

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

COUNTY OF PRINCE EDWARD, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

Jerry R. Townsend, Chair
J. David Emert, Vice-Chair

Beverly M. Booth
Robert M. Jones
Odessa H. Pride, Ed.D

Pattie Cooper-Jones
Llew W. Gilliam, Jr.
James R. Wilck

Board of Social Services

Pauly Hollingsworth, Chair
Ida Miley, Vice-Chair

Pattie Cooper-Jones
Shirley Wallace
Theresa Clark, Ph.D.

County School Board

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

James Duminger, 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
Edna T. Goldman
Donna B. Nunnally
L.A. "Tony" Epps
Barbara A. Johnson, Ed.D.
Roma R. Morris
W.W. Bartlett

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2020, 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 21 to the financial statements, in 2020, the County restated beginning balances for the reclassification of long-term assets and liabilities between the general governmental activities and business-type activities, as well as general government's beginning balance for accounts payable and construction in progress. 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 4-13, 91, and 92-109 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 January 27, 2021, 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)
January 27, 2021

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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, 2020. 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 \$13,730,211 (total net position). This was an increase of \$3,300,250 or 31.64% compared to the restated ending amount of \$10,429,961 on June 30, 2019. \$6,556,221 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 \$17,179,744 of the County's total, an increase of \$2,836,408 or 19.78% in comparison with restated net position of \$14,343,336 at June 30, 2019. Cash and cash equivalents for the Governmental Activities increased from \$14,108,825 in FY19 to \$16,827,502 at the end of FY20.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$13,605,792, an increase of \$691,252 when compared to the restated amount on June 30, 2019. \$9,327,217 of this amount reflects the School Board's net investment in capital assets. (\$22,933,009) of net assets are in unrestricted assets available to meet ongoing obligations. This is an increase of \$933,869 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 (\$3,449,533) which was an increase of \$463,842. Unrestricted net position of Business-Type Activities increased \$463,842 during the year ending with a balance of (\$3,449,533) on June 30, 2020, compared to a restated balance of (\$3,913,375) on June 30, 2019.
- The combining long-term governmental obligations increased \$7,040,547 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 \$3,364,720 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$7,217,947 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$17,853,649 which is an increase of \$2,340,839 or 15% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$12,928,470 or 53% 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 FY2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,730,211 at the close of the fiscal year as presented in the Table below. This was an increase of \$3,300,250 or 32% over the FY2019 restated ending amount of \$10,429,961.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 29,817,597	\$ 24,886,674	\$ 112,772	\$ 67,541	\$ 29,930,369	\$ 24,954,215
Capital assets	17,859,848	15,781,727	5,313,186	3,909,841	23,173,034	19,691,568
Total assets	\$ 47,677,445	\$ 40,668,401	\$ 5,425,958	\$ 3,977,382	\$ 53,103,403	\$ 44,645,783
Deferred outflows of resources	\$ 1,375,983	\$ 893,042	\$ 60,596	\$ 29,204	\$ 1,436,579	\$ 922,246
Current liabilities	\$ 2,441,601	\$ 2,626,363	\$ 64,030	\$ 944,764	\$ 2,505,631	\$ 3,571,127
Long-term liabilities outstanding	21,700,779	20,026,391	8,830,222	3,464,063	30,531,001	23,490,454
Total liabilities	\$ 24,142,380	\$ 22,652,754	\$ 8,894,252	\$ 4,408,827	\$ 33,036,632	\$ 27,061,581
Deferred inflows of resources	\$ 7,731,304	\$ 7,601,572	\$ 41,835	\$ 76,115	\$ 7,773,139	\$ 7,677,687
Net position:						
Net investment in capital assets	\$ 3,113,156	\$ 7,558,474	\$ 2,205,097	\$ 586,262	\$ 5,318,253	\$ 8,144,736
Restricted	1,855,737	88,482	-	-	1,855,737	88,482
Unrestricted	12,210,851	3,660,161	(5,654,630)	(1,064,618)	6,556,221	2,595,543
Total net position	\$ 17,179,744	\$ 11,307,117	\$ (3,449,533)	\$ (478,356)	\$ 13,730,211	\$ 10,828,761

At the end of FY2020, the County's net investment in capital assets is \$5,318,253. 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 \$1,855,737 for the use of Community Development Authority, and future debt service requirements. The remaining balance of net position in the amount of \$6,556,221 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$6,556,221, Prince Edward County has more than \$14.7 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 \$2,836,408. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$2,575,976 and expenses increased \$2,986,871. The net effect was an increase in net position of \$2,836,408.

County of Prince Edward, Virginia

Changes in Net Position

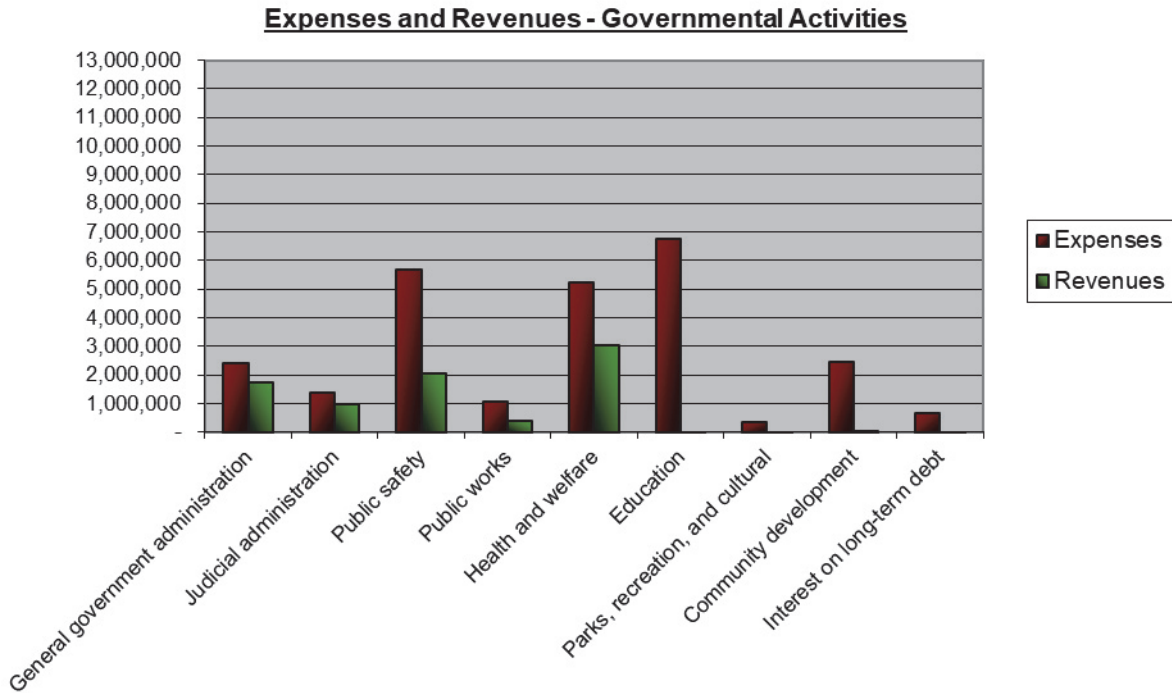
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,914,734	\$ 1,814,840	\$ 729,646	\$ 731,722	\$ 2,644,380	\$ 2,546,562
Operating grants and contributions	6,298,691	5,718,072	-	-	6,298,691	5,718,072
General revenues:						
General property taxes	15,110,342	13,842,076	-	-	15,110,342	13,842,076
Other local taxes	4,238,495	4,085,493	-	-	4,238,495	4,085,493
Commonwealth non-categorical aid	1,792,821	1,712,077	-	-	1,792,821	1,712,077
Other general revenues	818,912	425,461	-	-	818,912	425,461
Total revenues	\$ 30,173,995	\$ 27,598,019	\$ 729,646	\$ 731,722	\$ 30,903,641	\$ 28,329,741
Expenses:						
General government administration	\$ 2,418,085	\$ 2,202,773	\$ -	\$ -	\$ 2,418,085	\$ 2,202,773
Judicial administration	1,355,074	1,150,670	-	-	1,355,074	1,150,670
Public safety	5,679,796	5,392,741	-	-	5,679,796	5,392,741
Public works	1,065,039	1,081,261	-	-	1,065,039	1,081,261
Health and welfare	5,210,055	4,012,545	-	-	5,210,055	4,012,545
Education	6,731,628	7,853,856	-	-	6,731,628	7,853,856
Parks, recreation, and cultural	327,380	299,078	-	-	327,380	299,078
Community development	2,438,879	590,515	-	-	2,438,879	590,515
Interest on long-term debt	648,421	304,047	-	-	648,421	304,047
Water fund	-	-	138,240	102,939	138,240	102,939
Sewer fund	-	-	54,302	41,587	54,302	41,587
Landfill fund	-	-	1,536,492	1,173,888	1,536,492	1,173,888
Total expenses	\$ 25,874,357	\$ 22,887,486	\$ 1,729,034	\$ 1,318,414	\$ 27,603,391	\$ 24,205,900
Transfers	\$ (1,463,230)	\$ -	\$ 1,463,230	\$ -	\$ -	\$ -
Increase (decrease) in net position	\$ 2,836,408	\$ 4,710,533	\$ 463,842	\$ (586,692)	\$ 3,300,250	\$ 4,123,841
Net position - beginning, as restated	14,343,336	6,596,584	(3,913,375)	108,336	10,429,961	6,704,920
Net position - ending	\$ 17,179,744	\$ 11,307,117	\$ (3,449,533)	\$ (478,356)	\$ 13,730,211	\$ 10,828,761

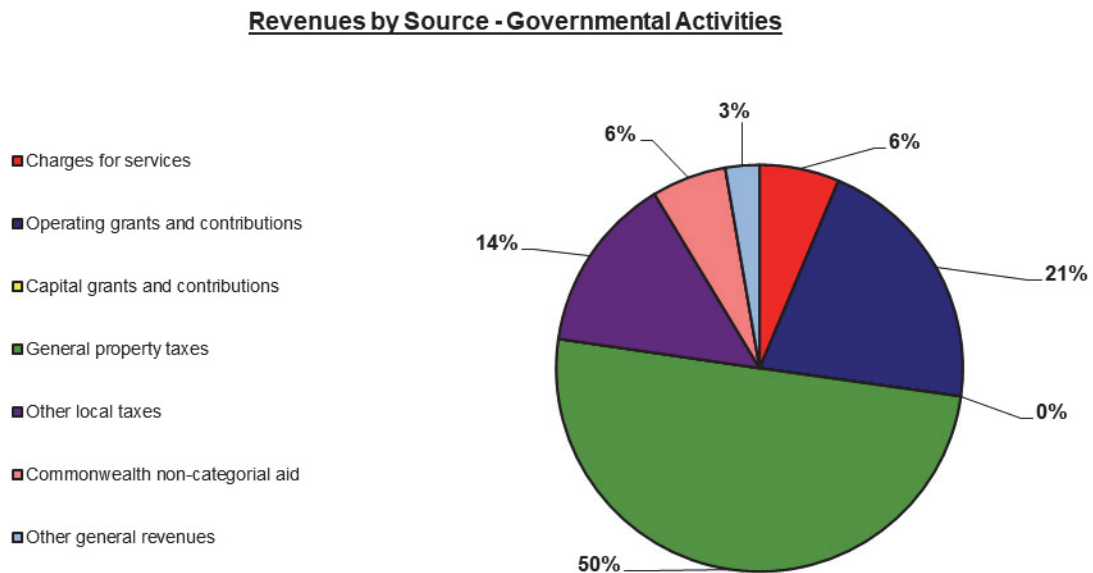
Revenues from governmental activities totaled \$30,173,995 with general property taxes (50%), operating grants and contributions (21%), and other local taxes (14%) comprising 85% of the County's revenues. Expenses for education (26%), health and welfare (20%), and public safety (22%) account for 68% of total governmental expenses of \$25,874,357.

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 \$17,853,64, an increase of \$2,340,839 when compared to the prior year. Approximately 72 percent (\$12,928,470) of the combined governmental fund balance is unassigned. The remaining 28% (\$4,925,179) of the combined fund balance is nonspendable, restricted, committed 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 \$14,758,047 comprise 83% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$2,286,211 or 18%.

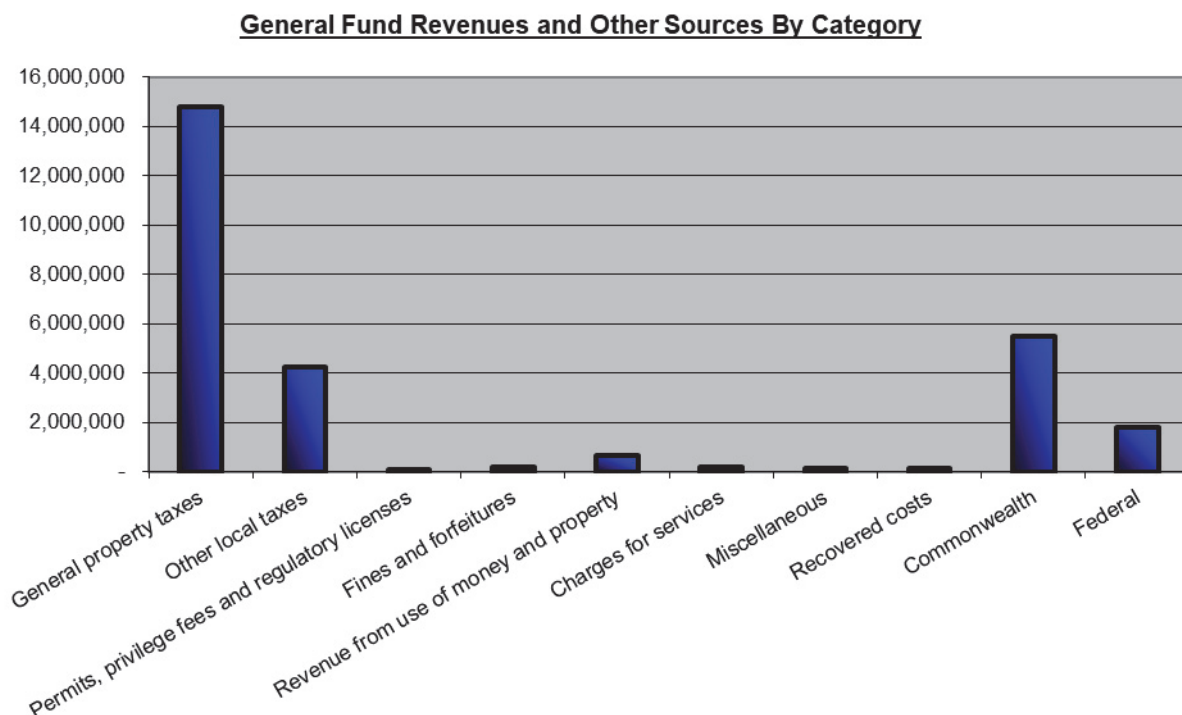
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2020 of \$13,383,772. This is an increase from the prior year of \$1,773,187. The major component of the current year increase was an increase of capital projects expenditures of \$7,509,744.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2020 the Landfill Construction Fund had a fund balance of \$2,269,885, an increase of \$384,365. 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 53% 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.

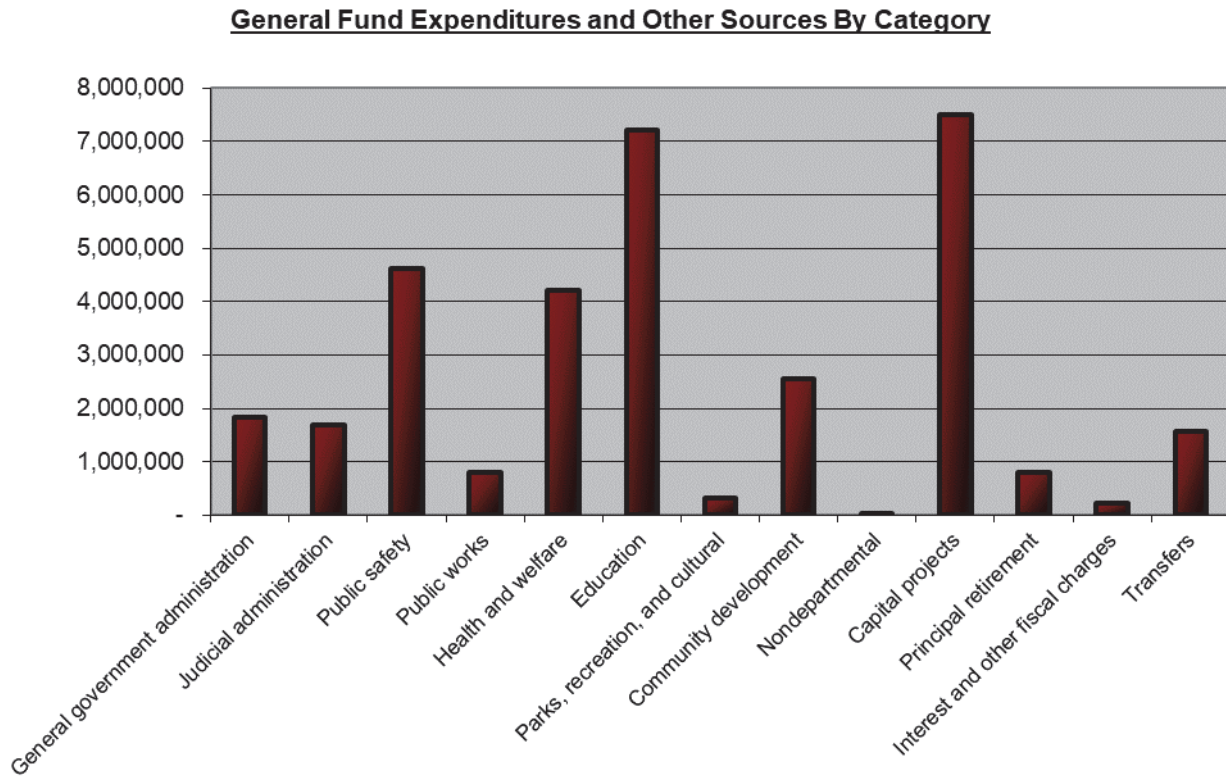
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$27,690,821.



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 \$31,855,433 including transfers out of the fund of \$1,573,383.



