditures	<u>\$ 455,489</u>	<u>\$ -</u>	<u>\$ 455,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 68,191</u>	<u>\$ 68</u>	<u>\$ 68,259</u>
Net change in fund balances	\$ 68,191	\$ 68	\$ 68,259
Fund balances - beginning	<u>332,111</u>	<u>8,146</u>	<u>340,257</u>
Fund balances - ending	<u><u>\$ 400,302</u></u>	<u><u>\$ 8,214</u></u>	<u><u>\$ 408,516</u></u>

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

	Capital Projects Funds				Special Revenue Funds			
	Recreation Fund			Variance with Final Budget Positive (Negative)	Piedmont Court Services			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		Budgeted Amounts		Actual	
	Original	Final		Original	Final			
REVENUES								
Revenue from the use of money and property	\$ -	\$ -	\$ 68	\$ 68	\$ 800	\$ 800	\$ 1,225	\$ 425
Charges for services	-	-	-	-	64,000	64,000	59,527	(4,473)
Miscellaneous	-	-	-	-	330	330	497	167
Intergovernmental: Commonwealth	-	-	-	-	462,431	462,431	462,431	-
Total revenues	\$ -	\$ -	\$ 68	\$ 68	\$ 527,561	\$ 527,561	\$ 523,680	\$ (3,881)
EXPENDITURES								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 566,274	\$ 566,274	\$ 455,489	\$ 110,785
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 566,274	\$ 566,274	\$ 455,489	\$ 110,785
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 68	\$ 68	\$ (38,713)	\$ (38,713)	\$ 68,191	\$ 106,904
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 38,713	\$ 38,713	\$ -	\$ (38,713)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ 38,713	\$ 38,713	\$ -	\$ (38,713)
Net change in fund balances	\$ -	\$ -	\$ 68	\$ 68	\$ -	\$ -	\$ 68,191	\$ 68,191
Fund balances - beginning	-	-	8,146	8,146	-	-	332,111	332,111
Fund balances - ending	\$ -	\$ -	\$ 8,214	\$ 8,214	\$ -	\$ -	\$ 400,302	\$ 400,302

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	Special Welfare	Piedmont Alcohol Safety Action Program	Sales Tax Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,796	\$ 249,377	\$ 30	\$ 252,203
Total assets	<u>\$ 2,796</u>	<u>\$ 249,377</u>	<u>\$ 30</u>	<u>\$ 252,203</u>
LIABILITIES				
Amounts held for social services clients	\$ 2,796	\$ -	\$ -	\$ 2,796
Amounts held as sales tax to towns	-	-	30	30
Amounts held for Piedmont Alcohol Safety Action Program	<u>-</u>	<u>249,377</u>	<u>-</u>	<u>249,377</u>
Total liabilities	<u>\$ 2,796</u>	<u>\$ 249,377</u>	<u>\$ 30</u>	<u>\$ 252,203</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 June 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ -	\$ 6,568	\$ 3,772	\$ 2,796
Liabilities:				
Reconciled overdraft	648	-	648	-
Amounts held for social service clients	\$ (648)	\$ 6,568	\$ 3,124	\$ 2,796
Total liabilities	-	6,568	3,772	2,796
Sales Tax:				
Assets:				
Cash and cash equivalents	\$ 30	\$ 393,556	\$ 393,556	\$ 30
Liabilities:				
Sales tax payable to towns	\$ 30	\$ 393,556	\$ 393,556	\$ 30
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 282,310	\$ 318,533	\$ 351,466	\$ 249,377
Liabilities:				
Amounts held for Piedmont ASAP	\$ 282,310	\$ 318,533	\$ 351,466	\$ 249,377
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 282,340	\$ 718,657	\$ 748,794	\$ 252,203
Total assets	\$ 282,340	\$ 718,657	\$ 748,794	\$ 252,203
Liabilities:				
Reconciled overdraft	\$ 648	-	\$ 648	-
Amounts held for social service clients	(648)	6,568	3,124	2,796
Amounts held as sales tax payable to towns	30	393,556	393,556	30
Amounts held for Piedmont ASAP	282,310	318,533	351,466	249,377
Total liabilities	\$ 282,340	\$ 718,657	\$ 748,794	\$ 252,203

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,276,669	\$ 501,888	\$ -	\$ 20,000	\$ 1,798,557
Receivables (net of allowance for uncollectibles):					
Due from other governmental units	848,937	27,800	-	-	876,737
Prepaid items	151,943	-	-	-	151,943
Total assets	<u>\$ 2,277,549</u>	<u>\$ 529,688</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,827,237</u>
LIABILITIES					
Accounts payable	\$ 10,538	\$ -	\$ -	\$ -	\$ 10,538
Accrued liabilities	1,128,369	40,051	-	-	1,168,420
Reconciled overdraft	-	-	50,900	-	50,900
Due to primary government	1,138,642	-	-	-	1,138,642
Total liabilities	<u>\$ 2,277,549</u>	<u>\$ 40,051</u>	<u>\$ 50,900</u>	<u>\$ -</u>	<u>\$ 2,368,500</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 151,943	\$ -	\$ -	\$ -	\$ 151,943
Assigned:					
Cafeteria	-	489,637	-	-	489,637
Underground storage	-	-	-	20,000	20,000
Unassigned	(151,943)	-	(50,900)	-	(202,843)
Total fund balances	<u>\$ -</u>	<u>\$ 489,637</u>	<u>\$ (50,900)</u>	<u>\$ 20,000</u>	<u>\$ 458,737</u>
Total liabilities and fund balances	<u>\$ 2,277,549</u>	<u>\$ 529,688</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 2,827,237</u>

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

Total fund balances per above \$ 458,737

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

Capital assets	\$ 31,135,902	
Accumulated depreciation	(21,566,068)	9,569,834

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

Pension related items	\$ 2,133,668	
OPEB related items	284,096	2,417,764

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

Net pension liability	\$ (17,181,476)	
Net OPEB liability	(4,836,700)	(22,018,176)

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

Pension related items	\$ (3,615,003)	
OPEB related items	(1,110,200)	(4,725,203)

Net position of governmental activities \$ (14,297,044)

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

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	Underground Storage Tank Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 11,993	\$ 1,215	\$ -	\$ -	\$ 13,208
Charges for services	262,688	106,858	-	-	369,546
Miscellaneous	10,797	-	-	-	10,797
Recovered costs	19,177	-	-	-	19,177
Intergovernmental:					
Local government	8,260,652	-	-	-	8,260,652
Commonwealth	14,373,287	45,062	-	-	14,418,349
Federal	2,083,068	1,391,085	-	-	3,474,153
Total revenues	<u>\$ 25,021,662</u>	<u>\$ 1,544,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,565,882</u>
EXPENDITURES					
Current:					
Education	\$ 24,533,351	\$ 1,494,398	\$ -	\$ -	\$ 26,027,749
Debt service:					
Principal retirement	350,690	-	-	-	350,690
Interest and other fiscal charges	137,621	-	-	-	137,621
Total expenditures	<u>\$ 25,021,662</u>	<u>\$ 1,494,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,516,060</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 49,822	\$ -	\$ -	\$ 49,822
Net change in fund balances	\$ -	\$ 49,822	\$ -	\$ -	\$ 49,822
Fund balances - beginning	-	439,815	(50,900)	20,000	408,915
Fund balances - ending	<u>\$ -</u>	<u>\$ 489,637</u>	<u>\$ (50,900)</u>	<u>\$ 20,000</u>	<u>\$ 458,737</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	\$ 49,822
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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 asset additions	\$ 458,450	
Net transfer of joint tenancy assets	69,765	
Depreciation expense	<u>(751,276)</u>	(223,061)

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.

