

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF PRINCE EDWARD, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

COUNTY OF PRINCE EDWARD, VIRGINIA

Board of Supervisors

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Odessa H. Pride, Vice-Chair

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Robert M. Jones
Jerry R. Townsend

Pattie Cooper-Jones
Llew W. Gilliam, Jr.
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Board of Social Services

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Karen Schinabeck, Vice-Chair

Pattie Cooper-Jones
Carol Stiff
Theresa Clark, Ph.D.

School Board

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Beulah M. Womack, Vice-Chair

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Doug Farley
Timothy W. Corbett, Sr M.D

Peter Y. Gur, Ph.D.
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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
Douglas P. Stanley

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2021

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-14
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	15
Exhibit 2 Statement of Activities	16-17
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	18
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	20
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Exhibit 7 Statement of Net Position—Proprietary Funds	22
Exhibit 8 Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds	23
Exhibit 9 Statement of Cash Flows—Proprietary Funds	24
Notes to Financial Statements	25-88
<u>Required Supplementary Information:</u>	
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	89
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios-Primary Government	90-91
Exhibit 12 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios-Component Unit School Board (nonprofessional)	92-93

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2021

Table of Contents (Continued)

	<u>Page</u>	
<u>Required Supplementary Information: (Continued)</u>		
Exhibit 13	Schedule of Employer's Share of Net Pension Liability (Asset) VRS Teacher Retirement Plan	94-95
Exhibit 14	Schedule of Employer Contributions–Pension Plan	96
Exhibit 15	Notes to Required Supplementary Information–Pension Plan	97
Exhibit 16	Schedule of School Board's Share of Net OPEB Liability–Teacher Employee Health Insurance Credit (HIC) Plan	98
Exhibit 17	Schedule of Employer Contributions–Teacher Employee Health Insurance Credit (HIC) Plan	99
Exhibit 18	Notes to Required Supplementary Information–Teacher Employee Health Insurance Credit (HIC) Plan	100
Exhibit 19	Schedule of County and School Board's Share of Net OPEB Liability–Group Life Insurance (GLI) Plan	101
Exhibit 20	Schedule of Employer Contributions–Group Life Insurance (GLI) Plan	102
Exhibit 21	Notes to Required Supplementary Information–Group Life Insurance (GLI) Plan	103
Exhibit 22	Schedule of Changes in Total OPEB Liability and Related Ratios– Primary Government	104
Exhibit 23	Notes to Required Supplementary Information–County OPEB	105
Exhibit 24	Schedule of Changes in Total OPEB Liability and Related Ratios– Component Unit-School Board	106
Exhibit 25	Notes to Required Supplementary Information–School Board OPEB	107
Exhibit 26	Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios–Health Insurance Credit (HIC) Plan	108
Exhibit 27	Schedule of Employer Contributions–Health Insurance Credit (HIC) Plan	109
Exhibit 28	Notes to Required Supplementary Information–Health Insurance Credit (HIC) Plan	110

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2021

Table of Contents (Continued)

Page

Other Supplementary Information:

Combining and Individual Fund Financial Statements and Schedules:

Exhibit 29	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Fund—Landfill Construction Fund	111
Exhibit 30	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual—CARES Act Fund	112
Exhibit 31	Combining Balance Sheet—Nonmajor Governmental Funds	113
Exhibit 32	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds	114
Exhibit 33	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Governmental Funds	115-116
Exhibit 34	Combining Balance Sheet—Discretely Presented Component Unit—School Board	117
Exhibit 35	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Discretely Presented Component Unit-School Board— Governmental Funds	118
Exhibit 36	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit— School Board	119-120

Supporting Schedules:

Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	121-126
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	127-130

COUNTY OF PRINCE EDWARD, VIRGINIA

Financial Report
For The Year Ended June 30, 2021

Table of Contents (Continued)