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$112,641 over the original budgeted amount. The final expenditure budget reflected an increase of \$8,290,735 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$ 64,146 in intergovernmental revenues from the Commonwealth of Virginia
- \$ 24,704 in intergovernmental revenues from the Federal government

The Expenditure amendments were as follows:

- \$ 454,271 increase in General administration
- \$ 8,960 increase in Judicial administration
- \$ 299,746 increase in Public safety
- \$ 4,297 increase in Health and welfare
- \$ 7,433,461 increase in Capital projects
- \$ 90,000 increase in Debt service

As can be seen the increase in Capital Projects accounted for the majority of the increase 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, 2020, is \$23,173,034 (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, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,276,554	\$ 1,501,360	\$ 244,000	\$ -	\$ 1,520,554	\$ 1,501,360
Buildings	15,460,646	6,153,226	-	-	15,460,646	6,153,226
Improvements other than buildings	44,953	1,241,739	1,162,656	-	1,207,609	1,241,739
Equipment	1,069,325	496,065	440,234	356,580	1,509,559	852,645
Utility plant in service	-	-	3,466,296	3,553,261	3,466,296	3,553,261
Construction in progress	8,370	6,389,337	-	-	8,370	6,389,337
Net capital assets	<u>\$ 17,859,848</u>	<u>\$ 15,781,727</u>	<u>\$ 5,313,186</u>	<u>\$ 3,909,841</u>	<u>\$ 23,173,034</u>	<u>\$ 19,691,568</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 FY2020, Prince Edward County had total outstanding obligations of \$21,700,779. Of this amount, \$16,272,475 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, retirement note obligation, compensated absences, net pension liability and net OPEB obligation.

During the fiscal year the County's long-term obligations increased by \$7,043,464.

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

Economic Factors Influencing FY2021 Budgets and Tax Rates

One of the priorities of the Board of Supervisors is to maintain low tax rates while providing for a high quality of life for our citizens. The County remains focused on expanding its tax base and creating jobs through collaboration with community partners in order to strengthen, enlarge, and diversify our economy. For FY21, due to the ongoing impacts of COVID-19, the Board of Supervisors 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.

Population growth has been relatively flat since the 2010 Census, with the 2018 estimated population at 22,802. This reflects a decrease of 2.4%, a decrease of over 500 people since 2010 (23,368). Most of the growth in the community has been associated with Longwood University.

Economic Factors Influencing FY2021 Budgets and Tax Rates: (Continued)

The County's unemployment rate in October 2020 was 4.9% which was significantly higher than the 3.2% of October 2019. The increase was due to the impacts of the COVID-19 pandemic on, primarily on the service industry. The rate of 4.9% was slightly lower than the unemployment rate of 5.1% for Virginia but significantly lower than the national average of 6.9% and provide indication that Prince Edward County is faring better than peer localities in the State and the Nation. Overall employment for January 2020 was at 9,954, down just slightly from 9,980 recorded in January 2019.

Longwood University and Hampden Sydney College have a tremendous impact on the local economy of Prince Edward County. The following is a breakdown of college enrollment over the past five years:

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Longwood	4,898	5,080	4,917	4,493	4,773
Hampden-Sydney	1,027	1,046	1,072	993	881

Increasing the industrial/commercial tax base remains a priority for the County. To that end, the County has purchased and is working to develop and market a 280+ acre data center site. The site, the Heartland Innovative Technology Park, is located just northeast of the Town of Farmville. The County is working with Dominion Energy and Mid-Atlantic Broadband Communities Corporation to market to industry representatives. In addition, the County is working with VDOT on the completion of a 0.28-mile industrial access road project to open up additional land in the Prince Edward County Industrial Park. The project, which is projected to cost \$2.1 million, is being funded through combination of grants from the VDOT Industrial Access program, the Tobacco Commission, and County contributions.

Residential permit activity has picked up significantly over the past year. The following table shows total new home and mobile home starts for that period:

Year	2015	2016	2017	2018	2019	2020
One & Two Family Dwellings	36	37	24	33	38	45
Mobile Homes	30	31	26	27	21	49
Total	66	68	50	60	59	94

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.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2020

	Primary Government			Component Unit	
	Governmental	Business-type	Total	School	Industrial
	Activities	Activities		Board	Development Authority
ASSETS					
Cash and cash equivalents	\$ 15,069,480	\$ 31,632	\$ 15,101,112	\$ 1,651,469	\$ 725,373
Receivables (net of allowance for uncollectibles):					
Taxes receivable	8,748,649	-	8,748,649	-	-
Accounts receivable	130,342	81,140	211,482	-	-
Loan receivable	-	-	-	-	887,075
Note receivable	683,950	-	683,950	-	-
Due from primary government	-	-	-	-	21,556
Due from component unit	2,289,809	-	2,289,809	-	-
Due from other governmental units	1,095,455	-	1,095,455	2,088,548	-
Prepaid items	41,890	-	41,890	250,632	-
Industrial assets	-	-	-	-	2,558,215
Restricted assets:					
Cash and cash equivalents	1,758,022	-	1,758,022	-	-
Capital assets (net of accumulated depreciation):					
Land	1,276,554	244,000	1,520,554	99,952	-
Buildings and improvements	15,460,646	-	15,460,646	7,859,994	-
Improvements other than buildings	44,953	1,162,656	1,207,609	224,252	-
Equipment	1,069,325	440,234	1,509,559	1,143,019	-
Utility plant in service	-	3,466,296	3,466,296	-	-
Construction in progress	8,370	-	8,370	-	-
Total assets	\$ 47,677,445	\$ 5,425,958	\$ 53,103,403	\$ 13,317,866	\$ 4,192,219
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 848,768	\$ 52,578	\$ 901,346	\$ 3,773,443	\$ -
OPEB related items	114,938	8,018	122,956	541,839	-
Deferred amount on bond refunding	412,278	-	412,278	-	-
Total deferred outflows of resources	\$ 1,375,984	\$ 60,596	\$ 1,436,580	\$ 4,315,282	\$ -
LIABILITIES					
Accounts payable	\$ 523,948	\$ 31,632	\$ 555,580	\$ 7,817	\$ 11,550
Accrued liabilities	77,138	-	77,138	1,152,856	-
Retainage payable	19,140	-	19,140	-	-
Accrued interest payable	127,826	32,398	160,224	-	-
Due to other governmental units	21,556	-	21,556	-	-
Due to primary government	-	-	-	2,289,809	-
Unearned revenue	1,671,994	-	1,671,994	-	-
Long-term liabilities:					
Due within one year	2,099,389	227,603	2,326,992	-	-
Due in more than one year	19,601,390	8,602,619	28,204,009	22,981,755	-
Total liabilities	\$ 24,142,381	\$ 8,894,252	\$ 33,036,633	\$ 26,432,237	\$ 11,550
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 380,213	\$ 35,897	\$ 416,110	\$ 3,354,548	\$ -
OPEB related items	88,219	5,938	94,157	1,452,155	-
Deferred revenue - property taxes	7,262,872	-	7,262,872	-	-
Total deferred inflows of resources	\$ 7,731,304	\$ 41,835	\$ 7,773,139	\$ 4,806,703	\$ -
NET POSITION					
Net investment in capital assets	\$ 3,113,156	\$ 2,205,097	\$ 5,318,253	\$ 9,327,217	\$ -
Restricted:					
Community Development Authority	88,482	-	88,482	-	-
Forfeited assets	9,233	-	9,233	-	-
Debt service	1,758,022	-	1,758,022	-	-
Unrestricted	12,210,851	(5,654,630)	6,556,221	(22,933,009)	4,180,669
Total net position	\$ 17,179,744	\$ (3,449,533)	\$ 13,730,211	\$ (13,605,792)	\$ 4,180,669

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,418,085	\$ 1,025,046	\$ 709,786	\$ -
Judicial administration	1,355,074	228,057	762,150	-
Public safety	5,679,796	254,168	1,775,346	-
Public works	1,065,039	390,181	-	-
Health and welfare	5,210,055	-	3,049,409	-
Education	6,731,628	-	-	-
Parks, recreation, and cultural	327,380	-	2,000	-
Community development	2,438,879	17,282	-	-
Interest on long-term debt	648,421	-	-	-
Total governmental activities	\$ 25,874,357	\$ 1,914,734	\$ 6,298,691	\$ -
Business-type activities:				
Water	\$ 138,240	\$ 680	\$ -	\$ -
Sewer	54,302	2,380	-	-
Landfill	1,536,492	726,586	-	-
Total business-type activities	\$ 1,729,034	\$ 729,646	\$ -	\$ -
Total primary government	\$ 27,603,391	\$ 2,644,380	\$ 6,298,691	\$ -
COMPONENT UNITS:				
School Board	\$ 25,284,847	\$ 305,508	\$ 18,932,113	\$ -
Industrial Development Authority	180,602	-	-	-
Total component units	\$ 25,465,449	\$ 305,508	\$ 18,932,113	\$ -

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

Transfers

Total general revenues and transfers

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
\$ (683,253)	\$ -	\$ (683,253)	\$ -	\$ -
(364,867)	-	(364,867)	-	-
(3,650,282)	-	(3,650,282)	-	-
(674,858)	-	(674,858)	-	-
(2,160,646)	-	(2,160,646)	-	-
(6,731,628)	-	(6,731,628)	-	-
(325,380)	-	(325,380)	-	-
(2,421,597)	-	(2,421,597)	-	-
(648,421)	-	(648,421)	-	-
<u>\$ (17,660,932)</u>	<u>\$ -</u>	<u>\$ (17,660,932)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (137,560)	\$ (137,560)	\$ -	\$ -
-	(51,922)	(51,922)	-	-
-	(809,906)	(809,906)	-	-
<u>\$ -</u>	<u>\$ (999,388)</u>	<u>\$ (999,388)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (17,660,932)</u>	<u>\$ (999,388)</u>	<u>\$ (18,660,320)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (6,047,226)	\$ -
-	-	-	-	(180,602)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,047,226)</u>	<u>\$ (180,602)</u>
\$ 15,110,342	\$ -	\$ 15,110,342	\$ -	\$ -
3,076,209	-	3,076,209	-	-
306,609	-	306,609	-	-
579,777	-	579,777	-	-
183,848	-	183,848	-	-
92,052	-	92,052	-	-
636,557	-	636,557	11,796	12,116
182,355	-	182,355	2,054	3,000
-	-	-	6,724,628	1,900,000
1,792,821	-	1,792,821	-	-
(1,463,230)	1,463,230	-	-	-
<u>\$ 20,497,340</u>	<u>\$ 1,463,230</u>	<u>\$ 21,960,570</u>	<u>\$ 6,738,478</u>	<u>\$ 1,915,116</u>
\$ 2,836,408	\$ 463,842	\$ 3,300,250	\$ 691,252	\$ 1,734,514
14,343,336	(3,913,375)	10,429,961	(14,297,044)	2,446,155
<u>\$ 17,179,744</u>	<u>\$ (3,449,533)</u>	<u>\$ 13,730,211</u>	<u>\$ (13,605,792)</u>	<u>\$ 4,180,669</u>

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Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2020

	General	School Debt Service	Landfill Construction	CARES Act	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 10,452,191	\$ -	\$ 2,215,455	\$ 1,646,994	\$ 443,407	\$ 14,758,047
Receivables (net of allowance for uncollectibles):						
Taxes receivable	8,748,649	-	-	-	-	8,748,649
Accounts receivable	75,912	-	54,430	-	-	130,342
Due from component unit	2,268,253	-	-	-	-	2,268,253
Due from other governmental units	1,095,455	-	-	-	-	1,095,455
Prepaid items	41,890	-	-	-	-	41,890
Restricted assets:						
Cash and cash equivalents	-	1,758,022	-	-	-	1,758,022
Total assets	\$ 22,682,350	\$ 1,758,022	\$ 2,269,885	\$ 1,646,994	\$ 443,407	\$ 28,800,658
LIABILITIES						
Accounts payable	\$ 515,568	\$ -	\$ -	\$ -	\$ 1,437	\$ 517,005
Accrued liabilities	77,138	-	-	-	-	77,138
Retainage payable	19,140	-	-	-	-	19,140
Deferred revenues	25,000	-	-	1,646,994	-	1,671,994
Total liabilities	\$ 636,846	\$ -	\$ -	\$ 1,646,994	\$ 1,437	\$ 2,285,277
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	\$ 8,661,732	\$ -	\$ -	\$ -	\$ -	\$ 8,661,732
FUND BALANCES						
Nonspendable:						
Prepaid items	\$ 41,890	\$ -	\$ -	\$ -	\$ -	\$ 41,890
Restricted:						
Community Development Authority	88,482	-	-	-	-	88,482
Forfeited assets	9,233	-	-	-	-	9,233
Debt service	-	1,758,022	-	-	-	1,758,022
Committed:						
Economic Development	315,697	-	-	-	-	315,697
Assigned:						
Landfill construction	-	-	2,269,885	-	-	2,269,885
Recreation capital projects	-	-	-	-	9,234	9,234
Special revenue	-	-	-	-	432,736	432,736
Unassigned	12,928,470	-	-	-	-	12,928,470
Total fund balances	\$ 13,383,772	\$ 1,758,022	\$ 2,269,885	\$ -	\$ 441,970	\$ 17,853,649
Total liabilities, deferred inflows of resources and fund balances	\$ 22,682,350	\$ 1,758,022	\$ 2,269,885	\$ 1,646,994	\$ 443,407	\$ 28,800,658

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

Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 17,853,649

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

Capital assets, cost	\$ 26,699,131	
Accumulated depreciation	<u>(8,839,283)</u>	17,859,848

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:

304,491

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

Unavailable property taxes	\$ 1,398,859	
Notes receivable	<u>683,950</u>	2,082,809

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

Pension related items	\$ 848,768	
OPEB related items	114,938	
Deferred amount on bond refunding	<u>412,278</u>	1,375,984

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	\$ (18,298,460)	
Accrued interest payable	(127,826)	
Compensated absences	(705,506)	
Net OPEB liabilities	(995,200)	
Net pension liability	<u>(1,701,613)</u>	(21,828,605)

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

Pension related items	\$ (380,213)	
OPEB related items	<u>(88,219)</u>	<u>(468,432)</u>

Net position of governmental activities		\$ <u><u>17,179,744</u></u>
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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, 2020

	General	School Debt Service	Landfill Construction Fund	CARES Act	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 14,757,250	\$ -	\$ -	\$ -	\$ 285,492	\$ 15,042,742
Other local taxes	4,238,495	-	-	-	-	4,238,495
Permits, privilege fees, and regulatory licenses	87,525	-	-	-	-	87,525
Fines and forfeitures	198,232	-	-	-	-	198,232
Revenue from the use of money and property	657,889	39,680	10,841	-	1,943	710,353
Charges for services	182,507	-	373,524	-	48,155	604,186
Miscellaneous	156,288	-	-	-	523	156,811
Recovered costs	136,102	-	-	-	-	136,102
Intergovernmental:						
Commonwealth	5,474,802	-	-	-	473,793	5,948,595
Federal	1,801,731	-	-	342,393	-	2,144,124
Total revenues	\$ 27,690,821	\$ 39,680	\$ 384,365	\$ 342,393	\$ 809,906	\$ 29,267,165
EXPENDITURES						
Current:						
General government administration	\$ 1,833,581	\$ -	\$ -	\$ -	\$ -	\$ 1,833,581
Judicial administration	1,687,924	-	-	-	-	1,687,924
Public safety	4,629,761	-	-	-	776,452	5,406,213
Public works	808,615	-	-	-	-	808,615
Health and welfare	4,223,046	-	-	-	-	4,223,046
Education	7,224,947	-	-	-	-	7,224,947
Parks, recreation, and cultural	327,380	-	-	-	-	327,380
Community development	2,545,274	-	-	-	-	2,545,274
Nondepartmental	30,968	-	-	-	-	30,968
Capital projects	7,509,744	-	-	-	-	7,509,744
Debt service:						
Principal retirement	813,215	-	-	-	-	813,215
Interest and other fiscal charges	220,978	-	-	-	-	220,978
Total expenditures	\$ 31,855,433	\$ -	\$ -	\$ -	\$ 776,452	\$ 32,631,885
Excess (deficiency) of revenues over (under) expenditures	\$ (4,164,612)	\$ 39,680	\$ 384,365	\$ 342,393	\$ 33,454	\$ (3,364,720)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 342,393	\$ 110,153	\$ -	\$ -	\$ -	\$ 452,546
Transfers out	(1,573,383)	-	-	(342,393)	-	(1,915,776)
Issuance of general obligation refunding bonds	5,900,000	-	-	-	-	5,900,000
Premium on refunding bonds	1,268,789	-	-	-	-	1,268,789
Total other financing sources (uses)	\$ 5,937,799	\$ 110,153	\$ -	\$ (342,393)	\$ -	\$ 5,705,559
Net change in fund balances	\$ 1,773,187	\$ 149,833	\$ 384,365	\$ -	\$ 33,454	\$ 2,340,839
Fund balances - beginning, as restated	11,610,585	1,608,189	1,885,520	-	408,516	15,512,810
Fund balances - ending	<u>\$ 13,383,772</u>	<u>\$ 1,758,022</u>	<u>\$ 2,269,885</u>	<u>\$ -</u>	<u>\$ 441,970</u>	<u>\$ 17,853,649</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, 2020

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

Net change in fund balances - total governmental funds \$ 2,340,839

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

Capital asset additions	\$ 6,787,955	
Depreciation expense	(702,607)	6,085,348

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	67,600
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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.

446,950

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.