Pension expense	\$ 1,818,787	
OPEB expense	<u>(17,258)</u>	1,801,529
Change in net position of governmental activities		<u>\$ 1,628,290</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20,000	\$ 20,000	\$ 11,993	\$ (8,007)
Charges for services	123,078	160,578	262,688	102,110
Miscellaneous	54,000	54,000	10,797	(43,203)
Recovered costs	143,000	143,000	19,177	(123,823)
Intergovernmental:				
Local government	8,440,984	8,440,984	8,260,652	(180,332)
Commonwealth	14,330,833	14,401,233	14,373,287	(27,946)
Federal	1,848,257	1,966,417	2,083,068	116,651
Total revenues	<u>\$ 24,960,152</u>	<u>\$ 25,186,212</u>	<u>\$ 25,021,662</u>	<u>\$ (164,550)</u>
EXPENDITURES				
Current:				
Education	\$ 24,358,794	\$ 24,584,854	\$ 24,533,351	\$ 51,503
Debt service:				
Principal retirement	463,737	463,737	350,690	113,047
Interest and other fiscal charges	137,621	137,621	137,621	-
Total expenditures	<u>\$ 24,960,152</u>	<u>\$ 25,186,212</u>	<u>\$ 25,021,662</u>	<u>\$ 164,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 1,215	\$ 1,215
110,000	110,000	106,858	(3,142)
-	-	-	-
10,000	10,000	-	(10,000)
-	-	-	-
20,000	20,000	45,062	25,062
1,111,000	1,236,000	1,391,085	155,085
<u>\$ 1,251,000</u>	<u>\$ 1,376,000</u>	<u>\$ 1,544,220</u>	<u>\$ 168,220</u>
\$ 1,301,000	\$ 1,426,000	\$ 1,494,398	\$ (68,398)
-	-	-	-
-	-	-	-
<u>\$ 1,301,000</u>	<u>\$ 1,426,000</u>	<u>\$ 1,494,398</u>	<u>\$ (68,398)</u>
\$ (50,000)	\$ (50,000)	\$ 49,822	\$ 99,822
\$ (50,000)	\$ (50,000)	\$ 49,822	\$ 99,822
50,000	50,000	439,815	389,815
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,637</u>	<u>\$ 489,637</u>

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Supporting Schedules

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,840,432	\$ 7,840,432	\$ 7,711,938	\$ (128,494)
Real and personal public service corporation taxes	530,000	530,000	540,825	10,825
Personal property taxes	3,901,084	3,901,084	4,842,566	941,482
Mobile home taxes	35,000	35,000	43,702	8,702
Machinery and tools taxes	40,000	40,000	96,499	56,499
Merchants' capital taxes	430,000	430,000	383,581	(46,419)
Penalties	162,000	162,000	206,669	44,669
Interest	125,000	125,000	252,247	127,247
Total general property taxes	<u>\$ 13,063,516</u>	<u>\$ 13,063,516</u>	<u>\$ 14,078,027</u>	<u>\$ 1,014,511</u>
Other local taxes:				
Local sales and use taxes	\$ 2,750,000	\$ 2,750,000	\$ 2,986,074	\$ 236,074
Moped and ATV sales and use taxes	-	-	13,560	13,560
Consumers' utility taxes	305,000	305,000	316,994	11,994
Gross receipts tax	58,850	58,850	65,355	6,505
Motor vehicle licenses	475,000	475,000	547,162	72,162
Taxes on recordation and wills	133,000	133,000	156,349	23,349
Total other local taxes	<u>\$ 3,721,850</u>	<u>\$ 3,721,850</u>	<u>\$ 4,085,494</u>	<u>\$ 363,644</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 9,076	\$ (924)
Permits and other licenses	59,682	59,682	87,667	27,985
Total permits, privilege fees, and regulatory licenses	<u>\$ 69,682</u>	<u>\$ 69,682</u>	<u>\$ 96,743</u>	<u>\$ 27,061</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 163,200	\$ 163,200	\$ 192,265	\$ 29,065
Revenue from use of money and property:				
Revenue from use of money	\$ 88,815	\$ 88,815	\$ 105,596	\$ 16,781
Revenue from use of property	265,848	265,848	270,349	4,501
Total revenue from use of money and property	<u>\$ 354,663</u>	<u>\$ 354,663</u>	<u>\$ 375,945</u>	<u>\$ 21,282</u>
Charges for services:				
Court costs	\$ 1,921	\$ 1,921	\$ 85,917	\$ 83,996
Charges for law library	7,000	7,000	7,529	529
Charges for courthouse maintenance	10,000	10,000	11,226	1,226
Miscellaneous fees	3,900	3,900	7,250	3,350
Charges for cannery	13,000	13,000	17,302	4,302
Charges for other protection	63,000	63,000	68,512	5,512
Total charges for services	<u>\$ 98,821</u>	<u>\$ 98,821</u>	<u>\$ 197,736</u>	<u>\$ 98,915</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Expenditure refunds	\$ 4,800	\$ 4,800	\$ 2,645	\$ (2,155)
Miscellaneous	21,200	21,200	73,346	52,146
Total miscellaneous	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 75,991</u>	<u>\$ 49,991</u>
Recovered costs:				
Other recovered costs	\$ 61,500	\$ 61,500	\$ 104,258	\$ 42,758
Circuit court judge	25,978	25,978	25,978	-
Total recovered costs	<u>\$ 87,478</u>	<u>\$ 87,478</u>	<u>\$ 130,236</u>	<u>\$ 42,758</u>
Total revenue from local sources	<u>\$ 17,585,210</u>	<u>\$ 17,585,210</u>	<u>\$ 19,232,437</u>	<u>\$ 1,647,227</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 63,412	\$ 3,412
Mobile home titling tax	25,000	25,000	34,451	9,451
Motor vehicle rental tax	500	500	1,743	1,243
State recordation tax	40,000	40,000	38,254	(1,746)
Communications tax	282,207	282,207	264,195	(18,012)
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	<u>\$ 1,713,057</u>	<u>\$ 1,713,057</u>	<u>\$ 1,707,405</u>	<u>\$ (5,652)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 423,834	\$ 423,834	\$ 415,688	\$ (8,146)
Sheriff	1,091,917	1,091,917	1,089,038	(2,879)
Commissioner of revenue	94,378	94,378	94,369	(9)
Treasurer	91,901	91,901	91,539	(362)
Registrar/electoral board	37,020	37,020	37,500	480
Clerk of the Circuit Court	302,229	310,983	312,543	1,560
Total shared expenses	<u>\$ 2,041,279</u>	<u>\$ 2,050,033</u>	<u>\$ 2,040,677</u>	<u>\$ (9,356)</u>
Other categorical aid:				
Emergency medical services	\$ 16,500	\$ 16,500	\$ 35,141	\$ 18,641
Welfare administration and assistance	895,055	895,055	1,007,055	112,000
Litter control grant	7,000	7,000	7,310	310