	<u>Page</u>	
<u>Statistical Information:</u>		
Table 1	Net Position by Component	131-132
Table 2	Changes in Net Position	133-134
Table 3	Governmental Activities Tax Revenues by Source	135
Table 4	Fund Balances of Governmental Funds	136-137
Table 5	Changes in Fund Balances of Governmental Funds	138-139
Table 6	General Governmental Tax Revenues by Source	140
Table 7	Assessed Value and Estimated Actual Value of Taxable Property	141-142
Table 8	Property Tax Rates	143
Table 9	Property Tax Levies and Collections	144
Table 10	Principal Property Taxpayers	145
Table 11	Ratios of Outstanding Debt by Types	146
Table 12	Ratio of Net Bonded General Debt to Assessed Value and Net Bonded Debt per Capita	147
Table 13	Demographic and Economic Statistics	148
Table 14	Full-time Equivalent Government Employees by Function	149-150
Table 15	Operating Indicators by Function	151-152
<u>Compliance</u>		
	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 <i>Government Auditing Standards</i>	153-154
	Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	155-156
	Schedule of Expenditures of Federal Awards	157-158
	Notes to Schedule Expenditures of Federal Awards	159
	Schedule of Findings and Questioned Costs	160-161
	Summary Schedule of Prior Audit Findings	162



Independent Auditors' Report

**To the Honorable Members of
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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 22 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. 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, 89, and 90-110 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 14, 2022, 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.

Charlottesville, Virginia
January 14, 2022

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, 2021. 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 \$20,179,734 (total net position). This was an increase of \$6,449,192 or 46.97% compared to the restated ending amount of \$13,730,542 on June 30, 2020. \$12,864,581 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 \$25,001,555 of the County's total, an increase of \$7,821,480 or 45.53% in comparison with restated net position of \$17,180,075 at June 30, 2020. Cash and cash equivalents for the Governmental Activities increased from \$16,827,502 in FY20 to \$21,886,768 at the end of FY21.
- The School Board's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$13,558,237, a decrease of \$246,825 when compared to the restated amount on June 30, 2020. \$8,735,779 of this amount reflects the School Board's net investment in capital assets. (\$22,294,016) of net assets are in unrestricted assets available to meet ongoing obligations. This is an increase of \$638,993 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 (\$4,821,821) which was a decrease of \$1,372,288. Unrestricted net position of Business-Type Activities decreased \$3,701,704 during the year ending with a balance of (\$7,151,237) on June 30, 2021, compared to a restated balance of (\$3,449,533) on June 30, 2020.
- The combining long-term governmental obligations decreased \$1,796,945 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 revenues exceeded expenditures by \$5,863,480 (Exhibit 5) before Other Financing Sources (Uses) and after making direct contributions totaling \$6,020,389 to the School Board.

- At the close of the current fiscal year, the County's Governmental funds reported ending fund balances of \$23,717,460 which is an increase of \$5,863,480 or 33% in comparison with the prior fiscal year.
- At the close of the current fiscal year, the unassigned fund balance for the General Fund was \$19,415,912 or 81% 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 FY2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20,179,734 at the close of the fiscal year as presented in the Table below. This was an increase of \$6,449,192 or 47% over the FY2020 restated ending amount of \$13,730,542.

County of Prince Edward, Virginia

Schedule of Assets Liabilities and Net Position For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 35,119,729	\$ 29,817,597	\$ 31,852	\$ 112,772	\$ 35,151,581	\$ 29,930,369
Capital assets	17,586,736	17,859,848	5,215,647	5,313,186	22,802,383	23,173,034
Total assets	\$ 52,706,465	\$ 47,677,445	\$ 5,247,499	\$ 5,425,958	\$ 57,953,964	\$ 53,103,403
Deferred outflows of resources	\$ 1,855,591	\$ 1,375,983	\$ 90,437	\$ 60,596	\$ 1,946,028	\$ 1,436,579
Current liabilities	\$ 1,228,331	\$ 2,441,601	\$ 1,468,622	\$ 64,030	\$ 2,696,953	\$ 2,505,631
Long-term liabilities outstanding	19,903,834	21,700,779	8,670,161	8,830,222	28,573,995	30,531,001
Total liabilities	\$ 21,132,165	\$ 24,142,380	\$ 10,138,783	\$ 8,894,252	\$ 31,270,948	\$ 33,036,632
Deferred inflows of resources	\$ 8,428,336	\$ 7,731,304	\$ 20,974	\$ 41,835	\$ 8,449,310	\$ 7,773,139
Net position:						
Net investment in capital assets	\$ 4,043,524	\$ 3,113,156	\$ 2,329,416	\$ 2,205,097	\$ 6,372,940	\$ 5,318,253
Restricted	942,213	1,855,737	-	-	942,213	1,855,737
Unrestricted	20,015,818	12,210,851	(7,151,237)	(5,654,630)	12,864,581	6,556,221
Total net position	\$ 25,001,555	\$ 17,179,744	\$ (4,821,821)	\$ (3,449,533)	\$ 20,179,734	\$ 13,730,211

At the end of FY2021, the County's net investment in capital assets is \$6,372,940. 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 \$942,213 for the use of Community Development Authority, and future debt service requirements. The remaining balance of net position in the amount of \$12,864,581 may be used to meet the government's ongoing obligations. While the unrestricted net position amount is \$12,864,581, Prince Edward County has more than \$21 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 \$6,449,192. The key elements of this increase are found in exhibit 2 and 6 and the table below. Revenues increased from the previous year by \$4,459,169 and expenses increased \$937,327. The net effect was an increase in net position of \$6,449,192.