195,121

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

Issuance of long-term debt including premiums	\$ (7,168,789)	
Principal payments and premium amortization	973,593	(6,195,196)

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	\$ (60,147)	
(Increase) decrease in compensated absences	(75,449)	
Increase (decrease) in deferred amount on refunding	(34,356)	
Pension expense	45,082	
OPEB expense	20,616	(104,254)

Change in net position of governmental activities	\$ 2,836,408
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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, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Activities Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 21	\$ -	\$ 31,611	\$ 31,632	\$ 311,434
Accounts receivables	-	-	81,140	81,140	-
Total current assets	\$ 21	\$ -	\$ 112,751	\$ 112,772	\$ 311,434
Noncurrent assets:					
Capital assets:					
Land	\$ -	\$ -	\$ 244,000	\$ 244,000	\$ -
Utility plant in service	3,107,261	1,241,000	1,787,921	6,136,182	-
Machinery and equipment	-	-	873,951	873,951	-
Accumulated depreciation	(608,945)	(273,020)	(1,058,982)	(1,940,947)	-
Total capital assets	\$ 2,498,316	\$ 967,980	\$ 1,846,890	\$ 5,313,186	\$ -
Total noncurrent assets	\$ 2,498,316	\$ 967,980	\$ 1,846,890	\$ 5,313,186	\$ -
Total assets	\$ 2,498,337	\$ 967,980	\$ 1,959,641	\$ 5,425,958	\$ 311,434
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 52,578	\$ 52,578	\$ -
OPEB related items	-	-	8,018	8,018	-
Total deferred outflows of resources	\$ -	\$ -	\$ 60,596	\$ 60,596	\$ -
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 21	\$ -	\$ 31,611	\$ 31,632	\$ 6,943
Accrued interest payable	23,608	8,790	-	32,398	-
Compensated absences - current portion	-	-	5,746	5,746	-
Bonds payable - current portion	164,028	57,829	-	221,857	-
Total current liabilities	\$ 187,657	\$ 66,619	\$ 37,357	\$ 291,633	\$ 6,943
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 2,100,686	\$ 785,546	\$ -	\$ 2,886,232	\$ -
Landfill closure liability	-	-	5,460,350	5,460,350	-
Net pension liability	-	-	105,409	105,409	-
Net OPEB liability	-	-	98,918	98,918	-
Compensated absences - net of current portion	-	-	51,710	51,710	-
Total noncurrent liabilities	\$ 2,100,686	\$ 785,546	\$ 5,716,387	\$ 8,602,619	\$ -
Total liabilities	\$ 2,288,343	\$ 852,165	\$ 5,753,744	\$ 8,894,252	\$ 6,943
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 35,897	\$ 35,897	\$ -
OPEB related items	-	-	5,938	5,938	-
Total deferred inflows of resources	\$ -	\$ -	\$ 41,835	\$ 41,835	\$ -
NET POSITION					
Net investment in capital assets	\$ 233,602	\$ 124,605	\$ 1,846,890	\$ 2,205,097	\$ -
Unrestricted	(23,608)	(8,790)	(5,622,232)	(5,654,630)	304,491
Total net position	\$ 209,994	\$ 115,815	\$ (3,775,342)	\$ (3,449,533)	\$ 304,491

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, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 680	\$ -	\$ -	\$ 680	\$ -
Sewer revenues	-	2,380	-	2,380	-
Landfill revenues	-	-	726,586	726,586	-
Insurance premiums	-	-	-	-	1,025,046
Total operating revenues	\$ 680	\$ 2,380	\$ 726,586	\$ 729,646	\$ 1,025,046
OPERATING EXPENSES					
Supplies	\$ 373	\$ -	\$ -	\$ 373	\$ -
Utilities	-	1,250	-	1,250	-
Insurance	-	-	-	-	829,925
Collections	-	-	598,536	598,536	-
Landfill operations	-	-	768,719	768,719	-
Depreciation	62,145	24,820	169,237	256,202	-
Total operating expenses	\$ 62,518	\$ 26,070	\$ 1,536,492	\$ 1,625,080	\$ 829,925
Operating income (loss)	\$ (61,838)	\$ (23,690)	\$ (809,906)	\$ (895,434)	\$ 195,121
Interest expense	\$ (75,722)	\$ (28,232)	\$ -	\$ (103,954)	\$ -
Total nonoperating revenues (expenses)	\$ (75,722)	\$ (28,232)	\$ -	\$ (103,954)	\$ -
Income before transfers	\$ (137,560)	\$ (51,922)	\$ (809,906)	\$ (999,388)	\$ 195,121
Transfers in	\$ 233,845	\$ 86,227	\$ 1,143,158	\$ 1,463,230	\$ -
Change in net position	\$ 96,285	\$ 34,305	\$ 333,252	\$ 463,842	\$ 195,121
Total net position - beginning, as restated	113,709	81,510	(4,108,594)	(3,913,375)	109,370
Total net position - ending	\$ 209,994	\$ 115,815	\$ (3,775,342)	\$ (3,449,533)	\$ 304,491

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, 2020

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 680	\$ 2,380	\$ 712,987	\$ 716,047	\$ 1,025,046
Payments to suppliers	(373)	(1,250)	(1,343,615)	(1,345,238)	(822,982)
Net cash provided by (used for) operating activities	\$ 307	\$ 1,130	\$ (630,628)	\$ (629,191)	\$ 202,064
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from other funds	\$ 233,866	\$ 86,227	\$ 677,148	\$ 997,241	\$ 80,570
Net cash provided by (used for) noncapital financing activities	\$ 233,866	\$ 86,227	\$ 677,148	\$ 997,241	\$ 80,570
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to capital assets	\$ -	\$ -	\$ (106,183)	\$ (106,183)	\$ -
Principal payments on bonds	(156,939)	(58,551)	-	(215,490)	-
Additions to landfill closure liability	-	-	91,274	91,274	-
Interest payments	(77,213)	(28,806)	-	(106,019)	-
Net cash provided by (used for) capital and related financing activities	\$ (234,152)	\$ (87,357)	\$ (14,909)	\$ (336,418)	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 21	\$ -	\$ 31,611	\$ 31,632	\$ 282,634
Cash and cash equivalents - beginning	-	-	-	-	28,800
Cash and cash equivalents - ending	\$ 21	\$ -	\$ 31,611	\$ 31,632	\$ 311,434
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (61,838)	\$ (23,690)	\$ (809,906)	\$ (895,434)	\$ 195,121
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 62,145	\$ 24,820	\$ 169,237	\$ 256,202	\$ -
(Increase) decrease in accounts receivable	-	-	(13,599)	(13,599)	-
(Increase) decrease in deferred outflows - pension	-	-	(28,258)	(28,258)	-
(Increase) decrease in deferred outflows - OPEB	-	-	(3,134)	(3,134)	-
Increase (decrease) in due to other funds	-	-	(16,437)	(16,437)	-
Increase (decrease) in accounts payable	-	-	(15,550)	(15,550)	6,943
Increase (decrease) in compensated absences	-	-	57,456	57,456	-
Increase (decrease) in deferred inflows - pension	-	-	(34,141)	(34,141)	-
Increase (decrease) in deferred inflows - OPEB	-	-	(139)	(139)	-
Increase (decrease) in net pension liability	-	-	46,342	46,342	-
Increase (decrease) in net OPEB liability	-	-	17,501	17,501	-
Total adjustments	\$ 62,145	\$ 24,820	\$ 179,278	\$ 266,243	\$ 6,943
Net cash provided by (used for) operating activities	\$ 307	\$ 1,130	\$ (630,628)	\$ (629,191)	\$ 202,064

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>331</u>
Total assets	\$ <u><u>331</u></u>
LIABILITIES	
Amounts held for social services clients	\$ <u>331</u>
Total liabilities	\$ <u><u>331</u></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, 2020

Note 1—Summary of Significant Accounting Policies:

Financial Statement Presentation

Management’s Discussion and Analysis - The financial statements are 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, 2020 (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, 2020 (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 \$256,095 to the regional library, \$22,265 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 CARES Act Fund accounts for and reports the financial resources that are restricted to revenues and expenditures of the federal CARES Act. The CARES Act Fund is considered a major 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. The EMS District Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for the EMS tax district. The EMS District 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, 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the 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 \$808,615 with a final budget of \$800,158, and Community development reported expenditures of \$2,545,274 with a final budget of \$708,389.

F. Cash and Cash Equivalents

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

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).

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

G. Receivables and payables: (Continued)

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 \$681,650 at June 30, 2020 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.

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, 2020.

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

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

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 also 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.

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.

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

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;
- 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 \$1,758,022, which is to be used for debt service on QZAB bonds.

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

O. Net Position

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

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

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

P. 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Q. 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.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 2—Deposits and Investments: (Continued)

Investments

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

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	\$ -	\$ 387,785
Local sales tax	564,104	-
Communication tax	42,341	-
Shared expenses	170,451	-
Social services funds	82,467	-
Comprehensive services	55,486	-
Other	30,449	-
Federal Government:		
School funds	-	1,700,763
Social services funds	133,641	-
Other	16,516	-
	<u>\$ 1,095,455</u>	<u>\$ 2,088,548</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Restatement</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Primary Government:					
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,501,360	\$ (244,000)	\$ 19,194	\$ -	\$ 1,276,554
Construction in progress	<u>6,389,337</u>	<u>(2,450,865)</u>	<u>6,082,592</u>	<u>10,012,694</u>	<u>8,370</u>
Total capital assets not being depreciated	<u>\$ 7,890,697</u>	<u>\$ (2,694,865)</u>	<u>\$ 6,101,786</u>	<u>\$ 10,012,694</u>	<u>\$ 1,284,924</u>
Capital assets, being depreciated:					
Buildings and improvements	\$ 11,543,023	\$ (8,900)	\$ 9,714,109	\$ -	\$ 21,248,232
Improvements other than buildings	5,112,516	(1,779,021)	-	2,737,733	595,762
Equipment	<u>3,339,883</u>	<u>(345,668)</u>	<u>927,007</u>	<u>351,009</u>	<u>3,570,213</u>
Total capital assets being depreciated	<u>\$ 19,995,422</u>	<u>\$ (2,133,589)</u>	<u>\$ 10,641,116</u>	<u>\$ 3,088,742</u>	<u>\$ 25,414,207</u>
Accumulated depreciation:					
Buildings and improvements	\$ 5,389,797	\$ (8,900)	\$ 406,689	\$ -	\$ 5,787,586
Improvements other than buildings	3,870,777	(561,000)	8,990	2,767,958	550,809
Equipment	<u>2,843,818</u>	<u>(254,325)</u>	<u>286,928</u>	<u>375,533</u>	<u>2,500,888</u>
Total accumulated depreciation	<u>\$ 12,104,392</u>	<u>\$ (824,225)</u>	<u>\$ 702,607</u>	<u>\$ 3,143,491</u>	<u>\$ 8,839,283</u>
Total capital assets being depreciated, net	<u>\$ 7,891,030</u>	<u>\$ (1,309,364)</u>	<u>\$ 9,938,509</u>	<u>\$ (54,749)</u>	<u>\$ 16,574,924</u>
Governmental activities capital assets, net	<u>\$ 15,781,727</u>	<u>\$ (4,004,229)</u>	<u>\$ 16,040,295</u>	<u>\$ 9,957,945</u>	<u>\$ 17,859,848</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2019</u>	<u>Restatements</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Primary Government: (Continued)					
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ 244,000	\$ -	\$ -	\$ 244,000
Totals	\$ -	\$ 244,000	\$ -	\$ -	\$ 244,000
Capital assets, being depreciated:					
Machinery and equipment	\$ 422,100	\$ 345,668	\$ 106,183	\$ -	\$ 873,951
Buildings and improvements	-	1,787,921	-	-	1,787,921
Utility plant in service	4,348,261	-	-	-	4,348,261
Total capital assets being depreciated	\$ 4,770,361	\$ 2,133,589	\$ 106,183	\$ -	\$ 7,010,133
Accumulated depreciation:					
Machinery and equipment	\$ 65,520	\$ 254,325	\$ 113,872	\$ -	\$ 433,717
Buildings and improvements	-	569,900	55,365	-	625,265
Utility plant in service	795,000	-	86,965	-	881,965
Total accumulated depreciation	\$ 860,520	\$ 824,225	\$ 256,202	\$ -	\$ 1,940,947
Total capital assets being depreciated, net	\$ 3,909,841	\$ 1,309,364	\$ (150,019)	\$ -	\$ 5,069,186
Business-type activities capital assets, net	\$ 3,909,841	\$ 1,553,364	\$ (150,019)	\$ -	\$ 5,313,186

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Component Unit-School Board:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,948,552	\$ 24,905	\$ -	\$ 23,973,457
Improvements other than buildings	720,057	10,501	-	730,558
Equipment	<u>6,367,341</u>	<u>453,968</u>	<u>8,800</u>	<u>6,812,509</u>
Total capital assets being depreciated	\$ <u>31,035,950</u>	\$ <u>489,374</u>	\$ <u>8,800</u>	\$ <u>31,516,524</u>
Accumulated depreciation:				
Buildings and improvements	\$ 15,554,564	\$ 558,899	\$ -	\$ 16,113,463
Improvements other than buildings	493,924	12,382	-	506,306
Equipment	<u>5,517,580</u>	<u>160,710</u>	<u>8,800</u>	<u>5,669,490</u>
Total accumulated depreciation	\$ <u>21,566,068</u>	\$ <u>731,991</u>	\$ <u>8,800</u>	\$ <u>22,289,259</u>
Total capital assets being depreciated, net	\$ <u>9,469,882</u>	\$ <u>(242,617)</u>	\$ -	\$ <u>9,227,265</u>
Governmental activities capital assets, net	<u>\$ 9,569,834</u>	<u>\$ (242,617)</u>	<u>\$ -</u>	<u>\$ 9,327,217</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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	\$	343,349
Judicial administration		34,166
Public safety		199,451
Public works		12,072
Health and Welfare		100,235
Community development		<u>13,334</u>
Total Governmental Activities	\$	<u>702,607</u>
Business type activities	\$	<u>256,202</u>
Total Primary Government	\$	<u>958,809</u>
Component Unit-School Board	\$	<u>731,991</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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Pension Plan: (Continued)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	89	39
Inactive members:		
Vested inactive members	18	3
Non-vested inactive members	26	7
Inactive members active elsewhere in VRS	60	17
Total inactive members	104	27
Active members	117	30
Total covered employees	<u>310</u>	<u>96</u>

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, 2020 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 \$419,937 and \$414,591 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 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 \$27,150 and \$27,198 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Pension Plan: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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:

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

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

Discount Rate

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Pension Plan: (Continued)

Discount Rate: (Continued)

June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 23,563,285	\$ 22,550,707	\$ 1,012,578
Changes for the year:			
Service cost	\$ 568,188	\$ -	\$ 568,188
Interest	1,607,590	-	1,607,590
Changes of assumptions	703,479	-	703,479
Differences between expected and actual experience	46,873	-	46,873
Contributions - employer	-	406,538	(406,538)
Contributions - employee	-	250,656	(250,656)
Net investment income	-	1,490,390	(1,490,390)
Benefit payments, including refunds of employee contributions	(1,195,417)	(1,195,417)	-
Administrative expenses	-	(14,960)	14,960
Other changes	-	(938)	938
Net changes	\$ 1,730,713	\$ 936,269	\$ 794,444
Balances at June 30, 2019	\$ 25,293,998	\$ 23,486,976	\$ 1,807,022

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2018	\$ 3,895,681	\$ 4,008,205	\$ (112,524)
Changes for the year:			
Service cost	\$ 51,726	\$ -	\$ 51,726
Interest	265,030	-	265,030
Changes of assumptions	100,471	-	100,471
Differences between expected and actual experience	51,402	-	51,402
Contributions - employer	-	27,199	(27,199)
Contributions - employee	-	31,466	(31,466)
Net investment income	-	261,426	(261,426)
Benefit payments, including refunds of employee contributions	(219,090)	(219,090)	-
Administrative expenses	-	(2,697)	2,697
Other changes	-	(164)	164
Net changes	\$ 249,539	\$ 98,140	\$ 151,399
Balances at June 30, 2019	\$ 4,145,220	\$ 4,106,345	\$ 38,875

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's Net Pension Liability (Asset)	\$ 4,974,287	\$ 1,807,022	\$ (723,376)
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$ 481,961	\$ 38,875	\$ (319,547)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$350,021 and \$38,873 respectively. At June 30, 2020, 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	\$ 30,073	\$ 211,894	\$ 23,159	\$ -
Change in assumptions	451,336	-	42,267	-
Net difference between projected and actual earnings on pension plan investments	-	204,214	-	34,706
Employer contributions subsequent to the measurement date	419,937	-	27,150	-
Total	<u>\$ 901,346</u>	<u>\$ 416,108</u>	<u>\$ 92,576</u>	<u>\$ 34,706</u>

\$419,937 and \$27,150 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ 50,370	\$ 68,839
2022	6,516	(37,127)
2023	(5,338)	(677)
2024	13,753	2,685
Thereafter	-	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,772,572 and \$1,785,470 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$18,335,303 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .13932% as compared to .14706% at June 30, 2018.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020, the school division recognized pension expense of \$1,052,106. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,174,086
Net difference between projected and actual earnings on pension plan investments	-	402,600
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,670	1,743,156
Changes in assumptions	1,815,625	-
Employer contributions subsequent to the measurement date	<u>1,772,572</u>	<u>-</u>
Total	<u>\$ 3,677,867</u>	<u>\$ 3,319,842</u>

\$1,772,572 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (686,148)
2022	(800,282)
2023	(127,104)
2024	133,337
2025	65,650

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 6.75%, as well as what the school division’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 27,602,597	\$ 18,335,303	\$ 10,672,968

Pension Plan Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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	\$ 901,346	\$ 416,108	\$ 1,807,022	\$ 350,021
Totals	<u>\$ 901,346</u>	<u>\$ 416,108</u>	<u>\$ 1,807,022</u>	<u>\$ 350,021</u>
Component Unit School Board				
School Board Nonprofessional	\$ 92,576	\$ 34,706	\$ 38,875	\$ 38,873
School Board Professional	3,677,867	3,319,842	18,335,303	1,052,106
Totals	<u>\$ 3,770,443</u>	<u>\$ 3,354,548</u>	<u>\$ 18,374,178</u>	<u>\$ 1,090,979</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>762,962</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	Restated Balance at July 1, 2019	Issuances/ Additions	Retirements/ Deletions	Balance at June 30, 2020	Due Within One Year
Governmental Activities:					
Revenue bond	\$ 312,438	\$ -	\$ 99,908	\$ 212,530	\$ 103,526
General obligation bonds (VPSA)	365,000	-	50,000	315,000	45,000
General obligation bonds	1,224,520	5,900,000	251,886	6,872,634	266,453
General lease purchase	7,095,019	-	327,035	6,767,984	327,035
Premium on bond issuance	677,430	1,268,789	132,764	1,813,455	69,967
Qualified zone academy bonds	2,116,857	-	-	2,116,857	1,116,857
Notes payable	312,000	-	112,000	200,000	100,000
Net pension liability	953,511	2,770,410	2,022,308	1,701,613	-
Net OPEB liabilities	970,483	174,342	149,625	995,200	-
Compensated absences	630,057	75,449	-	705,506	70,551
Total Governmental Activities	\$ 14,657,315	\$ 10,188,990	\$ 3,145,526	\$ 21,700,779	\$ 2,099,389