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other Categorical aid: (Continued)				
Comprehensive services act	\$ 861,300	\$ 861,300	\$ 426,211	\$ (435,089)
Victim-witness grant	35,000	35,000	12,637	(22,363)
Fire program funds	-	103,101	52,446	(50,655)
Other categorical	2,000	2,000	23,267	21,267
Total other categorical aid	<u>\$ 1,816,855</u>	<u>\$ 1,919,956</u>	<u>\$ 1,564,067</u>	<u>\$ (355,889)</u>
Total categorical aid	<u>\$ 3,858,134</u>	<u>\$ 3,969,989</u>	<u>\$ 3,604,744</u>	<u>\$ (365,245)</u>
Total revenue from the Commonwealth	<u>\$ 5,571,191</u>	<u>\$ 5,683,046</u>	<u>\$ 5,312,149</u>	<u>\$ (370,897)</u>
Revenue from the federal government:				
Categorical aid:				
Welfare administration and assistance	\$ 1,454,142	\$ 1,454,142	\$ 1,597,330	\$ 143,188
Emergency management performance grant	-	-	8,960	8,960
Other federal revenue	35,000	36,758	49,279	12,521
Total categorical aid	<u>\$ 1,489,142</u>	<u>\$ 1,490,900</u>	<u>\$ 1,655,569</u>	<u>\$ 164,669</u>
Total revenue from the federal government	<u>\$ 1,489,142</u>	<u>\$ 1,490,900</u>	<u>\$ 1,655,569</u>	<u>\$ 164,669</u>
Total General Fund	<u><u>\$ 24,645,543</u></u>	<u><u>\$ 24,759,156</u></u>	<u><u>\$ 26,200,155</u></u>	<u><u>\$ 1,440,999</u></u>
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 14,388</u>	<u>\$ 6,388</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 334,770</u>	<u>\$ 84,770</u>
Total revenue from local sources	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 349,158</u>	<u>\$ 91,158</u>
Total Landfill Construction Fund	<u><u>\$ 258,000</u></u>	<u><u>\$ 258,000</u></u>	<u><u>\$ 349,158</u></u>	<u><u>\$ 91,158</u></u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 68	\$ 68
Total revenue from local sources	\$ -	\$ -	\$ 68	\$ 68
Total Recreation Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 68</u>
Special Revenue Funds:				
Piedmont Court Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 800	\$ 800	\$ 1,225	\$ 425
Total revenue from use of money and property	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 1,225</u>	<u>\$ 425</u>
Charges for services:				
Other charges for services	\$ 64,000	\$ 64,000	\$ 59,527	\$ (4,473)
Total charges for services	<u>\$ 64,000</u>	<u>\$ 64,000</u>	<u>\$ 59,527</u>	<u>\$ (4,473)</u>
Miscellaneous:				
Other miscellaneous	\$ 330	\$ 330	\$ 497	\$ 167
Total miscellaneous	<u>\$ 330</u>	<u>\$ 330</u>	<u>\$ 497</u>	<u>\$ 167</u>
Total revenue from local sources	<u>\$ 65,130</u>	<u>\$ 65,130</u>	<u>\$ 61,249</u>	<u>\$ (3,881)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 462,431	\$ 462,431	\$ 462,431	\$ -
Total categorical aid	<u>\$ 462,431</u>	<u>\$ 462,431</u>	<u>\$ 462,431</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 462,431</u>	<u>\$ 462,431</u>	<u>\$ 462,431</u>	<u>\$ -</u>
Total Piedmont Court Services Fund	<u>\$ 527,561</u>	<u>\$ 527,561</u>	<u>\$ 523,680</u>	<u>\$ (3,881)</u>
Debt Service Fund:				
School Debt Service				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 36,045	\$ 36,045
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,045</u>	<u>\$ 36,045</u>
Total School Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,045</u>	<u>\$ 36,045</u>
Total Primary Government	<u>\$ 25,431,104</u>	<u>\$ 25,544,717</u>	<u>\$ 27,109,106</u>	<u>\$ 1,564,389</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 20,000	\$ 20,000	\$ 11,993	\$ (8,007)
Total revenue from use of money and property	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 11,993</u>	<u>\$ (8,007)</u>
Charges for services:				
Charges for education	\$ 123,078	\$ 160,578	\$ 262,688	\$ 102,110
Miscellaneous:				
Other miscellaneous	\$ 54,000	\$ 54,000	\$ 10,797	\$ (43,203)
Recovered costs:				
Other recovered costs	\$ 143,000	\$ 143,000	\$ 19,177	\$ (123,823)
Total revenue from local sources	<u>\$ 340,078</u>	<u>\$ 377,578</u>	<u>\$ 304,655</u>	<u>\$ (72,923)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,440,984	\$ 8,440,984	\$ 8,260,652	\$ (180,332)
Total revenues from local governments	<u>\$ 8,440,984</u>	<u>\$ 8,440,984</u>	<u>\$ 8,260,652</u>	<u>\$ (180,332)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,860,777	\$ 2,860,777	\$ 2,893,471	\$ 32,694
Basic school aid	6,027,146	6,027,146	5,975,485	(51,661)
Other state funds	5,442,910	5,513,310	5,504,331	(8,979)
Total categorical aid	<u>\$ 14,330,833</u>	<u>\$ 14,401,233</u>	<u>\$ 14,373,287</u>	<u>\$ (27,946)</u>
Total revenue from the Commonwealth	<u>\$ 14,330,833</u>	<u>\$ 14,401,233</u>	<u>\$ 14,373,287</u>	<u>\$ (27,946)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 959,067	\$ 1,077,227	\$ 1,035,522	\$ (41,705)
Title II	146,930	146,930	118,097	(28,833)
Title VI-B, special education flow-through	620,894	620,894	645,640	24,746
Title VI-B, pre-school	19,410	19,410	19,904	494
Title IV, Part A	-	-	42,050	42,050
Title V-A	41,600	41,600	26,170	(15,430)
21st Century	-	-	156,884	156,884
Vocational education	57,521	57,521	38,801	(18,720)
Other federal funds	2,835	2,835	-	(2,835)
Total categorical aid	<u>\$ 1,848,257</u>	<u>\$ 1,966,417</u>	<u>\$ 2,083,068</u>	<u>\$ 116,651</u>
Total School Operating Fund	<u>\$ 24,960,152</u>	<u>\$ 25,186,212</u>	<u>\$ 25,021,662</u>	<u>\$ (164,550)</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,215	\$ 1,215
Charges for services:				
Cafeteria sales	\$ 110,000	\$ 110,000	\$ 106,858	\$ (3,142)
Recovered costs:				
Other recovered costs	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenue from local sources	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 108,073</u>	<u>\$ (11,927)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 20,000	\$ 20,000	\$ 45,062	\$ 25,062
Total categorical aid	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 45,062</u>	<u>\$ 25,062</u>
Total revenue from the Commonwealth	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 45,062</u>	<u>\$ 25,062</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 1,111,000	\$ 1,236,000	\$ 1,391,085	\$ 155,085
Total categorical aid	<u>\$ 1,111,000</u>	<u>\$ 1,236,000</u>	<u>\$ 1,391,085</u>	<u>\$ 155,085</u>
Total School Cafeteria Fund	<u>\$ 1,251,000</u>	<u>\$ 1,376,000</u>	<u>\$ 1,544,220</u>	<u>\$ 168,220</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 26,211,152</u></u>	<u><u>\$ 26,562,212</u></u>	<u><u>\$ 26,565,882</u></u>	<u><u>\$ 3,670</u></u>

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 127,564	\$ 127,564	\$ 125,189	\$ 2,375
General and financial administration:				
County administrator	\$ 526,804	\$ 526,804	\$ 544,019	\$ (17,215)
Legal services	112,577	112,577	14,500	98,077
Commissioner of revenue	278,555	278,555	276,109	2,446
Treasurer	329,608	329,608	347,463	(17,855)
Independent Auditor	43,847	43,847	42,900	947
Assessor	12,000	12,000	23,700	(11,700)
Other general and financial administration	177,707	177,707	100,260	77,447
Total general and financial administration	\$ 1,481,098	\$ 1,481,098	\$ 1,348,951	\$ 132,147
Board of elections:				
Electoral board and officials	\$ 48,272	\$ 48,272	\$ 29,375	\$ 18,897
Registrar	95,513	95,513	92,796	2,717
Total board of elections	\$ 143,785	\$ 143,785	\$ 122,171	\$ 21,614
Total general government administration	\$ 1,752,447	\$ 1,752,447	\$ 1,596,311	\$ 156,136
Judicial administration:				
Courts:				
Circuit court	\$ 55,274	\$ 55,274	\$ 50,654	\$ 4,620
General district court	9,770	9,770	8,449	1,321
Office of the magistrates	3,025	3,025	2,435	590
Clerk of the circuit court	486,211	494,965	487,393	7,572
Law library	7,000	7,000	6,350	650
Sheriff - courts	403,098	403,098	446,863	(43,765)
Victim and witness assistance	70,766	72,524	72,251	273
Total courts	\$ 1,035,144	\$ 1,045,656	\$ 1,074,395	\$ (28,739)
Commonwealth's attorney:				
Commonwealth's attorney	\$ 595,411	\$ 597,992	\$ 553,315	\$ 44,677
Total judicial administration	\$ 1,630,555	\$ 1,643,648	\$ 1,627,710	\$ 15,938
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,054,469	\$ 2,209,119	\$ 2,269,861	\$ (60,742)
Emergency services	59,466	59,466	25,892	33,574
Line of Duty Act payments	17,500	17,500	20,552	(3,052)
Total law enforcement and traffic control	\$ 2,131,435	\$ 2,286,085	\$ 2,316,305	\$ (30,220)
Fire and rescue services:				
Fire department	\$ 536,600	\$ 811,810	\$ 779,911	\$ 31,899
Ambulance and rescue services	92,800	92,800	92,800	-
Forestry service	11,687	11,687	11,716	(29)
Total fire and rescue services	\$ 641,087	\$ 916,297	\$ 884,427	\$ 31,870

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail and juvenile detention	\$ 1,285,000	\$ 1,285,000	\$ 941,872	\$ 343,128
Inspections:				
Building	\$ 55,865	\$ 58,565	\$ 59,881	\$ (1,316)
Other protection:				
Animal control	\$ 129,697	\$ 139,233	\$ 130,670	\$ 8,563
Other protection	7,500	7,500	7,500	-
Medical examiner (coroner)	500	500	485	15
Total other protection	\$ 137,697	\$ 147,233	\$ 138,655	\$ 8,578
Total public safety	\$ 4,251,084	\$ 4,693,180	\$ 4,341,140	\$ 352,040
Public works:				
Sanitation and waste removal:				
Litter control	\$ 7,452	\$ 7,452	\$ -	\$ 7,452
Total sanitation and waste removal	\$ 7,452	\$ 7,452	\$ -	\$ 7,452
Maintenance of general buildings and grounds:				
General properties	\$ 692,383	\$ 694,221	\$ 763,086	\$ (68,865)
Total public works	\$ 699,835	\$ 701,673	\$ 763,086	\$ (61,413)
Health and welfare:				
Health:				
Supplement of local health department	\$ 169,791	\$ 169,791	\$ 163,966	\$ 5,825
Mental health and mental retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Welfare administration and assistance	\$ 2,953,997	\$ 2,953,997	\$ 3,144,383	\$ (190,386)
Comprehensive services act	1,201,000	1,201,000	582,417	618,583
Other welfare programs	78,611	78,611	69,211	9,400
Total welfare	\$ 4,233,608	\$ 4,233,608	\$ 3,796,011	\$ 437,597
Total health and welfare	\$ 4,463,399	\$ 4,463,399	\$ 4,019,977	\$ 443,422
Education:				
Other instructional costs:				
Contributions to community college	\$ 11,750	\$ 11,750	\$ 11,750	\$ -
Contribution to County School Board	8,440,984	8,440,984	8,260,652	180,332
Total education	\$ 8,452,734	\$ 8,452,734	\$ 8,272,402	\$ 180,332