County of Prince Edward, Virginia

Changes in Net Position

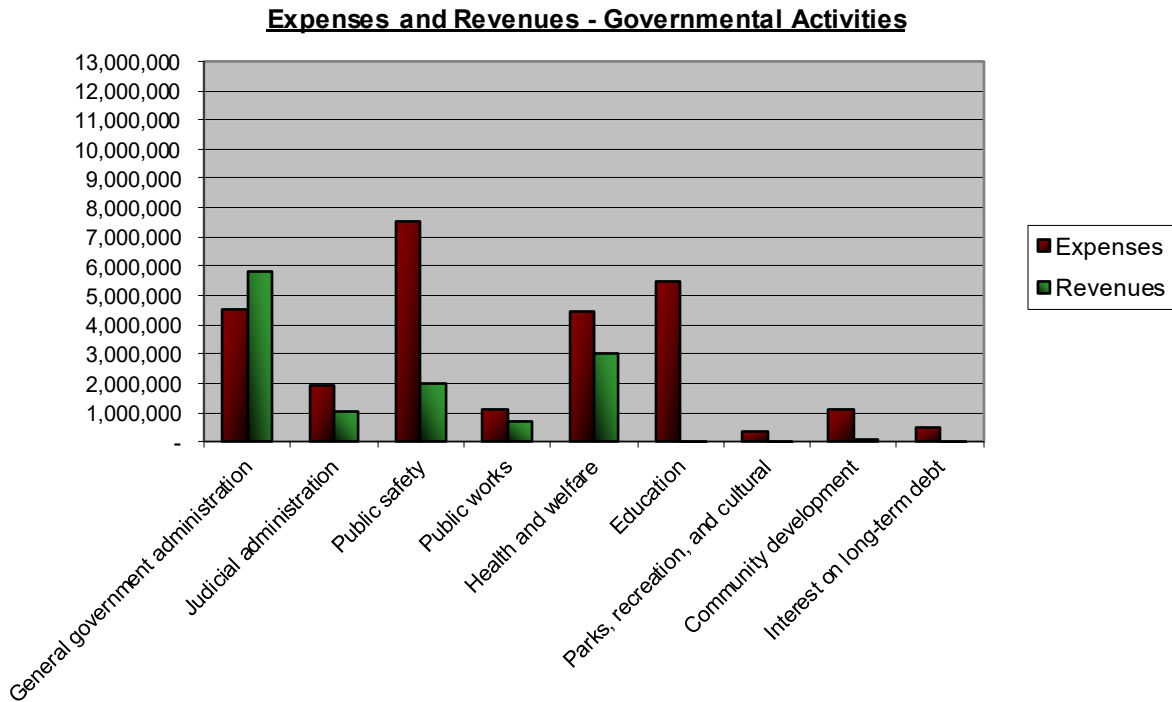
For the Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,071,226	\$ 1,914,734	\$ 274,156	\$ 729,646	\$ 2,345,382	\$ 2,644,380
Operating grants and contributions	10,505,705	6,298,691	-	-	10,505,705	6,298,691
General revenues:						
General property taxes	14,774,168	15,110,342	-	-	14,774,168	15,110,342
Other local taxes	4,660,817	4,238,495	-	-	4,660,817	4,238,495
Commonwealth non-categorical aid	1,746,252	1,792,821	-	-	1,746,252	1,792,821
Other general revenues	874,996	818,912	-	-	874,996	818,912
Total revenues	\$ 34,633,164	\$ 30,173,995	\$ 274,156	\$ 729,646	\$ 34,907,320	\$ 30,903,641
Expenses:						
General government administration	\$ 4,521,214	\$ 2,418,085	\$ -	\$ -	\$ 4,521,214	\$ 2,418,085
Judicial administration	1,935,600	1,355,074	-	-	1,935,600	1,355,074
Public safety	7,511,966	5,679,796	-	-	7,511,966	5,679,796
Public works	1,076,927	1,065,039	-	-	1,076,927	1,065,039
Health and welfare	4,433,939	5,210,055	-	-	4,433,939	5,210,055
Education	5,455,100	6,731,628	-	-	5,455,100	6,731,628
Parks, recreation, and cultural	326,430	327,380	-	-	326,430	327,380
Community development	1,085,266	2,438,879	-	-	1,085,266	2,438,879
Interest on long-term debt	465,242	648,421	-	-	465,242	648,421
Water fund	-	-	144,849	138,240	144,849	138,240
Sewer fund	-	-	52,368	54,302	52,368	54,302
Landfill fund	-	-	1,449,227	1,536,492	1,449,227	1,536,492
Total expenses	\$ 26,811,684	\$ 25,874,357	\$ 1,646,444	\$ 1,729,034	\$ 28,458,128	\$ 27,603,391
Transfers	\$ -	\$ (1,463,230)	\$ -	\$ 1,463,230	\$ -	\$ -
Increase (decrease) in net position	\$ 7,821,480	\$ 2,836,408	\$ (1,372,288)	\$ 463,842	\$ 6,449,192	\$ 3,300,250
Net position - beginning, as restated	17,180,075	14,343,336	(3,449,533)	(3,913,375)	13,730,542	10,429,961
Net position - ending	\$ 25,001,555	\$ 17,179,744	\$ (4,821,821)	\$ (3,449,533)	\$ 20,179,734	\$ 13,730,211