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

Year	Bonds and Notes Payable (1)	
	Principal	Interest
2021	\$ 1,127,225	\$ 564,341
2022	1,175,175	517,030
2023	1,126,963	470,452
2024	1,177,241	423,855
2025	999,319	380,067
2026-2030	5,640,621	1,263,728
2031-2035	3,121,604	304,214
	\$ 14,368,148	\$ 3,923,687

(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, 2020 (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%.	\$ 315,000
\$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%	4,445,319
Plus: Premium on issuance	3,813
\$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%.	822,633
Plus: Premium on issuance	197,083
\$2,391,777 lease purchase dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate.	2,322,666
Plus: Premium on issuance	425,627
\$5,900,000 general obligation bond issued July 24, 2019, maturing annually through April 2035 with interest payable semi-annually at varying interest rates of 4.513% to 5.125%.	5,900,000
Plus: Premium on issuance	1,186,932
\$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.	150,000
Total general obligation bonds	<u>\$ 15,769,073</u>
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.	<u>\$ 212,530</u>
Total revenue bond (payable from General Fund property rentals)	<u>\$ 212,530</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 \$ 200,000

Total notes payable \$ 200,000

Other long-term obligations:

Compensated absences \$ 705,506

Net pension liability 1,701,613

Net OPEB liabilities 995,200

Total other long-term obligations \$ 3,402,319

Total Governmental Activities long-term obligations \$ 21,700,779

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020:

	<u>Restated Balance July 1, 2019</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Business-type Activities:					
Lease revenue bonds	\$ 2,942,543	\$ -	\$ 187,751	\$ 2,754,792	\$ 194,118
Premium on bond issuance	381,036	-	27,739	353,297	27,739
Landfill closure and postclosure care liability	4,988,090	84,797	-	5,072,887	-
Landfill corrective action plan	380,986	6,477	-	387,463	-
Compensated Absences	-	57,456	-	57,456	5,746
Net pension liability	59,067	171,618	125,276	105,409	-
Net OPEB liabilities	81,417	27,298	9,797	98,918	-
Total Business-type Activities	<u>\$ 8,833,139</u>	<u>\$ 347,646</u>	<u>\$ 350,563</u>	<u>\$ 8,830,222</u>	<u>\$ 227,603</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>
2021	\$ 194,118	107,786
2022	206,200	98,330
2023	215,195	89,018
2024	222,790	80,781
2025	232,917	73,497
2026-2030	1,364,590	200,685
2031-2032	318,982	2,776
	<u>\$ 2,754,792</u>	<u>\$ 652,873</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

Revenue bonds (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%. \$ 372,457

\$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. 2,382,335

Plus: Premium on issuance 353,297

Total revenue bonds \$ 3,108,089

Other long-term obligations:

Landfill closure and postclosure care liability \$ 5,072,887

Landfill corrective action plan liability 387,463

Compensated absences 57,456

Net pension liability 105,409

Net OPEB liabilities 98,918

Total other long-term obligations \$ 5,722,133

Total business-type activities long-term obligations \$ 8,830,222

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, 2020:

	Balance			Balance	Payable
	July 1, 2019	Addition	Deletions	June 30, 2020	Due Within
					One Year
Net OPEB liabilities	\$ 4,836,700	\$ 737,715	\$ 966,838	\$ 4,607,577	\$ -
Net pension liability	17,416,535	6,702,832	5,745,189	18,374,178	-
Total	\$ 22,253,235	\$ 7,440,547	\$ 6,712,027	\$ 22,981,755	\$ -

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 8—Litigation:

At June 30, 2020, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

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
Edna T. Goldman, Commissioner of the Revenue	3,000
L.A. "Tony" Epps, 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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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, 2020 were \$2,684,241 and \$2,388,646, respectively. Furthermore, the County reports \$387,463 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. 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.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 13—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
General Fund	\$ 342,393	\$ 1,573,383
School Debt Service Fund	110,153	-
CARES Act Fund	-	342,393
Water Fund	233,845	-
Sewer Fund	86,227	-
Landfill Fund	1,143,158	-
Total	<u>\$ 1,915,776</u>	<u>\$ 1,915,776</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, 2020, this note had an outstanding balance of \$37,500.

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, 2020, this note had an outstanding balance of \$72,000.

The County provided an equipment loan to Hampden-Sydney Volunteer Fire Department in January 2019 in the amount of \$90,000. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2020, this note had an outstanding balance of \$72,000.

The County provided an equipment loan to Prince Edward Volunteer Rescue Squad in April 2020 in the amount of \$371,000. The loan bears simple interest at 1% and is payable over 5 years. At June 30, 2020, this note had an outstanding balance of \$352,450.

The County provided an equipment loan to Darlington Heights Volunteer Fire Department in June 2020 in the amount of \$150,000. The loan bears simple interest at 3% and is payable over 5 years. At June 30, 2020, this note had an outstanding balance of \$150,000.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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 \$8,614,381 (including 2nd half billings of \$7,215,522 not due until December 5) at June 30, 2020.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2020 but paid in advance by the taxpayers totaled \$47,351 at June 30, 2020.

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

Plan Description

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

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

Eligible Employees

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Plan were \$140,816 and \$140,781 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,831,034 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC Plan 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 Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was .13987% as compared to .14829% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$125,875. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan 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, 2020 (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 10,372
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	116	-
Change in assumptions	42,617	12,723
Change in proportion	12,713	152,375
Employer contributions subsequent to the measurement date	<u>140,816</u>	<u>-</u>
Total	<u>\$ 196,262</u>	<u>\$ 175,470</u>

\$140,816 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (23,086)
2022	(23,088)
2023	(22,286)
2024	(22,554)
2025	(16,938)
Thereafter	(12,072)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions

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

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

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

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, 2020 (Continued)

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

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <u>1,309,098</u> <hr/>
 Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		 8.97%

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, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Discount Rate: (Continued)

division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,049,238	\$ 1,831,034	\$ 1,645,670

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% 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, 2020 (Continued)

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

Contributions: (Continued)

year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$28,907 and \$27,809 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$3,601 and \$3,485 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); \$61,231 and \$61,430 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the entity reported a liability of \$443,918 for the County; \$55,652 for the School Board (nonprofessional); and \$980,591 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, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .02728% as compared to .02739% at June 30, 2018 for the County. At June 30, 2019, the participating employer's proportion was .00342% as compared to .00314% at June 30, 2018 for the School Board (nonprofessional). At June 30, 2019, the participating employer's proportion was .06026% as compared to .06344% at June 30, 2018 for the School Board (professional).

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$8,430 (County), \$1,541 (School Board - nonprofessional), and \$7,808 (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, 2020 (Continued)

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

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

At June 30, 2020, 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	\$ 29,523	\$ 5,758
Net difference between projected and actual earnings on GLI OPEB program investments	-	9,118
Change in assumptions	28,026	13,386
Changes in proportion	-	6,895
Employer contributions subsequent to the measurement date	28,907	-
Total	<u>\$ 86,456</u>	<u>\$ 35,157</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 3,701	\$ 722
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,143
Change in assumptions	3,514	1,678
Changes in proportion	3,735	1,551
Employer contributions subsequent to the measurement date	3,601	-
Total	<u>\$ 14,551</u>	<u>\$ 5,094</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 65,215	\$ 12,720
Net difference between projected and actual earnings on GLI OPEB program investments	-	20,142
Change in assumptions	61,909	29,569
Changes in proportion	4,071	69,560
Employer contributions subsequent to the measurement date	61,231	-
Total	<u>\$ 192,426</u>	<u>\$ 131,991</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

\$28,907 (County); \$3,601 (School Board nonprofessional), and \$61,231 (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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2021	\$ (258)	\$ 451	\$ (11,383)
2022	(257)	451	(11,382)
2023	3,605	936	(2,851)
2024	7,994	1,622	9,259
2025	8,859	1,846	12,571
Thereafter	2,449	550	2,990

Actuarial Assumptions

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 17—Group Life Insurance (GLI) Plan (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

Discount Rate: (Continued)

assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 583,185	\$ 443,918	\$ 330,976
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 73,112	\$ 55,652	\$ 41,493
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,288,225	\$ 980,591	\$ 731,108

GLI Plan Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2019 (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, 2020 was \$12,500.

Total OPEB Liability

The County’s total OPEB liability was measured as of July 1, 2019. 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, 2019 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, 2019
Salary Increases	2.50% per year for general salary inflations as of July 1, 2019
Discount Rate	3.13% for accounting and funding disclosures as of June 30, 2019
Healthcare Cost Trend Rates	0.00% for fiscal year ending June 30, 2020

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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-2019.

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 3.13% and represents GO AA 20-year yield curve rate as of June 30, 2019.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	635,900
Changes for the year:		
Service cost		20,500
Interest		23,500
Changes in experience		(49,300)
Contributions - employer		(12,500)
Other charges		32,100
Net changes		<u>14,300</u>
Balances at June 30, 2020	\$	<u><u>650,200</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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$	722,400	\$ 650,200	\$ 585,400

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 (-1.00% increasing by 0.25% annually to an ultimate rate of 5.75%) or one percentage point higher (1.00% increasing by 0.25% annually to an ultimate rate of 7.75%) than the current healthcare cost trend rates:

Rates		
1% Decrease (-1.00% increasing to 5.75%)	Healthcare Cost Trend (0.00% increasing to 6.75%)	1% Increase (1.00% increasing to 7.75%)
\$ 563,800	\$ 650,200	\$ 755,000

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$32,100.

At June 30, 2020 the County had deferred outflows of resources of \$36,500; deferred inflows of resources related to the OPEB plan were \$59,000.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 44,200
Changes in assumptions	24,000	14,800
Employer contributions subsequent to the measurement date	12,500	-
Total	<u>\$ 36,500</u>	<u>\$ 59,000</u>

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, 2020 (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)

\$12,500 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, 2021. 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>	
2021	\$ (15,700)
2022	(15,000)
2023	(4,300)
2024	-
2025	-
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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

School Board: (Continued)

Plan Membership

At July 1, 2019 (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>

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, 2020 was \$9,300.

Total OPEB Liability

The School Board's total OPEB liability was measured as of July 1, 2019. 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, 2019
Salary Increases	2.50% per year for general salary inflations as of July 1, 2019
Discount Rate	3.13% for accounting and funding disclosures as of July 1, 2019
Healthcare Cost Trend Rates	(6.92%) for fiscal year ending June 30, 2020

Mortality rates for Active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

School Board: (Continued)

Discount Rate

The discount rate has been set equal to 3.13% and represents the Municipal GO-AA 20-year yield curve rate as of June 30, 2019.

Changes in Total OPEB Liability

	<u>School Board</u> <u>Total OPEB Liability</u>
Balances at June 30, 2019	\$ 1,943,700
Changes for the year:	
Service cost	103,000
Interest	73,900
Changes in experience	(526,700)
Contributions - employer	(9,300)
Other charges	155,700
Net changes	<u>(203,400)</u>
Balances at June 30, 2020	<u>\$ 1,740,300</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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease</u> <u>(2.13%)</u>	<u>Current Discount</u> <u>Rate (3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
\$ 1,876,900	\$ 1,740,300	\$ 1,613,700

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

School Board: (Continued)

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 (-5.92% increasing by 0.25% annually to an ultimate rate of 5.75%) or one percentage point higher (-7.92% increasing by 0.25% annually to an ultimate rate of 7.75%) than the current healthcare cost trend rates:

Rates		
1% Decrease (-5.92% increasing to 5.75%)	Healthcare Cost Trend (-6.92% increasing to 6.75%)	1% Increase (-7.92% increasing to 7.75%)
\$ 1,556,300	\$ 1,740,300	\$ 1,958,100

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of (\$62,200). At June 30, 2020, the School Board had deferred outflows of resources of \$138,600; deferred inflows of resources related to the OPEB plan were \$1,139,600.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,077,800
Changes in assumptions	129,300	61,800
Employer contributions subsequent to the measurement date	9,300	-
Total	\$ 138,600	\$ 1,139,600

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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: (Continued)

\$9,300 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, 2021. 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>	
2021	\$ (242,900)
2022	(242,900)
2023	(242,900)
2024	(225,100)
2025	(56,500)
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.

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

	<u>OPEB PLANS</u>			
	<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	\$ 86,456	\$ 35,157	\$ 443,918	\$ 8,430
County Stand-Alone Plan (Note 18)	36,500	59,000	650,200	32,100
Totals	<u>\$ 122,956</u>	<u>\$ 94,157</u>	<u>\$ 1,094,118</u>	<u>\$ 40,530</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 14,551	\$ 5,094	\$ 55,652	\$ 1,541
School Board Professional	192,426	131,991	980,591	7,808
Teacher Health Insurance Credit Program (Note 16)	196,262	175,470	1,831,034	125,875
School Stand-Alone Plan (Note 18)	138,600	1,139,600	1,740,300	(62,200)
Totals	<u>\$ 541,839</u>	<u>\$ 1,452,155</u>	<u>\$ 4,607,577</u>	<u>\$ 73,024</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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, 2019.

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

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

Statement No. 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, 2019.

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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, 2019	\$ 11,307,117	\$ (478,356)
Adjustment to beginning construction in progress	(2,450,865)	-
Transfer of landfill fixed assets	(1,553,364)	1,553,364
Transfer of landfill closure liabilities	5,369,076	(5,369,076)
Prior year note receivable issued	90,000	-
Prior year transfer between funds	(322,749)	322,749
Prior year liabilities adjustments	1,919,733	57,944
Prior year interest on certificates of deposit	35,654	-
Adjustment of uncollectible note receivable	(51,266)	-
Net Position, as restated at July 1, 2019	<u>\$ 14,343,336</u>	<u>\$ (3,913,375)</u>
	<u>Governmental Funds</u>	
	<u>General Fund</u>	
Fund balance, as reported at July 1, 2019	\$ 10,029,213	
Prior year transfer between funds	(322,749)	
Prior year liabilities adjustments	1,919,733	
Prior year interest on certificates of deposit	35,654	
Adjustment of uncollectible note receivable	(51,266)	
Fund balance, as restated at July 1, 2019	<u>\$ 11,610,585</u>	

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

Note 22—COVID-19 Pandemic Subsequent Event:

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

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Prince Edward, Virginia, received the second round of CRF funds in the amount of \$1,989,387 in August 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2021 will be returned to the federal government.

On January 11, 2021, County of Prince Edward Public Schools was awarded \$3,143,231 of Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act from the Virginia Department of Education.

Required Supplementary Information

General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 13,466,361	\$ 13,466,361	\$ 14,757,250	\$ 1,290,889
Other local taxes	3,927,798	3,927,798	4,238,495	310,697
Permits, privilege fees, and regulatory licenses	68,580	68,580	87,525	18,945
Fines and forfeitures	173,200	189,200	198,232	9,032
Revenue from the use of money and property	507,665	507,665	657,889	150,224
Charges for services	101,921	101,921	182,507	80,586
Miscellaneous	27,700	29,094	156,288	127,194
Recovered costs	100,678	107,075	136,102	29,027
Intergovernmental:				
Commonwealth	5,693,174	5,757,320	5,474,802	(282,518)
Federal	1,631,953	1,656,657	1,801,731	145,074
Total revenues	\$ 25,699,030	\$ 25,811,671	\$ 27,690,821	\$ 1,879,150
EXPENDITURES				
Current:				
General government administration	\$ 1,409,869	\$ 1,864,140	\$ 1,833,581	\$ 30,559
Judicial administration	1,762,884	1,771,844	1,687,924	83,920
Public safety	4,376,342	4,676,088	4,629,761	46,327
Public works	800,158	800,158	808,615	(8,457)
Health and welfare	4,615,262	4,619,559	4,223,046	396,513
Education	8,919,671	8,919,671	7,224,947	1,694,724
Parks, recreation, and cultural	337,095	337,095	327,380	9,715
Community development	708,389	708,389	2,545,274	(1,836,885)
Nondepartmental	233,381	233,381	30,968	202,413
Capital projects	147,750	7,581,211	7,509,744	71,467
Debt service:				
Principal retirement	444,417	534,417	813,215	(278,798)
Interest and other fiscal charges	220,978	220,978	220,978	-
Total expenditures	\$ 23,976,196	\$ 32,266,931	\$ 31,855,433	\$ 411,498
Excess (deficiency) of revenues over (under) expenditures	\$ 1,722,834	\$ (6,455,260)	\$ (4,164,612)	\$ 2,290,648
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 609,290	\$ 609,290	\$ 342,393	\$ (266,897)
Transfers out	(1,899,203)	(1,839,203)	(1,573,383)	265,820
Issuance of general obligation refunding bonds	-	7,168,789	5,900,000	(1,268,789)
Premium on refunding bonds	-	-	1,268,789	1,268,789
Total other financing sources (uses)	\$ (1,289,913)	\$ 5,938,876	\$ 5,937,799	\$ (1,077)
Net change in fund balances	\$ 432,921	\$ (516,384)	\$ 1,773,187	\$ 2,289,571
Fund balances - beginning, as restated	(432,921)	516,384	11,610,585	11,094,201
Fund balances - ending	\$ -	\$ -	\$ 13,383,772	\$ 13,383,772

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 568,188	\$ 586,171	\$ 608,923
Interest	1,607,590	1,581,656	1,517,955
Differences between expected and actual experience	46,873	(693,470)	(219,828)
Changes in assumptions	703,479	-	7,334
Benefit payments, including refunds of employee contributions	(1,195,417)	(1,012,324)	(996,413)
Net change in total pension liability	<u>\$ 1,730,713</u>	<u>\$ 462,033</u>	<u>\$ 917,971</u>
Total pension liability - beginning	<u>23,563,285</u>	<u>23,101,252</u>	<u>22,183,281</u>
Total pension liability - ending (a)	<u><u>\$ 25,293,998</u></u>	<u><u>\$ 23,563,285</u></u>	<u><u>\$ 23,101,252</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 406,538	\$ 446,611	\$ 437,632
Contributions - employee	250,656	250,026	265,479
Net investment income	1,490,390	1,575,307	2,341,406
Benefit payments, including refunds of employee contributions	(1,195,417)	(1,012,324)	(996,413)
Administrative expense	(14,960)	(13,613)	(13,544)
Other	(938)	(1,400)	(2,082)
Net change in plan fiduciary net position	<u>\$ 936,269</u>	<u>\$ 1,244,607</u>	<u>\$ 2,032,478</u>
Plan fiduciary net position - beginning	<u>22,550,707</u>	<u>21,306,100</u>	<u>19,273,622</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 23,486,976</u></u>	<u><u>\$ 22,550,707</u></u>	<u><u>\$ 21,306,100</u></u>
County's net pension liability (asset) - ending (a) - (b)	<u>\$ 1,807,022</u>	<u>\$ 1,012,578</u>	<u>\$ 1,795,152</u>
Plan fiduciary net position as a percentage of the total pension liability	92.86%	95.70%	92.23%
Covered payroll	\$ 5,327,164	\$ 5,191,889	\$ 5,030,792
County's net pension liability (asset) as a percentage of covered payroll	33.92%	19.50%	35.68%