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 57,000	\$ 57,000	\$ 57,000	\$ -
Cultural enrichment:				
Museums	\$ 13,000	\$ 13,000	\$ 8,000	\$ 5,000
Contribution to regional library	\$ 234,078	\$ 234,078	\$ 234,078	\$ -
Total parks, recreation, and cultural	\$ 304,078	\$ 304,078	\$ 299,078	\$ 5,000
Community development:				
Planning and community development:				
Planning	\$ 189,697	\$ 189,697	\$ 134,364	\$ 55,333
Community development	48,850	48,850	48,850	-
Economic development	205,849	205,849	133,934	71,915
Tourism	82,095	87,847	101,133	(13,286)
Other community development	43,368	43,368	270,047	(226,679)
Total planning and community development	\$ 569,859	\$ 575,611	\$ 688,328	\$ (112,717)
Environmental management:				
Soil and water conservation	\$ 17,840	\$ 17,840	\$ 16,278	\$ 1,562
Cooperative extension program:				
Cooperative extension program	\$ 73,537	\$ 73,537	\$ 65,444	\$ 8,093
Cannery	81,581	81,581	71,316	10,265
Total cooperative extension program	\$ 155,118	\$ 155,118	\$ 136,760	\$ 18,358
Total community development	\$ 742,817	\$ 748,569	\$ 841,366	\$ (92,797)
Nondepartmental:				
Other nondepartmental	\$ 184,007	\$ 147,331	\$ 91,379	\$ 55,952
Total nondepartmental	\$ 184,007	\$ 147,331	\$ 91,379	\$ 55,952
Capital projects:				
Sandy River reservoir project	\$ 28,000	\$ 28,000	\$ 5,900	\$ 22,100
Sheriff capital projects	-	353,124	54,937	298,187
Courthouse renovation	-	-	3,766	(3,766)
Steps, Inc project	-	1,075,445	1,415,495	(340,050)
DSS Building	-	1,590,159	3,680,071	(2,089,912)
Other capital projects	152,350	1,266,233	1,297,944	(31,711)
Total capital projects	\$ 180,350	\$ 4,312,961	\$ 6,458,113	\$ (2,145,152)
Debt service:				
Principal retirement	\$ 471,268	\$ 471,268	\$ 471,528	\$ (260)
Interest and other fiscal charges	199,584	199,584	199,584	-
Total debt service	\$ 670,852	\$ 670,852	\$ 671,112	\$ (260)
Total General Fund	\$ 23,332,158	\$ 27,890,872	\$ 28,981,674	\$ (1,090,802)

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

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Piedmont Court Services Fund:				
Public safety:				
Correction and detention:				
Piedmont Court Services	\$ 566,274	\$ 566,274	\$ 455,489	\$ 110,785
Total other protection	<u>\$ 566,274</u>	<u>\$ 566,274</u>	<u>\$ 455,489</u>	<u>\$ 110,785</u>
Total public safety	<u>\$ 566,274</u>	<u>\$ 566,274</u>	<u>\$ 455,489</u>	<u>\$ 110,785</u>
Total Piedmont Court Services Fund	<u><u>\$ 566,274</u></u>	<u><u>\$ 566,274</u></u>	<u><u>\$ 455,489</u></u>	<u><u>\$ 110,785</u></u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 258,000	\$ 258,000	\$ -	\$ 258,000
Total Landfill Construction Fund	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ -</u>	<u>\$ 258,000</u>
Total Capital Projects Fund	<u><u>\$ 258,000</u></u>	<u><u>\$ 258,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 258,000</u></u>
Total Primary Government	<u><u>\$ 24,156,432</u></u>	<u><u>\$ 28,715,146</u></u>	<u><u>\$ 29,437,163</u></u>	<u><u>\$ (722,017)</u></u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 18,136,940	\$ 18,009,673	\$ 17,892,110	\$ 117,563
Administration, attendance, and health	1,550,068	1,450,068	1,448,927	1,141
Pupil transportation services	1,698,028	2,001,864	1,998,571	3,293
Operation and maintenance services	1,692,306	1,715,344	1,792,868	(77,524)
Technology	1,086,957	1,213,410	1,206,780	6,630
Facilities	194,495	194,495	194,095	400
Total education	<u>\$ 24,358,794</u>	<u>\$ 24,584,854</u>	<u>\$ 24,533,351</u>	<u>\$ 51,503</u>
Debt service:				
Principal retirement	\$ 463,737	\$ 463,737	\$ 350,690	\$ 113,047
Interest and other fiscal charges	137,621	137,621	137,621	-
Total debt service	<u>\$ 601,358</u>	<u>\$ 601,358</u>	<u>\$ 488,311</u>	<u>\$ 113,047</u>
Total School Operating Fund	<u><u>\$ 24,960,152</u></u>	<u><u>\$ 25,186,212</u></u>	<u><u>\$ 25,021,662</u></u>	<u><u>\$ 164,550</u></u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,301,000	\$ 1,426,000	\$ 1,494,398	\$ (68,398)
Total School Cafeteria Fund	<u>\$ 1,301,000</u>	<u>\$ 1,426,000</u>	<u>\$ 1,494,398</u>	<u>\$ (68,398)</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 26,261,152</u></u>	<u><u>\$ 26,612,212</u></u>	<u><u>\$ 26,516,060</u></u>	<u><u>\$ 96,152</u></u>

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the 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.

7 - 10

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

11 - 12

Demographic and Economic Information

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

13

Operating Information

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

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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 PRINCE EDWARD, VIRGINIA

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

	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets	\$ 2,534,819	\$ 2,584,694	\$ 1,520,646	\$ 2,079,106	\$ 2,080,125
Restricted	-	-	-	-	-
Unrestricted	1,538,199	4,090,425	6,750,994	9,844,776	6,126,366
Total governmental activities net position	<u>\$ 4,073,018</u>	<u>\$ 6,675,119</u>	<u>\$ 8,271,640</u>	<u>\$ 11,923,882</u>	<u>\$ 8,206,491</u>
Business-type activities					
Net investment in capital assets	\$ 851,144	\$ 480,268	\$ (499,787)	\$ (428,489)	\$ (353,000)
Unrestricted	(149,653)	52,852	755,314	319,991	(4,056)
Total business-type activities net position	<u>\$ 701,491</u>	<u>\$ 533,120</u>	<u>\$ 255,527</u>	<u>\$ (108,498)</u>	<u>\$ (357,056)</u>
Primary government					
Net investment in capital assets	\$ 3,385,963	\$ 3,064,962	\$ 1,020,859	\$ 1,650,617	\$ 1,727,125
Restricted	-	-	-	-	-
Unrestricted	1,388,546	4,143,277	7,506,308	10,164,767	6,122,310
Total primary government net position	<u>\$ 4,774,509</u>	<u>\$ 7,208,239</u>	<u>\$ 8,527,167</u>	<u>\$ 11,815,384</u>	<u>\$ 7,849,435</u>