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

Exhibit 12

2016	2015	2014
\$ 583,283	\$ 545,827	\$ 555,966
1,509,879	1,462,131	1,383,489
(1,025,111)	(446,242)	-
-	-	-
(908,946)	(850,241)	(781,769)
\$ 159,105	\$ 711,475	\$ 1,157,686
22,024,176	21,312,701	20,155,015
\$ 22,183,281	\$ 22,024,176	\$ 21,312,701

\$ 555,222	\$ 567,774	\$ 604,584
241,585	248,130	246,898
333,781	841,567	2,496,224
(908,946)	(850,241)	(781,769)
(11,833)	(11,394)	(13,259)
(141)	(176)	132
\$ 209,668	\$ 795,660	\$ 2,552,810
19,063,954	18,268,294	15,715,484
\$ 19,273,622	\$ 19,063,954	\$ 18,268,294

\$ 2,909,659 \$ 2,960,222 \$ 3,044,407

86.88% 86.56% 85.72%

\$ 5,034,064 \$ 4,994,453 \$ 4,941,586

57.80% 59.27% 61.61%

COUNTY OF PRINCE EDWARD, VIRGINIA

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 51,726	\$ 54,086	\$ 54,550
Interest	265,030	270,765	279,919
Differences between expected and actual experience	51,402	(196,710)	(251,147)
Changes in assumptions	100,471	-	(14,912)
Benefit payments, including refunds of employee contributions	(219,090)	(201,063)	(197,298)
Net change in total pension liability	<u>\$ 249,539</u>	<u>\$ (72,922)</u>	<u>\$ (128,888)</u>
Total pension liability - beginning	3,895,681	3,968,603	4,097,491
Total pension liability - ending (a)	<u><u>\$ 4,145,220</u></u>	<u><u>\$ 3,895,681</u></u>	<u><u>\$ 3,968,603</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 27,199	\$ 54,735	\$ 52,589
Contributions - employee	31,466	29,348	27,717
Net investment income	261,426	281,847	425,863
Benefit payments, including refunds of employee contributions	(219,090)	(201,063)	(197,298)
Administrative expense	(2,697)	(2,481)	(2,524)
Other	(164)	(249)	(376)
Net change in plan fiduciary net position	<u>\$ 98,140</u>	<u>\$ 162,137</u>	<u>\$ 305,971</u>
Plan fiduciary net position - beginning	4,008,205	3,846,068	3,540,097
Plan fiduciary net position - ending (b)	<u><u>\$ 4,106,345</u></u>	<u><u>\$ 4,008,205</u></u>	<u><u>\$ 3,846,068</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 38,875	\$ (112,524)	\$ 122,535
Plan fiduciary net position as a percentage of the total pension liability	99.06%	102.89%	96.91%
Covered payroll	\$ 670,157	\$ 590,719	\$ 582,130
School Division's net pension liability (asset) as a percentage of covered payroll	5.80%	-19.05%	21.05%

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.

Exhibit 13

	2016	2015	2014
\$	53,998	\$ 50,122	\$ 74,756
	266,348	266,930	257,300
	74,389	(119,719)	-
	-	-	-
	(204,429)	(206,875)	(182,074)
\$	190,306	\$ (9,542)	\$ 149,982
	3,907,185	3,916,727	3,766,745
\$	4,097,491	\$ 3,907,185	\$ 3,916,727

\$	55,387	\$ 56,512	\$ 50,281
	30,165	30,842	29,439
	60,144	160,116	493,037
	(204,429)	(206,875)	(182,074)
	(2,277)	(2,280)	(2,719)
	(26)	(33)	26
\$	(61,036)	\$ 38,282	\$ 387,990
	3,601,133	3,562,851	3,174,861
\$	3,540,097	\$ 3,601,133	\$ 3,562,851

\$ 557,394 \$ 306,052 \$ 353,876

86.40% 92.17% 90.97%

\$ 607,723 \$ 602,654 \$ 599,266

91.72% 50.78% 59.05%

COUNTY OF PRINCE EDWARD, VIRGINIA

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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.14%	0.15%	0.14%
Employer's Proportionate Share of the Net Pension Liability (Asset) \$	18,335,303	\$ 17,294,000	\$ 17,958,000
Employer's Covered Payroll	11,697,847	11,995,057	11,604,550
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.74%	144.18%	154.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	74.81%	72.92%

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

Exhibit 14

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.15%	0.16%	0.17%
\$ 21,669,000	\$ 20,311,000	\$ 20,970,000
11,760,526	11,745,639	12,499,030
184.25%	172.92%	167.77%
68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plan
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 419,937	\$ 419,937	\$ -	\$ 5,514,677	7.61%
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%
Component Unit School Board (nonprofessional)					
2020	\$ 27,150	\$ 27,150	\$ -	\$ 692,516	3.92%
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%
Component Unit School Board (professional)					
2020	\$ 1,772,572	\$ 1,772,572	\$ -	\$ 11,734,702	15.11%
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%

Notes to Required Supplementary Information - Pension Plan
 For the Year Ended June 30, 2020

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (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)
2019	0.13987%	\$ 1,831,034	\$ 11,731,764	15.61%	8.97%
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) Plan
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 140,816	\$ 140,816	\$ -	\$ 11,734,702	1.20%
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%

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

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

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

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

Schedule of County and School Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (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					
2019	0.02728%	\$ 443,918	\$ 5,347,838	8.30%	52.00%
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)					
2019	0.00342%	\$ 55,652	\$ 670,157	8.30%	52.00%
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)					
2019	0.06026%	\$ 980,591	\$ 11,813,390	8.30%	52.00%
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 (GLI) Plan
 For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 28,907	\$ 28,907	\$ -	\$ 5,558,999	0.52%
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%
Component Unit School Board (nonprofessional)					
2020	\$ 3,601	\$ 3,601	\$ -	\$ 692,516	0.52%
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%
Component Unit School Board (professional)					
2020	\$ 61,231	\$ 61,231	\$ -	\$ 11,775,151	0.52%
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%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 20,500	\$ 22,800	\$ 22,200
Interest	23,500	23,600	22,400
Differences between expected and actual experience	(49,300)	(14,900)	-
Benefit payments	(12,500)	(9,700)	(14,500)
Changes in assumptions	32,100	(30,000)	-
Net change in total OPEB liability	<u>\$ 14,300</u>	<u>\$ (8,200)</u>	<u>\$ 30,100</u>
Total OPEB liability - beginning	<u>635,900</u>	<u>644,100</u>	<u>614,000</u>
Total OPEB liability - ending	<u><u>\$ 650,200</u></u>	<u><u>\$ 635,900</u></u>	<u><u>\$ 644,100</u></u>
Covered payroll	\$ 5,103,500	\$ 5,103,500	\$ 4,870,600
County's total OPEB liability (asset) as a percentage of covered payroll	12.74%	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, 2020

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13% as of July 1, 2019
Salary Scale	2.50% as of July 1, 2019
Healthcare Trend Rate	0.00% for fiscal year 2020, 6.75% for fiscal year 2021, 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-2019

Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit - School Board
 For the Measurement Dates of June 30, 2017 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 103,000	\$ 127,600	\$ 124,500
Interest	73,900	103,500	98,000
Differences between expected and actual experience	(526,700)	(968,800)	-
Benefit payments	(9,300)	(9,400)	(129,900)
Other charges	155,700	(93,400)	-
Net change in total OPEB liability	<u>\$ (203,400)</u>	<u>\$ (840,500)</u>	<u>\$ 92,600</u>
Total OPEB liability - beginning	<u>1,943,700</u>	<u>2,784,200</u>	<u>2,691,600</u>
Total OPEB liability - ending	<u><u>\$ 1,740,300</u></u>	<u><u>\$ 1,943,700</u></u>	<u><u>\$ 2,784,200</u></u>
Covered payroll	\$ 12,388,700	\$ 12,388,700	\$ 10,339,900
School Board's total OPEB liability (asset) as a percentage of covered payroll	14.05%	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, 2020

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13% as of July 1, 2019
Salary Scale	2.50% as of July 1, 2019
Healthcare Trend Rate	(6.92%) for fiscal year 2020, 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-2019

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Other Supplementary Information

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 13,000	\$ 13,000	\$ 10,841	\$ (2,159)
Charges for services	250,000	250,000	373,524	123,524
Total revenues	\$ 263,000	\$ 263,000	\$ 384,365	\$ 121,365
EXPENDITURES				
Current:				
Capital projects	\$ 263,000	\$ 263,000	\$ -	\$ 263,000
Total expenditures	\$ 263,000	\$ 263,000	\$ -	\$ 263,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 384,365	\$ 384,365
Net change in fund balances	\$ -	\$ -	\$ 384,365	\$ 384,365
Fund balances - beginning	-	-	1,885,520	1,885,520
Fund balances - ending	\$ -	\$ -	\$ 2,269,885	\$ 2,269,885

CARES Act Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal	\$ -	\$ -	\$ 342,393	\$ 342,393
Total revenues	\$ -	\$ -	\$ 342,393	\$ 342,393
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 342,393	\$ 342,393
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (342,393)	\$ (342,393)
Total other financing sources and uses	\$ -	\$ -	\$ (342,393)	\$ (342,393)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds		Capital Projects	Total
	Piedmont Court Services	EMS District	Recreation Fund	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 424,017	\$ 10,156	\$ 9,234	\$ 443,407
Total assets	\$ 424,017	\$ 10,156	\$ 9,234	\$ 443,407
LIABILITIES				
Accounts payable	\$ 1,437	\$ -	\$ -	\$ 1,437
Total liabilities	\$ 1,437	\$ -	\$ -	\$ 1,437
FUND BALANCES				
Assigned:				
Recreation capital projects	\$ -	\$ -	\$ 9,234	\$ 9,234
Special revenue	422,580	10,156	-	432,736
Total fund balances	\$ 422,580	\$ 10,156	\$ 9,234	\$ 441,970
Total liabilities and fund balances	\$ 424,017	\$ 10,156	\$ 9,234	\$ 443,407

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds		Capital Projects Funds	Total
	Piedmont Court Services	EMS District	Recreation Fund	Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ -	\$ 285,492	\$ -	\$ 285,492
Revenue from the use of money and property	923	-	1,020	1,943
Charges for services	48,155	-	-	48,155
Miscellaneous	523	-	-	523
Intergovernmental: Commonwealth	473,793	-	-	473,793
Total revenues	\$ 523,394	\$ 285,492	\$ 1,020	\$ 809,906
EXPENDITURES				
Public Safety	\$ 501,116	\$ 275,336	\$ -	\$ 776,452
Total expenditures	\$ 501,116	\$ 275,336	\$ -	\$ 776,452
Excess (deficiency) of revenues over (under) expenditures	\$ 22,278	\$ 10,156	\$ 1,020	\$ 33,454
Net change in fund balances	\$ 22,278	\$ 10,156	\$ 1,020	\$ 33,454
Fund balances - beginning	400,302	-	8,214	408,516
Fund balances - ending	\$ 422,580	\$ 10,156	\$ 9,234	\$ 441,970

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	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								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	1,020	1,020	1,000	1,000	923	(77)
Charges for services	-	-	-	-	64,000	64,000	48,155	(15,845)
Miscellaneous	-	-	-	-	500	500	523	23
Intergovernmental: Commonwealth	-	-	-	-	462,431	475,692	473,793	(1,899)
Total revenues	\$ -	\$ -	\$ 1,020	\$ 1,020	\$ 527,931	\$ 541,192	\$ 523,394	\$ (17,798)
EXPENDITURES								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 586,859	\$ 600,120	\$ 501,116	\$ 99,004
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 586,859	\$ 600,120	\$ 501,116	\$ 99,004
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,020	\$ 1,020	\$ (58,928)	\$ (58,928)	\$ 22,278	\$ 81,206
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 58,928	\$ 58,928	\$ -	\$ (58,928)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ 58,928	\$ 58,928	\$ -	\$ (58,928)
Net change in fund balances	\$ -	\$ -	\$ 1,020	\$ 1,020	\$ -	\$ -	\$ 22,278	\$ 22,278
Fund balances - beginning	-	-	8,214	8,214	-	-	400,302	400,302
Fund balances - ending	\$ -	\$ -	\$ 9,234	\$ 9,234	\$ -	\$ -	\$ 422,580	\$ 422,580

Exhibit 31

Special Revenue Funds			
EMS District			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ 300,000	\$ 285,492	\$ (14,508)
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ 300,000	\$ 285,492	\$ (14,508)
\$ -	\$ 300,000	\$ 275,336	\$ 24,664
\$ -	\$ 300,000	\$ 275,336	\$ 24,664
\$ -	\$ -	\$ 10,156	\$ 10,156
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 10,156	\$ 10,156
-	-	-	-
\$ -	\$ -	\$ 10,156	\$ 10,156

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	<u>Special Welfare</u>	<u>Piedmont Alcohol Safety Action Program</u>	<u>Sales Tax Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 331	\$ -	\$ -	\$ 331
Total assets	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>
LIABILITIES				
Amounts held for social services clients	\$ 331	\$ -	\$ -	\$ 331
Total liabilities	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 June 30, 2020

	<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	\$ 2,796	\$ 4,078	\$ 6,543	\$ 331
Liabilities:				
Amounts held for social service clients	\$ 2,796	\$ 4,078	\$ 6,543	\$ 331
Sales Tax:				
Assets:				
Cash and cash equivalents	\$ 30	\$ 390,388	\$ 390,418	\$ -
Liabilities:				
Sales tax payable to towns	\$ 30	\$ 390,388	\$ 390,418	\$ -
Piedmont Alcohol Safety Action Program:				
Assets:				
Cash and cash equivalents	\$ 249,377	\$ -	\$ 249,377	\$ -
Liabilities:				
Amounts held for Piedmont ASAP	\$ 249,377	\$ -	\$ 249,377	\$ -
Total Liabilities	\$ 249,377	\$ -	\$ 249,377	\$ -
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ 252,203	\$ 394,466	\$ 646,338	\$ 331
Total assets	\$ 252,203	\$ 394,466	\$ 646,338	\$ 331
Liabilities:				
Reconciled overdraft	\$ -	\$ -	\$ -	\$ -
Amounts held for social service clients	2,796	4,078	6,543	331
Amounts held as sales tax payable to towns	30	390,388	390,418	-
Amounts held for Piedmont ASAP	249,377	-	249,377	-
Total liabilities	\$ 252,203	\$ 394,466	\$ 646,338	\$ 331

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2020

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,108,957	\$ 520,573	\$ 21,939	\$ 1,651,469
Receivables (net of allowance for uncollectibles):				
Due from other governmental units	2,046,994	41,554	-	2,088,548
Prepaid items	<u>250,632</u>	<u>-</u>	<u>-</u>	<u>250,632</u>
Total assets	<u>\$ 3,406,583</u>	<u>\$ 562,127</u>	<u>\$ 21,939</u>	<u>\$ 3,990,649</u>
LIABILITIES				
Accounts payable	\$ 7,817	\$ -	\$ -	\$ 7,817
Accrued liabilities	1,108,957	43,900	-	1,152,857
Due to primary government	<u>2,289,809</u>	<u>-</u>	<u>-</u>	<u>2,289,809</u>
Total liabilities	<u>\$ 3,406,583</u>	<u>\$ 43,900</u>	<u>\$ -</u>	<u>\$ 3,450,483</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 250,632	\$ -	\$ -	\$ 250,632
Assigned:				
Cafeteria	-	518,227	-	518,227
Underground storage	-	-	21,939	21,939
Unassigned	<u>(250,632)</u>	<u>-</u>	<u>-</u>	<u>(250,632)</u>
Total fund balances	<u>\$ -</u>	<u>\$ 518,227</u>	<u>\$ 21,939</u>	<u>\$ 540,166</u>
Total liabilities and fund balances	<u>\$ 3,406,583</u>	<u>\$ 562,127</u>	<u>\$ 21,939</u>	<u>\$ 3,990,649</u>

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

Total fund balances per above \$ 540,166

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

Capital assets	31,616,475	
Accumulated depreciation	<u>(22,289,259)</u>	9,327,216

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

Pension related items	3,773,443	
OPEB related items	<u>541,839</u>	4,315,282

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

Net pension liability	(18,374,178)	
Net OPEB liability	<u>(4,607,577)</u>	(22,981,755)

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	(3,354,548)	
OPEB related items	<u>(1,452,153)</u>	(4,806,701)

Net position of governmental activities \$ (13,605,792)

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

	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	\$ 8,444	\$ 1,413	\$ -	\$ 1,939	\$ 11,796
Charges for services	210,916	94,593	-	-	305,509
Miscellaneous	2,054	-	-	-	2,054
Recovered costs	157,379	-	-	-	157,379
Intergovernmental:					
Local government	7,217,947	-	-	-	7,217,947
Commonwealth	14,679,276	52,421	-	-	14,731,697
Federal	2,893,442	1,306,974	-	-	4,200,416
Total revenues	<u>\$ 25,169,458</u>	<u>\$ 1,455,401</u>	<u>\$ -</u>	<u>\$ 1,939</u>	<u>\$ 26,626,798</u>
EXPENDITURES					
Current:					
Education	\$ 24,625,239	\$ 1,426,811	\$ -	\$ -	\$ 26,052,050
Debt service:					
Principal retirement	364,694	-	-	-	364,694
Interest and other fiscal charges	128,625	-	-	-	128,625
Total expenditures	<u>\$ 25,118,558</u>	<u>\$ 1,426,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,545,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 50,900</u>	<u>\$ 28,590</u>	<u>\$ -</u>	<u>\$ 1,939</u>	<u>\$ 81,429</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 50,900	\$ -	\$ 50,900
Transfers out	(50,900)	-	-	-	(50,900)
Total other financing sources (uses)	<u>\$ (50,900)</u>	<u>\$ -</u>	<u>\$ 50,900</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 28,590	\$ 50,900	\$ 1,939	\$ 81,429
Fund balances - beginning	-	489,637	(50,900)	20,000	458,737
Fund balances - ending	<u>\$ -</u>	<u>\$ 518,227</u>	<u>\$ -</u>	<u>\$ 21,939</u>	<u>\$ 540,166</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	\$ 81,429
--	-----------