Table 1

	2015	2016	2017	2018	2019
\$	2,289,146	\$ 1,858,573	\$ 228,916	\$ 1,288,819	\$ 7,558,474
	95,258	95,258	87,685	88,483	88,482
	(476,746)	(105,149)	4,521,689	5,032,824	3,660,161
	<u>1,907,658</u>	<u>1,848,682</u>	<u>4,838,290</u>	<u>6,410,126</u>	<u>11,307,117</u>
\$	(275,337)	\$ (191,305)	\$ (97,927)	\$ 334,066	\$ 586,262
	(324,456)	(642,461)	(963,915)	(39,272)	(1,064,618)
	<u>(599,793)</u>	<u>(833,766)</u>	<u>(1,061,842)</u>	<u>294,794</u>	<u>(478,356)</u>
\$	2,013,809	\$ 1,667,268	\$ 130,989	\$ 1,622,885	\$ 8,144,736
	95,258	95,258	87,685	88,483	88,482
	(801,202)	(747,610)	3,557,774	4,993,552	2,595,543
	<u>1,307,865</u>	<u>1,014,916</u>	<u>3,776,448</u>	<u>6,704,920</u>	<u>10,828,761</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government administration	\$ 1,795,153	\$ 1,869,443	\$ 1,960,555	\$ 1,940,807	\$ 4,967,094
Judicial administration	1,175,955	1,147,492	1,137,299	1,215,821	1,320,809
Public safety	2,910,454	3,118,622	3,270,479	4,159,935	5,243,483
Public works	2,105,782	2,228,299	2,058,022	2,065,013	2,032,088
Health and welfare	3,894,723	4,382,927	4,094,036	3,741,349	3,810,158
Education	7,082,604	7,695,814	7,440,879	7,728,685	8,126,108
Parks, recreation and cultural	293,485	94,271	290,155	302,000	365,365
Community development	721,676	658,469	647,868	722,579	906,637
Interest on long-term debt	676,992	514,419	500,719	385,095	344,386
Total governmental activities expenses	\$ 20,656,824	\$ 21,709,756	\$ 21,400,012	\$ 22,261,284	\$ 27,116,128
Business-type activities:					
Water	\$ 69,875	\$ 127,189	\$ 200,571	\$ 188,411	\$ 181,343
Sewer	83,078	62,885	78,869	70,901	69,773
Landfill	-	-	-	-	-
Total business-type activities expenses	\$ 152,953	\$ 190,074	\$ 279,440	\$ 259,312	\$ 251,116
Total primary government expenses	\$ 20,809,777	\$ 21,899,830	\$ 21,679,452	\$ 22,520,596	\$ 27,367,244
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ 100	\$ -	\$ -	\$ -	\$ -
Judicial administration	77,250	64,241	63,456	127,690	182,240
Public safety	135,014	122,036	112,457	186,172	202,472
Public works	749,031	717,441	747,804	792,492	603,518
Community development	12,456	12,518	14,311	10,660	11,600
Operating grants and contributions	5,272,050	5,217,595	4,781,772	5,416,084	5,616,484
Capital grants and contributions	-	668,002	390,000	2,093,667	2,337
Total governmental activities program revenues	\$ 6,245,901	\$ 6,801,833	\$ 6,109,800	\$ 8,626,765	\$ 6,618,651
Business-type activities:					
Charges for services:					
Water	\$ 1,289	\$ 1,386	\$ 628	\$ 4,332	\$ 778
Sewer	7,713	2,317	1,219	1,790	1,780
Landfill	-	-	-	-	-
Capital grants and contributions	21,750	18,000	-	-	-
Total business-type activities program revenues	\$ 30,752	\$ 21,703	\$ 1,847	\$ 6,122	\$ 2,558
Total primary government program revenues	\$ 6,276,653	\$ 6,823,536	\$ 6,111,647	\$ 8,632,887	\$ 6,621,209
Net (expense) / revenue					
Governmental activities	\$ (14,410,923)	\$ (14,907,923)	\$ (15,290,212)	\$ (13,634,519)	\$ (20,497,477)
Total primary government net expense	\$ (14,533,124)	\$ (15,076,294)	\$ (15,567,805)	\$ (13,887,709)	\$ (20,746,035)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 9,925,117	\$ 10,796,720	\$ 10,919,152	\$ 11,103,740	\$ 11,076,090
Local sales and use taxes	2,526,302	2,558,209	2,614,512	2,691,630	2,585,962
Taxes on recordation and wills	121,912	109,777	95,354	165,224	140,040
Motor vehicle licenses taxes	313,778	475,995	445,920	464,581	460,643
Consumer utility taxes	387,557	375,945	289,770	324,910	306,197
Other local taxes	12	-	57,122	69,784	71,768
Unrestricted grants and contributions	1,619,326	1,664,644	1,564,362	1,707,699	1,693,827
Unrestricted revenues from use of money and property	329,506	374,912	379,221	356,455	341,618
Miscellaneous	126,880	169,346	125,734	165,620	103,941
Gain (loss) on disposal of capital assets	100,277	-	-	-	-
Transfers	(854,103)	-	-	-	-
Total governmental activities	\$ 14,596,564	\$ 16,525,548	\$ 16,491,147	\$ 17,049,643	\$ 16,780,086
Business-type activities:					
Miscellaneous	\$ 250	\$ -	\$ -	\$ -	\$ -
Transfers	854,103	-	-	-	-
Total business-type activities	\$ 854,353	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 15,450,917	\$ 16,525,548	\$ 16,491,147	\$ 17,049,643	\$ 16,780,086
Change in Net Position					
Governmental activities	\$ 185,641	\$ 1,617,625	\$ 1,200,935	\$ 3,415,124	\$ (3,717,391)
Business-type activities	732,152	(168,371)	(277,593)	(253,190)	(248,558)
Total primary government	\$ 917,793	\$ 1,449,254	\$ 923,342	\$ 3,161,934	\$ (3,965,949)

Table 2

	2015	2016	2017	2018	2019
\$	1,836,885	\$ 1,978,261	\$ 1,879,121	\$ 2,042,261	\$ 2,202,773
	1,228,338	2,183,197	1,230,677	1,315,062	1,150,670
	4,988,167	4,988,608	4,676,477	4,886,784	5,392,741
	1,991,833	1,783,830	1,900,935	1,798,146	1,081,261
	3,873,482	4,200,104	4,488,190	4,261,484	4,012,545
	11,968,460	8,197,715	9,217,509	7,669,358	7,853,856
	284,325	315,351	278,804	282,598	299,078
	572,714	660,282	450,083	638,456	590,515
	315,615	380,944	236,844	387,718	304,047
\$	<u>27,059,819</u>	<u>\$ 24,688,292</u>	<u>\$ 24,358,640</u>	<u>\$ 23,281,867</u>	<u>\$ 22,887,486</u>
\$	178,144	\$ 170,631	\$ 167,039	\$ 121,832	\$ 102,939
	67,707	65,993	63,639	46,855	41,587
	-	-	-	366,017	1,173,888
\$	<u>245,851</u>	<u>\$ 236,624</u>	<u>\$ 230,678</u>	<u>\$ 534,704</u>	<u>\$ 1,318,414</u>
\$	<u>27,305,670</u>	<u>\$ 24,924,916</u>	<u>\$ 24,589,318</u>	<u>\$ 23,816,571</u>	<u>\$ 24,205,900</u>
\$	-	\$ -	\$ 77,574	\$ 922,028	\$ 933,900
	200,947	148,791	220,831	230,047	222,815
	194,988	187,308	179,619	223,106	291,622
	575,946	583,490	717,693	339,844	356,559
	14,308	13,985	13,096	11,591	9,944
	5,595,435	5,813,572	5,991,324	5,923,691	5,718,072
	-	-	-	-	-
\$	<u>6,581,624</u>	<u>\$ 6,747,146</u>	<u>\$ 7,200,137</u>	<u>\$ 7,650,307</u>	<u>\$ 7,532,912</u>
\$	1,134	\$ 1,063	\$ 862	\$ 778	\$ 834
	1,980	1,588	1,740	1,516	1,841
	-	-	-	646,512	729,047
	-	-	-	-	-
\$	<u>3,114</u>	<u>\$ 2,651</u>	<u>\$ 2,602</u>	<u>\$ 648,806</u>	<u>\$ 731,722</u>
\$	<u>6,584,738</u>	<u>\$ 6,749,797</u>	<u>\$ 7,202,739</u>	<u>\$ 8,299,113</u>	<u>\$ 8,264,634</u>
\$	<u>(20,478,195)</u>	<u>\$ (17,941,146)</u>	<u>\$ (17,158,503)</u>	<u>\$ (15,631,560)</u>	<u>\$ (15,354,574)</u>
\$	<u>(20,720,932)</u>	<u>\$ (18,175,119)</u>	<u>\$ (17,386,579)</u>	<u>\$ (15,517,458)</u>	<u>\$ (15,941,266)</u>
\$	11,877,989	\$ 11,867,596	\$ 12,934,371	\$ 13,232,616	\$ 13,842,076
	2,722,713	2,714,379	2,807,361	2,864,176	2,986,074
	157,890	205,362	203,446	205,308	156,349
	548,133	417,138	492,489	483,347	547,162
	307,372	307,536	309,779	313,830	316,994
	60,260	65,589	64,690	64,408	78,914
	1,850,727	1,774,380	1,756,921	1,728,039	1,712,077
	360,957	331,892	336,954	832,179	348,973
	128,268	198,298	42,697	187,120	76,488
	-	-	-	-	-
	-	-	-	(1,242,534)	-
\$	<u>18,014,309</u>	<u>\$ 17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 18,668,489</u>	<u>\$ 20,065,107</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	1,242,534	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,242,534</u>	<u>\$ -</u>
\$	<u>18,014,309</u>	<u>\$ 17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 19,911,023</u>	<u>\$ 20,065,107</u>
\$	(2,463,886)	\$ (58,976)	\$ 1,790,205	\$ 3,036,929	\$ 4,710,533
	(242,737)	(233,973)	(228,076)	1,356,636	(586,692)
\$	<u>(2,706,623)</u>	<u>\$ (292,949)</u>	<u>\$ 1,562,129</u>	<u>\$ 4,393,565</u>	<u>\$ 4,123,841</u>

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Recordation and Wills Tax	Total
2019	\$ 13,842,076	\$ 2,999,634	\$ 316,994	\$ 547,162	\$ 156,349	\$ 17,862,215
2018	13,311,281	2,864,176	313,830	483,347	205,308	17,177,942
2017	12,934,371	2,807,361	309,779	492,489	203,446	16,747,446
2016	11,867,596	2,714,379	307,536	417,138	205,362	15,512,011
2015	11,877,989	2,722,713	307,372	548,133	157,890	15,614,097
2014	11,076,090	2,585,962	306,197	460,643	140,040	14,568,932
2013	11,103,740	2,691,630	324,910	464,581	165,224	14,750,085
2012	10,919,152	2,614,512	289,770	445,920	95,354	14,364,708
2011	10,796,720	2,558,209	375,945	475,995	109,777	14,316,646
2010	9,925,117	2,526,302	387,557	313,778	121,912	13,274,666