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	\$ 489,373	
Depreciation expense	(731,991)	(242,618)

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	\$ 707,528	
OPEB expense	144,913	852,441
Change in net position of governmental activities		<u>\$ 691,252</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, 2020

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 10,000	\$ 8,444	\$ (1,556)
Charges for services	91,925	129,425	210,916	81,491
Miscellaneous	54,000	54,000	2,054	(51,946)
Recovered costs	128,000	128,000	157,379	29,379
Intergovernmental:				
Local government	8,912,671	8,912,671	7,217,947	(1,694,724)
Commonwealth	14,854,649	15,026,737	14,679,276	(347,461)
Federal	1,904,034	2,172,883	2,893,442	720,559
Total revenues	<u>\$ 25,945,279</u>	<u>\$ 26,433,716</u>	<u>\$ 25,169,458</u>	<u>\$ (1,264,258)</u>
EXPENDITURES				
Current:				
Education	\$ 25,348,913	\$ 25,755,229	\$ 24,625,239	\$ 1,129,990
Debt service:				
Principal retirement	477,741	477,741	364,694	113,047
Interest and other fiscal charges	128,625	128,625	128,625	-
Total expenditures	<u>\$ 25,955,279</u>	<u>\$ 26,361,595</u>	<u>\$ 25,118,558</u>	<u>\$ 1,243,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,000)</u>	<u>\$ 72,121</u>	<u>\$ 50,900</u>	<u>\$ (21,221)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (50,900)	\$ (50,900)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,900)</u>	<u>\$ (50,900)</u>
Net change in fund balances	\$ (10,000)	\$ 72,121	\$ -	\$ (72,121)
Fund balances - beginning	10,000	(72,121)	-	72,121
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 1,413	\$ 1,413
88,000	88,000	94,593	6,593
-	-	-	-
10,000	10,000	-	(10,000)
-	-	-	-
41,015	41,015	52,421	11,406
<u>1,274,760</u>	<u>1,274,760</u>	<u>1,306,974</u>	<u>32,214</u>
\$ <u>1,413,775</u>	\$ <u>1,413,775</u>	\$ <u>1,455,401</u>	\$ <u>41,626</u>
\$ 1,463,775	\$ 1,463,775	\$ 1,426,811	\$ 36,964
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,463,775</u>	\$ <u>1,463,775</u>	\$ <u>1,426,811</u>	\$ <u>36,964</u>
\$ <u>(50,000)</u>	\$ <u>(50,000)</u>	\$ <u>28,590</u>	\$ <u>78,590</u>
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ (50,000)	\$ (50,000)	\$ 28,590	\$ 78,590
50,000	50,000	489,637	439,637
<u>-</u>	<u>-</u>	<u>518,227</u>	<u>518,227</u>

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Supporting Schedules

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2020

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	\$ 7,972,204	\$ 7,972,204	\$ 7,915,096	\$ (57,108)
Real and personal public service corporation taxes	540,000	540,000	618,519	78,519
Personal property taxes	4,179,797	4,179,797	5,335,947	1,156,150
Mobile home taxes	35,000	35,000	42,033	7,033
Machinery and tools taxes	40,000	40,000	50,396	10,396
Merchants' capital taxes	394,000	394,000	399,890	5,890
Penalties	168,360	168,360	201,624	33,264
Interest	137,000	137,000	193,745	56,745
Total general property taxes	<u>\$ 13,466,361</u>	<u>\$ 13,466,361</u>	<u>\$ 14,757,250</u>	<u>\$ 1,290,889</u>
Other local taxes:				
Local sales and use taxes	\$ 2,940,000	\$ 2,940,000	\$ 3,076,209	\$ 136,209
Moped and ATV sales and use taxes	-	-	19,403	19,403
Consumers' utility taxes	315,000	315,000	306,609	(8,391)
Gross receipts tax	58,850	58,850	72,649	13,799
Motor vehicle licenses	475,000	475,000	579,777	104,777
Taxes on recordation and wills	138,948	138,948	183,848	44,900
Total other local taxes	<u>\$ 3,927,798</u>	<u>\$ 3,927,798</u>	<u>\$ 4,238,495</u>	<u>\$ 310,697</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 10,072	\$ 1,072
Permits and other licenses	59,580	59,580	77,453	17,873
Total permits, privilege fees, and regulatory licenses	<u>\$ 68,580</u>	<u>\$ 68,580</u>	<u>\$ 87,525</u>	<u>\$ 18,945</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 173,200	\$ 189,200	\$ 198,232	\$ 9,032
Revenue from use of money and property:				
Revenue from use of money	\$ 106,667	\$ 106,667	\$ 217,610	\$ 110,943
Revenue from use of property	400,998	400,998	440,279	39,281
Total revenue from use of money and property	<u>\$ 507,665</u>	<u>\$ 507,665</u>	<u>\$ 657,889</u>	<u>\$ 150,224</u>
Charges for services:				
Court costs	\$ 1,921	\$ 1,921	\$ 72,832	\$ 70,911
Charges for law library	7,000	7,000	6,973	(27)
Charges for courthouse maintenance	10,000	10,000	10,916	916
Miscellaneous fees	5,000	5,000	6,291	1,291
Charges for cannery	15,000	15,000	16,381	1,381
Charges for other protection	63,000	63,000	69,114	6,114
Total charges for services	<u>\$ 101,921</u>	<u>\$ 101,921</u>	<u>\$ 182,507</u>	<u>\$ 80,586</u>
Miscellaneous:				
Expenditure refunds	\$ 4,800	\$ 4,800	\$ 9,310	\$ 4,510
Sale of property	-	-	5,950	5,950
Miscellaneous	22,900	24,294	141,028	116,734
Total miscellaneous	<u>\$ 27,700</u>	<u>\$ 29,094</u>	<u>\$ 156,288</u>	<u>\$ 127,194</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (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)				
Recovered costs:				
Other recovered costs	\$ 74,700	\$ 81,097	\$ 136,102	\$ 55,005
Circuit court judge	25,978	25,978	-	(25,978)
Total recovered costs	<u>\$ 100,678</u>	<u>\$ 107,075</u>	<u>\$ 136,102</u>	<u>\$ 29,027</u>
Total revenue from local sources	<u>\$ 18,373,903</u>	<u>\$ 18,397,694</u>	<u>\$ 20,414,288</u>	<u>\$ 2,016,594</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 64,008	\$ 4,008
Mobile home titling tax	25,000	25,000	54,467	29,467
Motor vehicle rental tax	500	500	72	(428)
State recordation tax	40,000	40,000	23,089	(16,911)
Communications tax	259,345	259,345	257,938	(1,407)
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	<u>\$ 1,690,195</u>	<u>\$ 1,690,195</u>	<u>\$ 1,704,924</u>	<u>\$ 14,729</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 435,698	\$ 435,698	\$ 417,212	\$ (18,486)
Sheriff	1,124,674	1,124,674	1,137,145	12,471
Commissioner of revenue	97,194	97,194	97,150	(44)
Treasurer	94,412	94,412	94,548	136
Registrar/electoral board	37,020	37,020	55,932	18,912
Clerk of the Circuit Court	311,684	320,644	324,204	3,560
Total shared expenses	<u>\$ 2,100,682</u>	<u>\$ 2,109,642</u>	<u>\$ 2,126,191</u>	<u>\$ 16,549</u>
Other categorical aid:				
Emergency medical services	\$ 19,500	\$ 19,500	\$ -	\$ (19,500)
Welfare administration and assistance	1,018,797	1,018,797	1,001,409	(17,388)
Litter control grant	7,000	7,000	5,781	(1,219)
Comprehensive services act	820,000	820,000	448,373	(371,627)
Victim-witness grant	35,000	35,000	21,940	(13,060)
Fire program funds	-	55,186	55,186	-
Other categorical	2,000	2,000	110,998	108,998
Total other categorical aid	<u>\$ 1,902,297</u>	<u>\$ 1,957,483</u>	<u>\$ 1,643,687</u>	<u>\$ (313,796)</u>
Total categorical aid	<u>\$ 4,002,979</u>	<u>\$ 4,067,125</u>	<u>\$ 3,769,878</u>	<u>\$ (297,247)</u>
Total revenue from the Commonwealth	<u>\$ 5,693,174</u>	<u>\$ 5,757,320</u>	<u>\$ 5,474,802</u>	<u>\$ (282,518)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (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 federal government:				
Payments in lieu of taxes	\$ -	\$ -	\$ 87,898	\$ 87,898
Categorical aid:				
Welfare administration and assistance	\$ 1,577,823	\$ 1,577,823	\$ 1,599,626	\$ 21,803
FEMA grant	-	24,704	19,763	(4,941)
Emergency management performance grant	9,436	9,436	9,436	-
Bulletproof vest partnership program	-	-	3,000	3,000
Other federal revenue	44,694	44,694	82,008	37,314
Total categorical aid	\$ 1,631,953	\$ 1,656,657	\$ 1,713,833	\$ 57,176
Total revenue from the federal government	\$ 1,631,953	\$ 1,656,657	\$ 1,801,731	\$ 145,074
Total General Fund	\$ 25,699,030	\$ 25,811,671	\$ 27,690,821	\$ 1,879,150
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 13,000	\$ 13,000	\$ 10,841	\$ (2,159)
Charges for services:				
Tipping fees - non-county users	\$ 250,000	\$ 250,000	\$ 373,524	\$ 123,524
Total revenue from local sources	\$ 263,000	\$ 263,000	\$ 384,365	\$ 121,365
Total Landfill Construction Fund	\$ 263,000	\$ 263,000	\$ 384,365	\$ 121,365
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,020	\$ 1,020
Total revenue from local sources	\$ -	\$ -	\$ 1,020	\$ 1,020
Total Recreation Fund	\$ -	\$ -	\$ 1,020	\$ 1,020
Special Revenue Funds:				
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
CARES Act	\$ -	\$ -	\$ 342,393	\$ 342,393
Total revenue from the federal government	\$ -	\$ -	\$ 342,393	\$ 342,393
Total CARES Act Fund	\$ -	\$ -	\$ 342,393	\$ 342,393

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Piedmont Court Services Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 923	\$ (77)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 923	\$ (77)
Charges for services:				
Other charges for services	\$ 64,000	\$ 64,000	\$ 48,155	\$ (15,845)
Total charges for services	\$ 64,000	\$ 64,000	\$ 48,155	\$ (15,845)
Miscellaneous:				
Other miscellaneous	\$ 500	\$ 500	\$ 523	\$ 23
Total miscellaneous	\$ 500	\$ 500	\$ 523	\$ 23
Total revenue from local sources	\$ 65,500	\$ 65,500	\$ 49,601	\$ (15,899)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 462,431	\$ 475,692	\$ 473,793	\$ (1,899)
Total categorical aid	\$ 462,431	\$ 475,692	\$ 473,793	\$ (1,899)
Total revenue from the Commonwealth	\$ 462,431	\$ 475,692	\$ 473,793	\$ (1,899)
Total Piedmont Court Services Fund	\$ 527,931	\$ 541,192	\$ 523,394	\$ (17,798)
EMS District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ -	\$ 153,121	\$ 152,384	\$ (737)
Real and personal public service corporation taxes	-	9,900	-	(9,900)
Personal property taxes	-	136,079	129,264	(6,815)
Mobile home taxes	-	800	661	(139)
Machinery and tools taxes	-	100	-	(100)
Penalties	-	-	2,642	2,642
Interest	-	-	541	541
Total general property taxes	\$ -	\$ 300,000	\$ 285,492	\$ (14,508)
Total revenue from local sources	\$ -	\$ 300,000	\$ 285,492	\$ (14,508)
Total EMS District Fund	\$ -	\$ 300,000	\$ 285,492	\$ (14,508)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
School Debt Service				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 39,680	\$ 39,680
Total revenue from local sources	\$ -	\$ -	\$ 39,680	\$ 39,680
Total School Debt Service Fund	\$ -	\$ -	\$ 39,680	\$ 39,680
Total Primary Government	\$ 26,489,961	\$ 26,915,863	\$ 29,267,165	\$ 2,351,302
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	\$ -	\$ 10,000	\$ 8,444	\$ (1,556)
Total revenue from use of money and property	\$ -	\$ 10,000	\$ 8,444	\$ (1,556)
Charges for services:				
Charges for education	\$ 91,925	\$ 129,425	\$ 210,916	\$ 81,491
Miscellaneous:				
Other miscellaneous	\$ 54,000	\$ 54,000	\$ 2,054	\$ (51,946)
Recovered costs:				
Other recovered costs	\$ 128,000	\$ 128,000	\$ 157,379	\$ 29,379
Total revenue from local sources	\$ 273,925	\$ 321,425	\$ 378,793	\$ 57,368
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,912,671	\$ 8,912,671	\$ 7,217,947	\$ (1,694,724)
Total revenues from local governments	\$ 8,912,671	\$ 8,912,671	\$ 7,217,947	\$ (1,694,724)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,987,847	\$ 2,987,847	\$ 3,065,205	\$ 77,358
Basic school aid	5,962,025	5,962,025	5,797,253	(164,772)
Other state funds	5,904,777	6,076,865	5,816,818	(260,047)
Total categorical aid	\$ 14,854,649	\$ 15,026,737	\$ 14,679,276	\$ (347,461)
Total revenue from the Commonwealth	\$ 14,854,649	\$ 15,026,737	\$ 14,679,276	\$ (347,461)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 959,493	\$ 1,228,342	\$ 1,439,287	\$ 210,945
Title I, neglected and delinquent children	-	-	815	815
Title II	124,934	124,934	260,910	135,976
Title VI-B, special education flow-through	637,788	637,788	907,093	269,305
Title VI-B, pre-school	19,904	19,904	20,263	359
Title IV, Part A	66,711	66,711	850	(65,861)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title V-A	\$ 34,065	\$ 34,065	\$ 62,301	\$ 28,236
21st Century	-	-	6,728	6,728
Vocational education	57,521	57,521	126,656	69,135
Other federal funds	3,618	3,618	68,539	64,921
Total categorical aid	<u>\$ 1,904,034</u>	<u>\$ 2,172,883</u>	<u>\$ 2,893,442</u>	<u>\$ 720,559</u>
Total School Operating Fund	<u>\$ 25,945,279</u>	<u>\$ 26,433,716</u>	<u>\$ 25,169,458</u>	<u>\$ (1,264,258)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,413	\$ 1,413
Charges for services:				
Cafeteria sales	\$ 88,000	\$ 88,000	\$ 94,593	\$ 6,593
Recovered costs:				
Other recovered costs	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total revenue from local sources	<u>\$ 98,000</u>	<u>\$ 98,000</u>	<u>\$ 96,006</u>	<u>\$ (1,994)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 41,015	\$ 41,015	\$ 52,421	\$ 11,406
Total categorical aid	<u>\$ 41,015</u>	<u>\$ 41,015</u>	<u>\$ 52,421</u>	<u>\$ 11,406</u>
Total revenue from the Commonwealth	<u>\$ 41,015</u>	<u>\$ 41,015</u>	<u>\$ 52,421</u>	<u>\$ 11,406</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 1,274,760	\$ 1,274,760	\$ 1,306,974	\$ 32,214
Total categorical aid	<u>\$ 1,274,760</u>	<u>\$ 1,274,760</u>	<u>\$ 1,306,974</u>	<u>\$ 32,214</u>
Total School Cafeteria Fund	<u>\$ 1,413,775</u>	<u>\$ 1,413,775</u>	<u>\$ 1,455,401</u>	<u>\$ 41,626</u>
Underground Storage Tank Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,939	\$ 1,939
Total revenue from use of money and property	<u>-</u>	<u>-</u>	<u>1,939</u>	<u>1,939</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939</u>	<u>\$ 1,939</u>
Underground Storage Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,939</u>	<u>\$ 1,939</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,359,054</u>	<u>\$ 27,847,491</u>	<u>\$ 26,626,798</u>	<u>\$ (1,220,693)</u>

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

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	\$ 100,667	\$ 130,267	\$ 118,320	\$ 11,947
General and financial administration:				
County administrator	\$ 91,394	\$ 515,265	\$ 518,820	\$ (3,555)
Legal services	18,875	18,875	23,559	(4,684)
Commissioner of revenue	302,670	303,470	293,512	9,958
Treasurer	364,092	364,092	393,078	(28,986)
Independent Auditor	45,000	45,000	15,700	29,300
Assessor	220,000	220,000	177,045	42,955
Other general and financial administration	108,325	108,325	121,523	(13,198)
Total general and financial administration	\$ 1,150,356	\$ 1,575,027	\$ 1,543,237	\$ 31,790
Board of elections:				
Electoral board and officials	\$ 59,160	\$ 59,160	\$ 55,668	\$ 3,492
Registrar	99,686	99,686	116,356	(16,670)
Total board of elections	\$ 158,846	\$ 158,846	\$ 172,024	\$ (13,178)
Total general government administration	\$ 1,409,869	\$ 1,864,140	\$ 1,833,581	\$ 30,559
Judicial administration:				
Courts:				
Circuit court	\$ 56,231	\$ 56,231	\$ 53,131	\$ 3,100
General district court	9,200	9,200	11,075	(1,875)
Office of the magistrates	3,025	3,025	1,893	1,132
Juvenile and domestic court	-	-	5,030	(5,030)
Clerk of the circuit court	505,784	514,744	506,814	7,930
Law library	7,600	7,600	4,619	2,981
Sheriff - courts	504,536	504,536	484,146	20,390
Victim and witness assistance	71,972	71,972	73,456	(1,484)
Total courts	\$ 1,158,348	\$ 1,167,308	\$ 1,140,164	\$ 27,144
Commonwealth's attorney:				
Commonwealth's attorney	\$ 604,536	\$ 604,536	\$ 547,760	\$ 56,776
Total judicial administration	\$ 1,762,884	\$ 1,771,844	\$ 1,687,924	\$ 83,920
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,205,279	\$ 2,221,279	\$ 2,272,349	\$ (51,070)
Emergency services	45,669	45,669	34,119	11,550
Line of Duty Act payments	22,500	47,204	38,259	8,945
Total law enforcement and traffic control	\$ 2,273,448	\$ 2,314,152	\$ 2,344,727	\$ (30,575)
Fire and rescue services:				
Fire department	\$ 536,600	\$ 795,642	\$ 697,175	\$ 98,467
Ambulance and rescue services	92,800	92,800	473,800	(381,000)
Forestry service	11,800	11,800	11,716	84
Total fire and rescue services	\$ 641,200	\$ 900,242	\$ 1,182,691	\$ (282,449)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (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	\$ 1,234,932	\$ 1,234,932	\$ 858,549	\$ 376,383
Inspections:				
Building	\$ 63,089	\$ 63,089	\$ 64,577	\$ (1,488)
Other protection:				
Animal control	\$ 155,673	\$ 155,673	\$ 171,187	\$ (15,514)
Other protection	7,500	7,500	7,650	(150)
Medical examiner (coroner)	500	500	380	120
Total other protection	\$ 163,673	\$ 163,673	\$ 179,217	\$ (15,544)
Total public safety	\$ 4,376,342	\$ 4,676,088	\$ 4,629,761	\$ 46,327
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	\$ 792,706	\$ 792,706	\$ 808,615	\$ (15,909)
Total public works	\$ 800,158	\$ 800,158	\$ 808,615	\$ (8,457)
Health and welfare:				
Health:				
Supplement of local health department	\$ 178,523	\$ 181,426	\$ 181,426	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Welfare:				
Welfare administration and assistance	\$ 3,196,620	\$ 3,196,620	\$ 3,224,102	\$ (27,482)
Tax relief for the elderly	-	-	56,796	(56,796)
Comprehensive services act	1,101,000	1,101,000	612,209	488,791
Other welfare programs	79,119	80,513	88,513	(8,000)
Total welfare	\$ 4,376,739	\$ 4,378,133	\$ 3,981,620	\$ 396,513
Total health and welfare	\$ 4,615,262	\$ 4,619,559	\$ 4,223,046	\$ 396,513
Education:				
Other instructional costs:				
Contributions to community college	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Contribution to County School Board	8,912,671	8,912,671	7,217,947	1,694,724
Total education	\$ 8,919,671	\$ 8,919,671	\$ 7,224,947	\$ 1,694,724