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ 13,899	\$ -	\$ -	\$ -
Restricted for:					
Retiree benefits	-	399	5,479	1,974	-
Community Development Authority	-	-	-	-	-
Unassigned	-	9,603,023	9,998,619	10,720,302	9,038,328
Reserved	1,106	-	-	-	-
Unreserved	8,774,360	-	-	-	-
Total general fund	<u>\$ 8,775,466</u>	<u>\$ 9,617,321</u>	<u>\$ 10,004,098</u>	<u>\$ 10,722,276</u>	<u>\$ 9,038,328</u>
All other governmental funds					
Restricted:					
Debt service	\$ -	\$ 529,233	\$ 653,285	\$ 780,277	\$ 910,353
Assigned:					
Landfill construction	-	898,059	1,225,075	1,482,743	1,784,386
Recreation capital projects	-	27,002	27,116	28,414	20,468
Special revenue	-	-	-	330,858	337,125
Reserved	408,069	-	-	-	-
Unreserved, reported in:					
Capital projects funds	639,629	-	-	-	-
Total all other governmental funds	<u>\$ 1,047,698</u>	<u>\$ 1,454,294</u>	<u>\$ 1,905,476</u>	<u>\$ 2,622,292</u>	<u>\$ 3,052,332</u>

(1) The County implemented GASB 54 in fiscal year 2011.

Table 4

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	95,258	95,258	87,685	88,483	88,482
	-	-	-	-	-
	-	-	-	-	-
	<u>9,811,281</u>	<u>9,672,556</u>	<u>12,112,059</u>	<u>12,832,402</u>	<u>9,940,731</u>
\$	<u><u>9,906,539</u></u>	<u><u>9,767,814</u></u>	<u><u>12,199,744</u></u>	<u><u>12,920,885</u></u>	<u><u>10,029,213</u></u>
\$	1,043,470	\$ 1,179,675	\$ 1,319,176	\$ 1,461,991	\$ 1,608,189
	2,092,086	1,278,266	1,203,394	1,536,362	1,885,520
	20,492	14,038	8,085	8,146	8,214
	301,945	290,950	306,612	332,111	400,302
	-	-	-	-	-
	-	-	-	-	-
\$	<u><u>3,457,993</u></u>	<u><u>2,762,929</u></u>	<u><u>2,837,267</u></u>	<u><u>3,338,610</u></u>	<u><u>3,902,225</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2010	2011	2012	2013
Revenues				
General property taxes	\$ 9,911,626	\$ 10,548,439	\$ 10,561,257	\$ 10,949,252
Other local taxes	3,349,561	3,519,926	3,502,678	3,716,129
Permits, privilege fees and regulatory licenses	86,207	67,681	62,437	70,344
Fines and forfeitures	47,822	38,770	41,216	106,409
Revenue from use of money and property	329,506	374,912	379,217	356,455
Charges for services	839,822	809,785	834,375	940,261
Miscellaneous	231,167	216,177	200,465	268,908
Recovered costs	45,111	266,220	130,380	122,337
Intergovernmental:				
Commonwealth	5,432,928	5,594,185	5,019,333	7,917,815
Federal	1,458,448	1,956,056	1,716,801	1,299,635
Total revenues	\$ 21,732,198	\$ 23,392,151	\$ 22,448,159	\$ 25,747,545
Expenditures				
General government administration	\$ 1,453,038	\$ 1,443,953	\$ 1,525,092	\$ 1,577,327
Judicial administration	1,482,540	1,494,170	1,480,002	1,581,018
Public safety	2,516,411	2,672,181	2,914,040	3,675,254
Public works	1,786,034	1,776,525	1,665,056	1,909,601
Health and welfare	3,890,975	4,398,020	4,103,322	3,732,134
Education	7,451,833	7,955,280	7,696,610	7,899,254
Parks, recreation and cultural	293,159	274,659	295,383	299,506
Community development	478,134	526,537	754,145	687,859
Capital projects	592,857	533,202	1,925,793	2,288,200
Nondepartmental	136,046	126,189	155,200	73,454
Debt service				
Principal	589,253	552,298	296,615	571,714
Interest and other fiscal charges	390,686	390,686	456,027	356,331
Total expenditures	\$ 21,060,966	\$ 22,143,700	\$ 23,267,285	\$ 24,651,652
Excess (deficiency) of revenues over (under) expenditures	\$ 671,232	\$ 1,248,451	\$ (819,126)	\$ 1,095,893
Other financing sources (uses)				
Transfers in	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
Transfers out	(964,256)	(110,153)	(110,153)	(110,153)
Refunding bonds issued	-	-	7,203,798	-
Premium on bonds issued	-	-	983,512	-
Payments to refunded bond escrow agent	-	-	(6,530,225)	-
Issuance of debt	120,000	-	-	-
Total other financing sources (uses)	\$ (734,103)	\$ -	\$ 1,657,085	\$ -
Net change in fund balances	\$ (62,871)	\$ 1,248,451	\$ 837,959	\$ 1,095,893
Debt service as a percentage of noncapital expenditures	4.89%	4.47%	3.53%	4.15%

Note: Does not include discretely presented component unit.

Table 5

	2014	2015	2016	2017	2018	2019
\$	10,868,709	\$ 12,164,324	\$ 11,988,352	\$ 12,659,333	\$ 13,311,281	\$ 14,078,027
	3,564,610	3,796,368	3,710,005	3,877,548	3,930,605	4,085,494
	69,529	79,339	98,002	73,445	84,435	96,743
	156,204	171,827	120,200	192,680	201,017	192,265
	341,618	360,957	331,891	374,453	416,291	427,671
	774,097	735,023	715,374	865,332	519,598	592,033
	236,145	283,391	198,298	143,516	171,290	76,488
	119,153	101,411	124,292	79,193	98,397	130,236
	5,899,638	6,027,849	6,087,230	6,131,076	5,978,835	5,774,580
	1,413,010	1,418,313	1,500,721	1,617,169	1,697,047	1,655,569
\$	<u>23,442,713</u>	<u>\$ 25,138,802</u>	<u>\$ 24,874,365</u>	<u>\$ 26,013,745</u>	<u>\$ 26,408,796</u>	<u>\$ 27,109,106</u>
\$	1,788,018	\$ 1,556,430	\$ 1,564,514	\$ 1,626,463	\$ 1,612,576	\$ 1,596,311
	1,712,847	1,640,931	1,645,993	1,607,932	1,580,707	1,627,710
	4,720,230	4,680,697	4,780,666	4,470,112	4,470,448	4,796,629
	1,926,912	2,074,408	1,875,840	1,763,373	1,462,747	763,086
	3,806,903	3,970,706	4,304,800	4,487,585	4,274,895	4,019,977
	8,301,411	8,031,503	8,303,927	7,393,077	8,068,635	8,272,402
	362,013	288,890	319,851	282,804	280,598	299,078
	844,138	579,448	650,874	478,395	661,489	841,366
	247,877	80,702	1,308,827	486,154	535,553	6,458,113
	74,015	65,554	67,188	32,560	104,186	91,379
	565,424	573,861	587,247	607,248	648,407	471,528
	346,833	321,800	298,427	271,774	265,038	199,584
\$	<u>24,696,621</u>	<u>\$ 23,864,930</u>	<u>\$ 25,708,154</u>	<u>\$ 23,507,477</u>	<u>\$ 23,965,279</u>	<u>\$ 29,437,163</u>
\$	<u>(1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>	<u>\$ 2,506,268</u>	<u>\$ 2,443,517</u>	<u>\$ (2,328,057)</u>
\$	110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
	(110,153)	(110,153)	(110,153)	(110,153)	(1,352,687)	(110,153)
	-	-	-	-	2,391,777	-
	-	-	-	-	390,793	-
	-	-	-	-	(2,761,069)	-
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,221,033)</u>	<u>\$ -</u>
\$	<u>(1,253,908)</u>	<u>\$ 1,273,872</u>	<u>\$ (833,789)</u>	<u>\$ 2,506,268</u>	<u>\$ 1,222,484</u>	<u>\$ (2,328,057)</u>
	3.73%	3.77%	3.63%	3.82%	3.98%	2.36%

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax (1)	Motor Vehicle License Tax	Recordation and Wills Tax	E911 Tax (1)	Gross Receipts Tax	Total
2019	\$ 14,078,027	\$ 2,999,634	\$ 316,994	\$ 547,162	\$ 156,349	\$ -	\$ 65,355	18,163,521
2018	13,311,281	2,864,176	313,830	483,347	205,308	-	63,944	17,241,886
2017	12,659,333	2,807,361	309,779	492,489	203,446	-	64,473	16,536,881
2016	11,988,352	2,714,379	307,536	417,138	205,362	-	65,590	15,698,357
2015	12,164,324	2,722,713	307,372	541,664	157,890	-	66,729	15,960,692
2014	10,868,709	2,585,962	306,197	460,643	140,040	-	71,768	14,433,319
2013	10,949,252	2,691,630	324,910	464,581	165,224	-	69,784	14,665,381
2012	10,561,257	2,614,512	289,770	445,920	95,354	-	57,122	14,063,935
2011	10,548,439	2,558,209	300,823	475,995	109,777	-	75,122	14,068,365
2010	9,911,626	2,526,302	297,025	313,778	121,912	12	90,532	13,261,187

(1) Commencing in 2007 all consumer utility taxes including E-911 taxes, as they relates to communication companies were remitted to the Commonwealth. The County receives a payment from the Commnowealth representing the respective share of the communication taxes.

(2) Effective for the FY 2010 audit report, communications tax is reported as non-categorical state aid.

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Fiscal Year	Real Estate (1)	Personal Property (1)	Mobile Homes	Machinery and Tools
2019	\$ 1,531,213,900	\$ 127,082,800	\$ 7,743,810	\$ 727,550
2018	1,518,645,315	122,819,551	7,578,860	1,047,631
2017	1,501,993,440	119,922,383	7,460,730	1,067,695
2016	1,476,787,676	109,881,928	7,201,680	909,060
2015	1,593,856,675	105,257,875	9,292,235	737,600
2014	1,584,918,225	105,312,817	9,283,568	910,900
2013	1,576,717,255	104,873,820	9,574,543	623,875
2012	1,566,410,640	101,614,604	9,646,985	706,975
2011	1,554,835,140	99,133,100	9,618,210	791,825
2010	1,528,365,240	94,930,963	10,293,720	770,925

(1) Real estate and personal property are assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Source: Commissioner of Revenue

Table 7

<u>Merchants' Capital</u>	<u>Public Service (2)</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 57,081,500	\$ 100,876,583	\$ 1,824,726,143	\$ 1,824,726,143	100.00%
66,188,415	98,806,317	1,815,086,089	1,815,086,089	100.00%
58,950,650	103,798,120	1,793,193,018	1,793,193,018	100.00%
55,491,150	94,692,680	1,744,964,174	1,744,964,174	100.00%
57,499,650	94,140,180	1,860,784,215	1,860,784,215	100.00%
56,631,950	89,731,651	1,846,789,111	1,846,789,111	100.00%
54,574,800	83,433,739	1,829,798,032	1,829,798,032	100.00%
59,275,350	66,704,405	1,804,358,959	1,804,358,959	100.00%
60,034,150	67,442,018	1,791,854,443	1,791,854,443	100.00%
65,748,650	67,095,810	1,767,205,308	1,767,205,308	100.00%

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

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Merchants' Capital
2019	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
2018	0.51	4.50	0.51	4.20	0.70
2017	0.51	4.50	0.51	4.20	0.70
2016	0.49	4.50	0.49	4.20	0.70
2015	0.47	4.50	0.47	4.20	0.70
2014	0.42	4.50	0.42	4.20	0.70
2013	0.42	4.50	0.42	4.20	0.70
2012	0.42	4.50	0.42	4.20	0.70
2011	0.42	4.50	0.42	4.20	0.70
2010	0.40	4.50	0.40	4.20	0.70

(1) Per \$100 of assessed value

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2019	\$ 14,538,363	\$ 12,389,344	85.22%	\$ 1,229,767	\$ 13,619,111	93.68%	\$ 1,568,994	10.79%
2018	14,313,148	12,408,274	86.69%	903,007	13,311,281	93.00%	1,779,771	12.43%
2017	14,091,430	12,061,789	85.60%	597,544	12,659,333	89.84%	2,610,641	18.53%
2016	13,088,275	12,372,851	94.53%	612,200	12,985,051	99.21%	2,333,711	17.83%
2015	13,263,062	12,351,793	93.13%	797,023	13,148,816	99.14%	2,283,998	17.22%
2014	12,959,216	11,764,506	90.78%	409,553	12,174,059	93.94%	2,361,048	18.22%
2013	12,257,922	11,704,121	95.48%	550,481	12,254,602	99.97%	2,094,321	17.09%
2012	12,039,405	11,166,716	92.75%	422,421	11,589,137	96.26%	1,895,311	15.74%
2011	11,893,196	11,192,840	94.11%	725,383	11,918,223	100.21%	1,605,344	13.50%
2010	11,443,731	10,682,795	93.35%	379,748	11,062,543	96.67%	1,364,269	11.92%

(1) Exclusive of penalties and interest. Includes personal property tax relief funds.

(2) Includes twenty years real estate and four years personal property taxes.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2019		Fiscal Year 2010	
	2018 Assessed Valuation	% of Total Assessed Valuation	2009 Assessed Valuation	% of Total Assessed Valuation
Southside Community Nursing	\$ 21,816,100	1.19%	\$ 12,739,500	0.99%
Shoppes of College Park, LLC	8,047,400	0.44%	-	0.00%
Longwood Village Shopping Center	7,892,200	0.43%	6,832,300	0.84%
Southside Holding	6,055,200	0.33%	3,118,900	0.25%
Wright, Patrica W.	3,610,500	0.20%	2,001,200	0.17%
Davis Real Properties LLC	3,104,100	0.17%	4,152,200	0.36%
Southgate Associates II	2,222,500	0.12%	4,733,200	0.39%
Andrews Large & Whidden, Inc.	1,447,000	0.08%	-	0.00%
Garnett, James	908,400	0.05%	1,493,400	0.17%
Statewide Realty Co.	332,700	0.02%	960,300	0.08%
Landon G. Atkins Revocable Trust	27,400	0.00%	793,700	0.09%
Farmville Partners, LLC	-	0.00%	4,778,400	0.61%
	<u>\$ 55,463,500</u>	<u>3.03%</u>	<u>\$ 41,603,100</u>	<u>3.95%</u>

Source: Commissioner of Revenue

Ratios of Outstanding Debt by Types
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Other Notes/Bonds	General Lease Purchases	Other Notes/Bonds			
2019	\$ 2,266,949	\$ 2,741,295	\$ 7,095,020	\$ 3,323,579	\$ 15,426,843	2.21%	672
2018	2,630,870	2,949,582	7,407,445	3,589,760	16,577,657	2.38%	730
2017	4,366,506	4,599,074	5,103,197	3,825,118	17,893,895	2.56%	773
2016	5,117,798	4,798,254	5,123,382	4,005,461	19,044,895	2.73%	815
2015	5,852,125	4,991,985	5,123,382	4,176,457	20,143,949	2.99%	873
2014	6,569,847	5,182,084	-	4,341,086	16,093,017	2.53%	706
2013	7,297,699	5,427,677	-	4,503,541	17,228,917	2.79%	741
2012	8,028,021	5,668,629	-	4,661,803	18,358,453	2.97%	781
2011	5,157,837	7,696,025	-	3,750,000	16,603,862	3.33%	711
2010	5,778,724	8,181,343	-	2,500,000	16,460,067	4.06%	736

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 13

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2019	\$ 2,579,387	\$ 460,208	\$ 2,119,179	0.12%	92
2018	3,039,595	610,689	2,428,906	0.13%	107
2017	6,312,723	858,439	5,454,284	0.30%	236
2016	7,151,195	858,657	6,292,538	0.36%	269
2015	7,968,982	734,327	7,234,655	0.39%	314
2014	8,686,704	717,722	7,968,982	0.43%	349
2013	9,414,556	780,277	8,634,279	0.47%	372
2012	10,144,878	653,285	9,491,593	0.53%	404
2011	10,316,777	529,233	9,787,544	0.55%	419
2010	11,170,767	406,089	10,764,678	0.61%	481

(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, and Literary Fund Loans; excludes revenue bonds, capital leases, OPEB liability, landfill closure liabilities, early retirement obligation, notes payable, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate
2019	22,950	\$ 697,704,000	\$ 30,401	30.8	2,059	4.40%
2018	22,703	697,704,000	30,732	30.0	2,043	3.40%
2017	23,142	697,704,000	30,149	30.0	2,005	5.70%
2016	23,368	697,704,000	29,857	30.0	2,086	6.30%
2015	23,074	672,890,000	29,162	30.0	2,016	6.10%
2014	22,802	636,603,000	27,919	30.0	2,129	9.80%
2013	23,238	618,387,000	26,611	30.9	2,282	10.60%
2012	23,518	617,666,000	26,264	31.5	2,369	9.30%
2011	23,368	498,422,000	21,329	31.5	2,494	9.50%
2010	22,370	405,000,000	18,105	31.4	2,607	10.90%