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020 (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	\$ 68,000	\$ 68,000	\$ 58,000	\$ 10,000
Cultural enrichment:				
Museums	\$ 13,000	\$ 13,000	\$ 13,285	\$ (285)
Contribution to regional library	\$ 256,095	\$ 256,095	\$ 256,095	\$ -
Total parks, recreation, and cultural	\$ 337,095	\$ 337,095	\$ 327,380	\$ 9,715
Community development:				
Planning and community development:				
Planning	\$ 196,614	\$ 196,614	\$ 61,623	\$ 134,991
Community development	48,850	48,850	49,125	(275)
Contribution to Industrial Development Auth.	-	-	1,900,000	(1,900,000)
Economic development	163,963	163,963	130,218	33,745
Tourism	99,025	99,025	106,302	(7,277)
Other community development	20,000	20,000	143,368	(123,368)
Total planning and community development	\$ 528,452	\$ 528,452	\$ 2,390,636	\$ (1,862,184)
Environmental management:				
Soil and water conservation	\$ 17,840	\$ 17,840	\$ 15,107	\$ 2,733
Cooperative extension program:				
Cooperative extension program	\$ 78,567	\$ 78,567	\$ 48,405	\$ 30,162
Cannery	83,530	83,530	91,126	(7,596)
Total cooperative extension program	\$ 162,097	\$ 162,097	\$ 139,531	\$ 22,566
Total community development	\$ 708,389	\$ 708,389	\$ 2,545,274	\$ (1,836,885)
Nondepartmental:				
Other nondepartmental	\$ 233,381	\$ 233,381	\$ 30,968	\$ 202,413
Total nondepartmental	\$ 233,381	\$ 233,381	\$ 30,968	\$ 202,413
Capital projects:				
Sandy River reservoir project	\$ 20,000	\$ 20,000	\$ 11,500	\$ 8,500
Sheriff capital projects	-	313,000	312,969	31
Courthouse renovation	-	4,485,000	4,696,767	(211,767)
DSS Building	-	2,441,330	2,240,222	201,108
Other capital projects	127,750	321,881	248,286	73,595
Total capital projects	\$ 147,750	\$ 7,581,211	\$ 7,509,744	\$ 71,467
Debt service:				
Principal retirement	\$ 444,417	\$ 534,417	\$ 813,215	\$ (278,798)
Interest and other fiscal charges	220,978	220,978	220,978	-
Total debt service	\$ 665,395	\$ 755,395	\$ 1,034,193	\$ (278,798)
Total General Fund	\$ 23,976,196	\$ 32,266,931	\$ 31,855,433	\$ 411,498

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (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	\$ 586,859	\$ 600,120	\$ 501,116	\$ 99,004
Total other protection	<u>\$ 586,859</u>	<u>\$ 600,120</u>	<u>\$ 501,116</u>	<u>\$ 99,004</u>
Total public safety	\$ 586,859	\$ 600,120	\$ 501,116	\$ 99,004
Total Piedmont Court Services Fund	<u>\$ 586,859</u>	<u>\$ 600,120</u>	<u>\$ 501,116</u>	<u>\$ 99,004</u>
EMS District Fund:				
Public safety:				
Fire and rescue:				
EMS District fire and rescue	\$ -	\$ 300,000	\$ 275,336	\$ 24,664
Total public safety	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 275,336</u>	<u>\$ 24,664</u>
Total EMS District Fund	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 275,336</u>	<u>\$ 24,664</u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 263,000	\$ 263,000	\$ -	\$ 263,000
Total Landfill Construction Fund	<u>\$ 263,000</u>	<u>\$ 263,000</u>	<u>\$ -</u>	<u>\$ 263,000</u>
Total Capital Projects Fund	<u>\$ 263,000</u>	<u>\$ 263,000</u>	<u>\$ -</u>	<u>\$ 263,000</u>
Total Primary Government	<u>\$ 24,826,055</u>	<u>\$ 33,430,051</u>	<u>\$ 32,631,885</u>	<u>\$ 798,166</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 18,956,366	\$ 19,362,682	\$ 18,557,047	\$ 805,635
Administration, attendance, and health	1,609,987	1,609,987	1,281,081	328,906
Pupil transportation services	1,705,402	1,705,402	1,703,472	1,930
Operation and maintenance services	1,740,577	1,740,577	1,878,503	(137,926)
Technology	1,186,581	1,186,581	1,064,119	122,462
Facilities	150,000	150,000	141,017	8,983
Total education	<u>\$ 25,348,913</u>	<u>\$ 25,755,229</u>	<u>\$ 24,625,239</u>	<u>\$ 1,129,990</u>
Debt service:				
Principal retirement	\$ 477,741	\$ 477,741	\$ 364,694	\$ 113,047
Interest and other fiscal charges	128,625	128,625	128,625	-
Total debt service	<u>\$ 606,366</u>	<u>\$ 606,366</u>	<u>\$ 493,319</u>	<u>\$ 113,047</u>
Total School Operating Fund	<u>\$ 25,955,279</u>	<u>\$ 26,361,595</u>	<u>\$ 25,118,558</u>	<u>\$ 1,243,037</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,463,775	\$ 1,463,775	\$ 1,426,811	\$ 36,964
Total School Cafeteria Fund	<u>\$ 1,463,775</u>	<u>\$ 1,463,775</u>	<u>\$ 1,426,811</u>	<u>\$ 36,964</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,419,054</u>	<u>\$ 27,825,370</u>	<u>\$ 26,545,369</u>	<u>\$ 1,280,001</u>

Statistical Section

<u>Contents</u>	<u>Tables</u>
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.	1 - 6
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.	14-15

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)

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 2,584,694	\$ 1,520,646	\$ 2,079,106	\$ 2,080,125	\$ 2,289,146
Restricted	-	-	-	-	95,258
Unrestricted	4,090,425	6,750,994	9,844,776	6,126,366	(476,746)
Total governmental activities net position	<u>\$ 6,675,119</u>	<u>\$ 8,271,640</u>	<u>\$ 11,923,882</u>	<u>\$ 8,206,491</u>	<u>\$ 1,907,658</u>
Business-type activities					
Net investment in capital assets	\$ 480,268	\$ (499,787)	\$ (428,489)	\$ (353,000)	\$ (275,337)
Unrestricted	52,852	755,314	319,991	(4,056)	(324,456)
Total business-type activities net position	<u>\$ 533,120</u>	<u>\$ 255,527</u>	<u>\$ (108,498)</u>	<u>\$ (357,056)</u>	<u>\$ (599,793)</u>
Primary government					
Net investment in capital assets	\$ 3,064,962	\$ 1,020,859	\$ 1,650,617	\$ 1,727,125	\$ 2,013,809
Restricted	-	-	-	-	95,258
Unrestricted	4,143,277	7,506,308	10,164,767	6,122,310	(801,202)
Total primary government net position	<u>\$ 7,208,239</u>	<u>\$ 8,527,167</u>	<u>\$ 11,815,384</u>	<u>\$ 7,849,435</u>	<u>\$ 1,307,865</u>

Table 1

	2016	2017	2018	2019	2020
\$	1,858,573	\$ 228,916	\$ 1,288,819	\$ 7,558,474	\$ 3,113,156
	95,258	87,685	88,483	88,482	1,855,737
	(105,149)	4,521,689	5,032,824	3,660,161	12,210,851
	<u>1,848,682</u>	<u>4,838,290</u>	<u>6,410,126</u>	<u>11,307,117</u>	<u>17,179,744</u>
\$	(191,305)	\$ (97,927)	334,066	\$ 586,262	\$ 2,205,097
	(642,461)	(963,915)	(39,272)	(1,064,618)	(5,654,630)
	<u>(833,766)</u>	<u>(1,061,842)</u>	<u>294,794</u>	<u>(478,356)</u>	<u>(3,449,533)</u>
\$	1,667,268	\$ 130,989	\$ 1,622,885	\$ 8,144,736	\$ 5,318,253
	95,258	87,685	88,483	88,482	1,855,737
	(747,610)	3,557,774	4,993,552	2,595,543	6,556,221
	<u>1,014,916</u>	<u>3,776,448</u>	<u>6,704,920</u>	<u>10,828,761</u>	<u>13,730,211</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government administration	\$ 1,869,443	\$ 1,960,555	\$ 1,940,807	\$ 4,967,094	\$ 1,836,885
Judicial administration	1,147,492	1,137,299	1,215,821	1,320,809	1,228,338
Public safety	3,118,622	3,270,479	4,159,935	5,243,483	4,988,167
Public works	2,228,299	2,058,022	2,065,013	2,032,088	1,991,833
Health and welfare	4,382,927	4,094,036	3,741,349	3,810,158	3,873,482
Education	7,695,814	7,440,879	7,728,685	8,126,108	11,968,460
Parks, recreation and cultural	94,271	290,155	302,000	365,365	284,325
Community development	658,469	647,868	722,579	906,637	572,714
Interest on long-term debt	514,419	500,719	385,095	344,386	315,615
Total governmental activities expenses	\$ 21,709,756	\$ 21,400,012	\$ 22,261,284	\$ 27,116,128	\$ 27,059,819
Business-type activities:					
Water	\$ 127,189	\$ 200,571	\$ 188,411	\$ 181,343	\$ 178,144
Sewer	62,885	78,869	70,901	69,773	67,707
Landfill	-	-	-	-	-
Total business-type activities expenses	\$ 190,074	\$ 279,440	\$ 259,312	\$ 251,116	\$ 245,851
Total primary government expenses	\$ 21,899,830	\$ 21,679,452	\$ 22,520,596	\$ 27,367,244	\$ 27,305,670
Program Revenues					
Governmental activities:					
Charges for services:					
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial administration	64,241	63,456	127,690	182,240	200,947
Public safety	122,036	112,457	186,172	202,472	194,988
Public works	717,441	747,804	792,492	603,518	575,946
Community development	12,518	14,311	10,660	11,600	14,308
Operating grants and contributions	5,217,595	4,781,772	5,416,084	5,616,484	5,595,435
Capital grants and contributions	668,002	390,000	2,093,667	2,337	-
Total governmental activities program revenues	\$ 6,801,833	\$ 6,109,800	\$ 8,626,765	\$ 6,618,651	\$ 6,581,624
Business-type activities:					
Charges for services:					
Water	\$ 1,386	\$ 628	\$ 4,332	\$ 778	\$ 1,134
Sewer	2,317	1,219	1,790	1,780	1,980
Landfill	-	-	-	-	-
Capital grants and contributions	18,000	-	-	-	-
Total business-type activities program revenues	\$ 21,703	\$ 1,847	\$ 6,122	\$ 2,558	\$ 3,114
Total primary government program revenues	\$ 6,823,536	\$ 6,111,647	\$ 8,632,887	\$ 6,621,209	\$ 6,584,738
Net (expense) / revenue					
Governmental activities					
Total primary government net expense	\$ (15,076,294)	\$ (15,567,805)	\$ (13,887,709)	\$ (20,746,035)	\$ (20,720,932)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 10,796,720	\$ 10,919,152	\$ 11,103,740	\$ 11,076,090	\$ 11,877,989
Local sales and use taxes	2,558,209	2,614,512	2,691,630	2,585,962	2,722,713
Taxes on recordation and wills	109,777	95,354	165,224	140,040	157,890
Motor vehicle licenses taxes	475,995	445,920	464,581	460,643	548,133
Consumer utility taxes	375,945	289,770	324,910	306,197	307,372
Other local taxes	-	57,122	69,784	71,768	60,260
Unrestricted grants and contributions	1,664,644	1,564,362	1,707,699	1,693,827	1,850,727
Unrestricted revenues from use of money and property	374,912	379,221	356,455	341,618	360,957
Miscellaneous	169,346	125,734	165,620	103,941	128,268
Gain (loss) on disposal of capital assets	-	-	-	-	-
Transfers	-	-	-	-	-
Total governmental activities	\$ 16,525,548	\$ 16,491,147	\$ 17,049,643	\$ 16,780,086	\$ 18,014,309
Business-type activities:					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers	-	-	-	-	-
Total business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 16,525,548	\$ 16,491,147	\$ 17,049,643	\$ 16,780,086	\$ 18,014,309
Change in Net Position					
Governmental activities					
Business-type activities	\$ (168,371)	\$ (277,593)	\$ (253,190)	\$ (248,558)	\$ (242,737)
Total primary government	\$ 1,449,254	\$ 923,342	\$ 3,161,934	\$ (3,965,949)	\$ (2,706,623)

Table 2

	2016	2017	2018	2019	2020
\$	1,978,261	\$ 1,879,121	\$ 2,042,261	\$ 2,202,773	\$ 2,418,085
	2,183,197	1,230,677	1,315,062	1,150,670	1,355,074
	4,988,608	4,676,477	4,886,784	5,392,741	5,679,796
	1,783,830	1,900,935	1,798,146	1,081,261	1,065,039
	4,200,104	4,488,190	4,261,484	4,012,545	5,210,055
	8,197,715	9,217,509	7,669,358	7,853,856	6,731,628
	315,351	278,804	282,598	299,078	327,380
	660,282	450,083	638,456	590,515	2,438,879
	380,944	236,844	387,718	304,047	648,421
\$	<u>24,688,292</u>	<u>\$ 24,358,640</u>	<u>\$ 23,281,867</u>	<u>\$ 22,887,486</u>	<u>\$ 25,874,357</u>
\$	170,631	\$ 167,039	\$ 121,832	\$ 102,939	\$ 138,240
	65,993	63,639	46,855	41,587	54,302
	-	-	366,017	1,173,888	1,536,492
\$	<u>236,624</u>	<u>\$ 230,678</u>	<u>\$ 534,704</u>	<u>\$ 1,318,414</u>	<u>\$ 1,729,034</u>
\$	<u>24,924,916</u>	<u>\$ 24,589,318</u>	<u>\$ 23,816,571</u>	<u>\$ 24,205,900</u>	<u>\$ 27,603,391</u>
\$	-	\$ 77,574	\$ 922,028	\$ 933,900	\$ 1,025,046
	148,791	220,831	230,047	222,815	228,057
	187,308	179,619	223,106	291,622	254,168
	583,490	717,693	339,844	356,559	390,181
	13,985	13,096	11,591	9,944	17,282
	5,813,572	5,991,324	5,923,691	5,718,072	6,298,691
	-	-	-	-	-
\$	<u>6,747,146</u>	<u>\$ 7,200,137</u>	<u>\$ 7,650,307</u>	<u>\$ 7,532,912</u>	<u>\$ 8,213,425</u>
\$	1,063	\$ 862	\$ 778	\$ 834	\$ 680
	1,588	1,740	1,516	1,841	2,380
	-	-	646,512	729,047	726,586
	-	-	-	-	-
\$	<u>2,651</u>	<u>\$ 2,602</u>	<u>\$ 648,806</u>	<u>\$ 731,722</u>	<u>\$ 729,646</u>
\$	<u>6,749,797</u>	<u>\$ 7,202,739</u>	<u>\$ 8,299,113</u>	<u>\$ 8,264,634</u>	<u>\$ 8,943,071</u>
\$	<u>(17,941,146)</u>	<u>\$ (17,158,503)</u>	<u>\$ (15,631,560)</u>	<u>\$ (15,354,574)</u>	<u>\$ (17,660,932)</u>
\$	<u>(18,175,119)</u>	<u>\$ (17,386,579)</u>	<u>\$ (15,517,458)</u>	<u>\$ (15,941,266)</u>	<u>\$ (18,660,320)</u>
\$	11,867,596	\$ 12,934,371	\$ 13,232,616	\$ 13,842,076	\$ 15,110,342
	2,714,379	2,807,361	2,864,176	2,986,074	3,076,209
	205,362	203,446	205,308	156,349	183,848
	417,138	492,489	483,347	547,162	579,777
	307,536	309,779	313,830	316,994	306,609
	65,589	64,690	64,408	78,914	92,052
	1,774,380	1,756,921	1,728,039	1,712,077	1,792,821
	331,892	336,954	832,179	348,973	636,557
	198,298	42,697	187,120	76,488	182,355
	-	-	-	-	-
	-	-	(1,242,534)	-	(1,463,230)
\$	<u>17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 18,668,489</u>	<u>\$ 20,065,107</u>	<u>\$ 20,497,340</u>
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	1,242,534	-	1,463,230
\$	<u>-</u>	<u>\$ -</u>	<u>\$ 1,242,534</u>	<u>\$ -</u>	<u>\$ 1,463,230</u>
\$	<u>17,882,170</u>	<u>\$ 18,948,708</u>	<u>\$ 19,911,023</u>	<u>\$ 20,065,107</u>	<u>\$ 21,960,570</u>
\$	(58,976)	\$ 1,790,205	\$ 3,036,929	\$ 4,710,533	\$ 2,836,408
	(233,973)	(228,076)	1,356,636	(586,692)	463,842
\$	<u>(292,949)</u>	<u>\$ 1,562,129</u>	<u>\$ 4,393,565</u>	<u>\$ 4,123,841</u>	<u>\$ 3,300,250</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
2020	\$ 15,042,742	\$ 3,095,612	\$ 306,609	\$ 579,777	\$ 183,848	\$ 19,208,588
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