Source: Virginia Employment Commission, Annual school report - prepared by the School Board, www.fedstats.gov

- (1) Information is not updated annually
- (2) School enrollment includes pre-K

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Function	2010	2011	2012	2013	2014
General government administration	17.0	17.0	18.0	18.0	17.0
Judicial administration	22.5	22.5	22.5	22.5	23.0
Public safety					
Sheriffs department	31.0	31.0	32.0	32.0	32.0
Animal control	2.0	2.0	1.5	1.5	2.0
Building official	2.0	2.0	2.0	2.0	1.0
Public works					
General maintenance	6.5	6.5	6.5	6.5	6.0
Refuse Collection & Disposal	13.0	13.0	13.0	13.0	13.0
Landfill	-	-	-	-	-
Biosolids	1.0	1.0	1.0	1.0	1.0
Health and welfare					
Department of social services	32.0	32.0	32.0	32.0	32.0
Culture and recreation					
Parks and recreation	-	-	-	-	-
Community development					
Planning	2.0	2.0	2.0	2.0	-
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.5	1.0
Extension	1.0	1.0	1.0	1.0	1.0
Totals	<u>133.5</u>	<u>133.5</u>	<u>135.0</u>	<u>135.0</u>	<u>131.0</u>

Source: Individual County departments

Table 14

2015	2016	2017	2018	2019
17.0	17.0	16.5	17.0	17.0
23.0	23.0	24.0	25.0	25.0
32.0	32.0	32.0	34.0	34.0
2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	2.0
6.0	6.0	6.0	6.0	7.0
13.0	13.0	13.0	13.0	13.0
-	-	-	5.0	7.0
-	-	-	-	-
32.0	32.0	34.0	36.0	36.0
-	-	-	-	-
1.0	1.0	1.0	1.0	1.0
2.0	2.0	1.0	1.0	2.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
<u>131.0</u>	<u>131.0</u>	<u>132.5</u>	<u>143.0</u>	<u>148.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2010	2011	2012	2013	2014
Public safety					
Sheriffs department:					
Physical arrests	1,396.0	1,325.0	335.0	353.0	393.0
Civil papers	9,124.0	8,812.0	8,994.0	8,664.0	8,820.0
Building inspections:					
Permits issued (2)	642.0	438.0	434.0	453.0	535.0
Public works					
Landfill:					
Refuse collected (tons/day)	78.0	71.0	85.0	77.0	54.6
Recycling (tons/day)	13.0	39.0	9.0	4.3	4.4
Health and welfare					
Department of Social Services:					
Caseload	8,817.0	8,058.0	7,548.0	8,162.0	8,503.0
Community development					
Planning:					
Zoning permits issued	112.0	93.0	75.0	67.0	81.0
Component Unit - School Board					
Education:					
Number of teachers	224.0	224.0	214.0	214.0	211.0
Local expenditures per pupil	2,858.0	2,927.0	3,359.0	3,707.0	3,789.0

Source: Individual County departments

(1) Information has been reported where available.

Table 15

2015	2016	2017	2018	2019
377.0	483.0	113.0	95.0	814.0
8,637.0	8,298.0	7,910.0	8,717.0	8,395.0
485.0	596.0	457.0	591.0	697.0
43.7	41.7	77.7	106.0	97.4
8.2	6.5	8.5	7.5	9.8
9,127.0	11,097.0	10,206.0	11,305.0	10,580.0
74.0	79.0	63.0	83.0	80.0
207.0	206.4	202.5	196.0	195.3
3,774.0	4,030.0	3,284.0	4,088.0	4,339.0

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Compliance

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

**To the Honorable Members of
Board of Supervisors
County of Prince Edward, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Prince Edward, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise County of Prince Edward, Virginia's basic financial statements, and have issued our report thereon dated September 28, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness. [2019-001]

Compliance and Other Matters

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

County of Prince Edward, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
September 28, 2020



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

To the Honorable Members of
Board of Supervisors
County of Prince Edward, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Prince Edward, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Prince Edward, Virginia's major federal programs for the year ended June 30, 2019. County of Prince Edward, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Prince Edward, 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 the County of Prince Edward, 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 the County of Prince Edward, Virginia's internal control over compliance.

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

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

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

Robinson, Farney Cox Associates
Charlottesville, Virginia
September 28, 2020

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950118/0950119	\$ 6,164
Temporary Assistance to Needy Families (TANF Cluster)	93.558	0400118/0400119	238,525
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	119
Low-income Home Energy Assistance	93.568	0600418/0600419	34,185
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760118/0760119	38,785
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900118/0900119	242
Foster Care - Title IV-E	93.658	1100118/1100119	133,932
Adoption Assistance	93.659	1120118/1120119	281,585
Social Services Block Grant	93.667	1000118/1000119	179,756
Chafee Foster Care Independence Program	93.674	9150118/9150119	2,297
Children's Health Insurance Program	93.767	0540118/0540119	7,580
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/1200119	356,296
Total Department of Health and Human Services			\$ <u>1,279,466</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	2019IL160341/2018IL160341	\$ 53,595
Department of Agriculture:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	711
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 77,229
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2019IN109941/2018IN109941	856,041
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	2019IN109941/2018IN109941	403,508
Total Child Nutrition Cluster			\$ <u>1,337,489</u>
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010118/0010119/0040118/0040119	317,865
Total Department of Agriculture			\$ <u>1,708,949</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 41,788
Total Department of Justice			\$ <u>41,788</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass through payments:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	Unknown	3,176
National Priority Safety Program	20.616	Unknown	4,315
Total Highway Safety Cluster			<u>\$ 7,491</u>
Total Department of Transportation			<u>\$ 7,491</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	<u>\$ 8,960</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S101A190046/S010A180046	\$ 1,035,522
Special Education-Grants to States (Special Education Cluster)	84.027	H027A190107/H027A180107	645,640
Special Education-Preschool Grants (Special Education Cluster)	84.173	H173A190112/H173A180112	19,904
Total Special Education Cluster			<u>\$ 665,544</u>
Career and Technical Education Basic Grants to States	84.048	V048A190046	38,801
Twenty-First Century Community Learning Centers	84.287	S287C190047	156,884
Rural Education	84.358	S358B190046	26,170
Supporting Effective Instruction State Grants	84.367	S367A190044/S367A180044	118,097
Student Support and Academic Enrichment Program	84.424	S424A170048/S424A180048	42,050
Total Department of Education			<u>\$ 2,083,068</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,129,722</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Prince Edward, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 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 Prince Edward, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Prince Edward, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

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

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate under Uniform Guidance.

Note 6 - Loan Balances

The County has no loan guarantees which are subject to reporting requirements for the current year.

Note 7 - 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:	
General Fund	\$ 1,655,569
Total primary government	<u>\$ 1,655,569</u>
Component Unit School Board:	
School Operating Fund	\$ 2,083,068
School Cafeteria Fund	1,391,085
Total Component Unit School Board	<u>\$ 3,474,153</u>
Total federal expenditures per basic financial statements	<u>\$ 5,129,722</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 5,129,722</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553 / 10555	Child Nutrition Cluster
10.561	SNAP Cluster
93.558	TANF Cluster
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

2019-001 Material Weakness - Adjusting Journal Entries and Year End Accruals

Condition:

The County did not record adjusting journal entries correctly.

Criteria:

Year end adjusting journal entries are required by the County and School Board to report the financial statements in accordance with Generally Accepted Accounting Principles.

Cause of Condition:

Adjusting journal entries are made incorrectly, in the incorrect accounting period, or not made.

Effect of Condition:

The general ledger requires material adjusting journal entries for the financial statements to be in accordance with U.S. Generally Accepted Accounting Principles.

Recommendation:

Journal entries need to be posted to the correct account, and accounting period.

Management's response:

Management concurs with the recommendation, and will develop procedures to ensure journal entries are correctly recorded.

Section III - Federal Award Findings and Questioned Costs

None

COUNTY OF PRINCE EDWARD, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Prior Year Audit Findings

2018-001 Material Weakness - School Board Accounts Receivable

Condition:

The School Board did not request reimbursement for State funding related to the Juvenile Detention Center in a timely manner, resulting in unreimbursed expenses of \$103,918 for the year ended June 30, 2018.

Criteria:

Juvenile Detention Center expenses are to be reimbursed by Commonwealth of Virginia on a reimbursement basis. The School Board is required to submit for reimbursement within the specified time period, or the expenses are unallowable.

Cause of Condition:

The School Board did not submit for reimbursement for Juvenile Detention Center expenses in a timely manner.

Effect of Condition:

The loss of reimbursed expenses in the amount \$103,918 for the year ended June 30, 2018.

Recommendation:

The School Board should establish procedures for submitting reimbursements on a routine and timely basis.

Management's response:

Management concurs with the recommendation, and will develop procedures to ensure reimbursement requests are made.

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