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Nonspendable:					
Prepaid items	\$ 13,899	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Retiree benefits	399	5,479	1,974	-	-
Community Development Authority	-	-	-	-	95,258
Forfeited assets	-	-	-	-	-
Committed:					
Economic Development	-	-	-	-	-
Unassigned	<u>9,603,023</u>	<u>9,998,619</u>	<u>10,720,302</u>	<u>9,038,328</u>	<u>9,811,281</u>
Total general fund	<u>\$ 9,617,321</u>	<u>\$ 10,004,098</u>	<u>\$ 10,722,276</u>	<u>\$ 9,038,328</u>	<u>\$ 9,906,539</u>
All other governmental funds					
Restricted:					
Debt service	\$ 529,233	\$ 653,285	\$ 780,277	\$ 910,353	\$ 1,043,470
Assigned:					
Landfill construction	898,059	1,225,075	1,482,743	1,784,386	2,092,086
Recreation capital projects	27,002	27,116	28,414	20,468	20,492
Special revenue	<u>-</u>	<u>-</u>	<u>330,858</u>	<u>337,125</u>	<u>301,945</u>
Total all other governmental funds	<u>\$ 1,454,294</u>	<u>\$ 1,905,476</u>	<u>\$ 2,622,292</u>	<u>\$ 3,052,332</u>	<u>\$ 3,457,993</u>

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

Table 4

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	-	\$ -	\$ -	\$ -	\$ 41,890
	-	-	-	-	-
	95,258	87,685	88,483	88,482	88,482
	-	-	-	-	9,233
	-	-	-	-	315,697
	<u>9,672,556</u>	<u>12,112,059</u>	<u>12,832,402</u>	<u>9,940,731</u>	<u>12,928,470</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>	<u><u>13,383,772</u></u>
\$	1,179,675	\$ 1,319,176	\$ 1,461,991	\$ 1,608,189	\$ 1,758,022
	1,278,266	1,203,394	1,536,362	1,885,520	2,269,885
	14,038	8,085	8,146	8,214	9,234
	<u>290,950</u>	<u>306,612</u>	<u>332,111</u>	<u>400,302</u>	<u>432,736</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>	<u><u>4,469,877</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2011	2012	2013	2014
Revenues				
General property taxes	\$ 10,548,439	\$ 10,561,257	\$ 10,949,252	\$ 10,868,709
Other local taxes	3,519,926	3,502,678	3,716,129	3,564,610
Permits, privilege fees and regulatory licenses	67,681	62,437	70,344	69,529
Fines and forfeitures	38,770	41,216	106,409	156,204
Revenue from use of money and property	374,912	379,217	356,455	341,618
Charges for services	809,785	834,375	940,261	774,097
Miscellaneous	216,177	200,465	268,908	236,145
Recovered costs	266,220	130,380	122,337	119,153
Intergovernmental:				
Commonwealth	5,594,185	5,019,333	7,917,815	5,899,638
Federal	1,956,056	1,716,801	1,299,635	1,413,010
Total revenues	\$ 23,392,151	\$ 22,448,159	\$ 25,747,545	\$ 23,442,713
Expenditures				
General government administration	\$ 1,443,953	\$ 1,525,092	\$ 1,577,327	\$ 1,788,018
Judicial administration	1,494,170	1,480,002	1,581,018	1,712,847
Public safety	2,672,181	2,914,040	3,675,254	4,720,230
Public works	1,776,525	1,665,056	1,909,601	1,926,912
Health and welfare	4,398,020	4,103,322	3,732,134	3,806,903
Education	7,955,280	7,696,610	7,899,254	8,301,411
Parks, recreation and cultural	274,659	295,383	299,506	362,013
Community development	526,537	754,145	687,859	844,138
Capital projects	533,202	1,925,793	2,288,200	247,877
Nondepartmental	126,189	155,200	73,454	74,015
Debt service				
Principal	552,298	296,615	571,714	565,424
Interest and other fiscal charges	390,686	456,027	356,331	346,833
Total expenditures	\$ 22,143,700	\$ 23,267,285	\$ 24,651,652	\$ 24,696,621
Excess (deficiency) of revenues over (under) expenditures	\$ 1,248,451	\$ (819,126)	\$ 1,095,893	\$ (1,253,908)
Other financing sources (uses)				
Transfers in	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153
Transfers out	(110,153)	(110,153)	(110,153)	(110,153)
Refunding bonds issued	-	7,203,798	-	-
General obligation refunding bonds issued	-	-	-	-
Premium on bonds issued	-	983,512	-	-
Payments to refunded bond escrow agent	-	(6,530,225)	-	-
Issuance of debt	-	-	-	-
Total other financing sources (uses)	\$ -	\$ 1,657,085	\$ -	\$ -
Net change in fund balances	\$ 1,248,451	\$ 837,959	\$ 1,095,893	\$ (1,253,908)
Debt service as a percentage of noncapital expenditures	4.47%	3.53%	4.15%	3.73%

Note: Does not include discretely presented component unit.

Table 5

	2015	2016	2017	2018	2019	2020
\$	12,164,324	\$ 11,988,352	\$ 12,659,333	\$ 13,311,281	\$ 14,078,027	\$ 15,042,742
	3,796,368	3,710,005	3,877,548	3,930,605	4,085,494	4,238,495
	79,339	98,002	73,445	84,435	96,743	87,525
	171,827	120,200	192,680	201,017	192,265	198,232
	360,957	331,891	374,453	416,291	427,671	710,353
	735,023	715,374	865,332	519,598	592,033	604,186
	283,391	198,298	143,516	171,290	76,488	156,811
	101,411	124,292	79,193	98,397	130,236	136,102
	6,027,849	6,087,230	6,131,076	5,978,835	5,774,580	5,948,595
	1,418,313	1,500,721	1,617,169	1,697,047	1,655,569	2,144,124
\$	<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>	<u>\$ 29,267,165</u>
\$	1,556,430	\$ 1,564,514	\$ 1,626,463	\$ 1,612,576	\$ 1,596,311	\$ 1,833,581
	1,640,931	1,645,993	1,607,932	1,580,707	1,627,710	1,687,924
	4,680,697	4,780,666	4,470,112	4,470,448	4,796,629	5,406,213
	2,074,408	1,875,840	1,763,373	1,462,747	763,086	808,615
	3,970,706	4,304,800	4,487,585	4,274,895	4,019,977	4,223,046
	8,031,503	8,303,927	7,393,077	8,068,635	8,272,402	7,224,947
	288,890	319,851	282,804	280,598	299,078	327,380
	579,448	650,874	478,395	661,489	841,366	2,545,274
	80,702	1,308,827	486,154	535,553	6,458,113	7,509,744
	65,554	67,188	32,560	104,186	91,379	30,968
	573,861	587,247	607,248	648,407	471,528	813,215
	321,800	298,427	271,774	265,038	199,584	220,978
\$	<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>\$ 32,631,885</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>	<u>\$ (3,364,720)</u>
\$	110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 452,546
	(110,153)	(110,153)	(110,153)	(1,352,687)	(110,153)	(1,915,776)
	-	-	-	2,391,777	-	-
	-	-	-	-	-	5,900,000
	-	-	-	390,793	-	1,268,789
	-	-	-	(2,761,069)	-	-
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,221,033)</u>	<u>\$ -</u>	<u>\$ 5,705,559</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>	<u>\$ 2,340,839</u>
	3.77%	3.63%	3.82%	3.98%	2.36%	3.27%

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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	Motor Vehicle License Tax	Recordation and Wills Tax	Gross Receipts Tax	Total
2020	\$ 15,042,742	\$ 3,095,612	\$ 306,609	\$ 579,777	\$ 183,848	\$ 72,649	19,281,237
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

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
2020	\$ 1,544,953,850	\$ 147,670,586	\$ 8,000,650	\$ 1,198,870
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

(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>
\$ 57,016,125	\$ 113,383,476	\$ 1,872,223,557	\$ 1,872,223,557	100.00%
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%

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
2020	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
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

(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
2020	\$ 14,683,717	\$ 13,575,909	92.46%	\$ 785,972	\$ 14,361,881	97.81%	\$ 2,214,777	15.08%
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%

(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 2020		Fiscal Year 2011	
	2019 Assessed Valuation	% of Total Assessed Valuation	2010 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 6,055,200	0.33%	\$ 3,118,900	0.25%
Southside Community Nursing	21,816,100	1.19%	12,739,500	0.99%
Statewide Realty Co.	332,700	0.02%	960,300	0.08%
Southgate Associates II	2,222,500	0.12%	4,733,200	0.39%
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%
Garnett, James	908,400	0.05%	1,493,400	0.17%
Landon G. Atkins Revocable Trust	27,400	0.00%	793,700	0.09%
Andrews Large & Whidden, Inc.	1,447,000	0.08%	-	0.00%
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%
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				
2020	\$ 9,001,089	\$ 2,529,387	\$ 6,767,984	\$ 3,108,089	\$ 21,406,549	3.07%	935	
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	

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)
2020	\$ 2,579,387	\$ 460,208	\$ 2,119,179	0.11%	93
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

(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
2020	22,905	\$ 697,704,000	\$ 30,461	31.5	2,059	8.00%
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%

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	2011	2012	2013	2014	2015
General government administration	17.0	18.0	18.0	17.0	17.0
Judicial administration	22.5	22.5	22.5	23.0	23.0
Public safety					
Sheriffs department	31.0	32.0	32.0	32.0	32.0
Animal control	2.0	1.5	1.5	2.0	2.0
Building official	2.0	2.0	2.0	1.0	1.0
Public works					
General maintenance	6.5	6.5	6.5	6.0	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	-
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	-	1.0
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.5	1.0	1.0
Extension	1.0	1.0	1.0	1.0	1.0
Totals	133.5	135.0	135.0	131.0	131.0

Source: Individual County departments

Table 14

2016	2017	2018	2019	2020
17.0	16.5	17.0	17.0	21.0
23.0	24.0	25.0	25.0	25.0
32.0	32.0	34.0	34.0	46.0
2.0	2.0	2.0	2.0	3.0
1.0	1.0	1.0	2.0	2.0
6.0	6.0	6.0	7.0	7.0
13.0	13.0	13.0	13.0	19.0
-	-	5.0	7.0	6.0
-	-	-	-	-
32.0	34.0	36.0	36.0	29.0
-	-	-	-	1.0
1.0	1.0	1.0	1.0	1.0
2.0	1.0	1.0	2.0	1.0
1.0	1.0	1.0	1.0	2.0
1.0	1.0	1.0	1.0	1.0
<u>131.0</u>	<u>132.5</u>	<u>143.0</u>	<u>148.0</u>	<u>164.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2011	2012	2013	2014	2015
Public safety					
Sheriffs department:					
Physical arrests	1,325.0	335.0	353.0	393.0	377.0
Civil papers	8,812.0	8,994.0	8,664.0	8,820.0	8,637.0
Building inspections:					
Permits issued (2)	438.0	434.0	453.0	535.0	485.0
Public works					
Landfill:					
Refuse collected (tons/day)	71.0	85.0	77.0	54.6	43.7
Recycling (tons/day)	39.0	9.0	4.3	4.4	8.2
Health and welfare					
Department of Social Services:					
Caseload	8,058.0	7,548.0	8,162.0	8,503.0	9,127.0
Community development					
Planning:					
Zoning permits issued	93.0	75.0	67.0	81.0	74.0
Component Unit - School Board					
Education:					
Number of teachers	224.0	214.0	214.0	211.0	207.0
Local expenditures per pupil	2,927.0	3,359.0	3,707.0	3,789.0	3,774.0

Source: Individual County departments

(1) Information has been reported where available.

Table 15

2016	2017	2018	2019	2020
483.0	113.0	95.0	814.0	337.0
8,298.0	7,910.0	8,717.0	8,395.0	5,942.0
596.0	457.0	591.0	697.0	783.0
41.7	77.7	106.0	97.4	108.9
6.5	8.5	7.5	9.8	9.7
11,097.0	10,206.0	11,305.0	10,580.0	10,353.0
79.0	63.0	83.0	80.0	148.0
206.4	202.5	196.0	195.3	168.8
4,030.0	3,284.0	4,088.0	4,339.0	4,639.0

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Compliance



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

**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, 2020, 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 January 27, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

County of 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
January 27, 2021



**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, 2020. 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, 2020.

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, Farmer Cox Associates
(Charlottesville, Virginia
January 27, 2021

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950119	\$ 9,017
Temporary Assistance to Needy Families (TANF Cluster)	93.558	0400120/0400119	214,287
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500119	353
Low-income Home Energy Assistance	93.568	0600420/0600419	39,025
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760119	37,983
Chafee Education and Training Vouchers Program	93.599	09190109	1,820
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900120/0900119	401
Foster Care - Title IV-E	93.658	1100120/1100119	169,542
Adoption Assistance	93.659	1120120/1120119	277,287
Social Services Block Grant	93.667	1000120/1000119	149,858
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150119	2,525
Children's Health Insurance Program	93.767	0540120/0540119	5,599
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200119	351,464
Total Department of Health and Human Services-pass through			\$ 1,259,161
Total Department of Health and Human Services			\$ 1,259,161
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	2019IL160341/2020IL160341	\$ 39,225
Department of Agriculture:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	199,288
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 94,739
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2019IN109941/2020IN109941	633,334
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	2019IN109941/2020IN109941	340,389
Total Child Nutrition Cluster			\$ 1,267,750
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010119/0040120/0040119	340,464
Total Department of Agriculture			\$ 1,647,439
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 66,885
Bulletproof Vest Partnership Program	16.607	Unknown	3,000
Total Department of Justice			\$ 69,885

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020 (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:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	Unknown	\$ <u>15,123</u>
Department of the Treasury:			
Pass through payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	Unknown	\$ <u>342,393</u>
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	\$ 19,763
Emergency Management Performance Grants	97.042	7750100	9,436
Total Department of Homeland Security			\$ <u>29,199</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S101A190046/S010A200046	\$ 1,439,287
Special Education-Grants to States (Special Education Cluster)	84.027	H027A190107/H027A200107	907,093
Special Education-Preschool Grants (Special Education Cluster)	84.173	H173A190112/H173A200112	20,263
Total Special Education Cluster			\$ <u>927,356</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Unknown	815
Career and Technical Education Basic Grants to States	84.048	V048A190046	126,656
Twenty-First Century Community Learning Centers	84.287	S287C190047	6,728
Rural Education	84.358	S358B190046	62,301
Supporting Effective Instruction State Grants	84.367	S367A190044/S367A200044	260,910
School Improvement Grants	84.377	Unknown	68,539
Student Support and Academic Enrichment Program	84.424	S424A190048/S424A180048	850
Total Department of Education			\$ <u>2,893,442</u>
Total Expenditures of Federal Awards			\$ <u><u>6,256,642</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, 2020

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, 2020. 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	\$	1,801,731
CARES Act Fund		342,393
Less: Amounts not recorded on Schedule of Expenditures of Federal Awards		
Payment in Lieu of Taxes		<u>(87,898)</u>

Total primary government \$ 2,056,226

Component Unit School Board:

School Operating Fund	\$	2,893,442
School Cafeteria Fund		<u>1,306,974</u>

Total Component Unit School Board \$ 4,200,416

Total federal expenditures per basic financial statements \$ 6,256,642

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 6,256,642

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? 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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553 / 10.555 / 10.559	Child Nutrition Cluster
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.010	Title I

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

None

Section III - Federal Award Findings and Questioned Costs

None

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020 (Continued)

Section IV - Commonwealth of Virginia Findings

2020-001 Compliance Finding - Virginia Disposition of Unclaimed Property Act

Condition:

The County did not remit unclaimed or abandoned property to the State Treasurer in the timely manner.

Criteria:

The Act requires local governments to file an annual report with the State Treasurer listing all unclaimed property. The local government must then remit the property to the State Treasurer for final disposition. The Act requires local governments to exercise due diligence, at least 60 days prior to the submission of the report, to determine the whereabouts of the owner if (1) the local government has in its records an address for the apparent owner which the holder's records do not disclose to be inaccurate and (2) the property has a value of \$100 or more (§55.1-2524).

Cause of Condition:

The annual filing was not performed.

Effect of Condition:

The County is noncompliant in relation to Section 3.9 of the *Specification for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Recommendation:

The County remits unclaimed property to the State Treasurer on an annual basis.

Management's response:

Management concurs with the recommendation, and will filing annually.

2020-002 Compliance Finding - Annual School Report

Condition:

The School Board did not file the Annual School Report by the September 15 deadline.

Criteria:

Per Code of Virginia Section 22.1-81, the School Board is required to file the Annual School Report with the Virginia Department of Education by September 15, or within 15 days after if an extension is granted. The report pertaining to FY2020 was not filed with the State until October 5, 2020.

Cause of Condition:

The annual filing was not performed timely.

Effect of Condition:

The County is noncompliant in relation to Section 3.11 of the *Specification for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Recommendation:

The School files the Annual School Report by the deadline of September 15th.

Management's response:

Management concurs with the recommendation, and will filing annually.

COUNTY OF PRINCE EDWARD, VIRGINIA

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2020

Financial Statement Findings

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

Condition:

The County was not recording adjusting journal entries correctly, leading to material adjusting journal entries for the financial statements to be in accordance with U.S. Generally Accepted Accounting Principles.

Recommendation:

We recommended journal entries needed to be posted to the correct account, and accounting period.

Management's response:

Additional staff and consultants have been hired to perform year end accounting functions, and have the financial statements materially correct in accordance with U.S. Generally Accepted Accounting Principles. Prior year finding has been fully corrected.