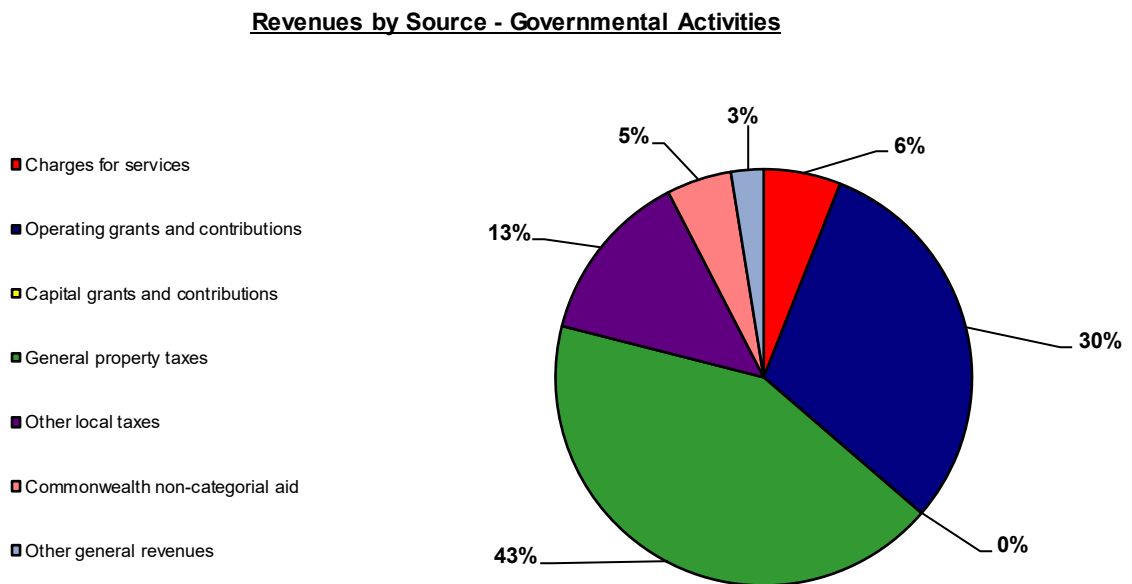
Revenues from governmental activities totaled \$34,633,164 with general property taxes (43%), operating grants and contributions (30%), and other local taxes (13%) comprising 86% of the County's revenues. Expenses for education (20%), health and welfare (16%), and public safety (28%) account for 66% of total governmental expenses of \$26,811,684.

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 \$23,717,460, an increase of \$5,863,480 when compared to the prior year. Approximately 82 percent (\$19,415,912) of the combined governmental fund balance is unassigned. The remaining 18% (\$4,301,548) 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 \$20,607,846 comprise 87% of the fund balance of the Governmental Funds. For the fiscal year cash and cash equivalents increased \$5,849,799 or 47%.

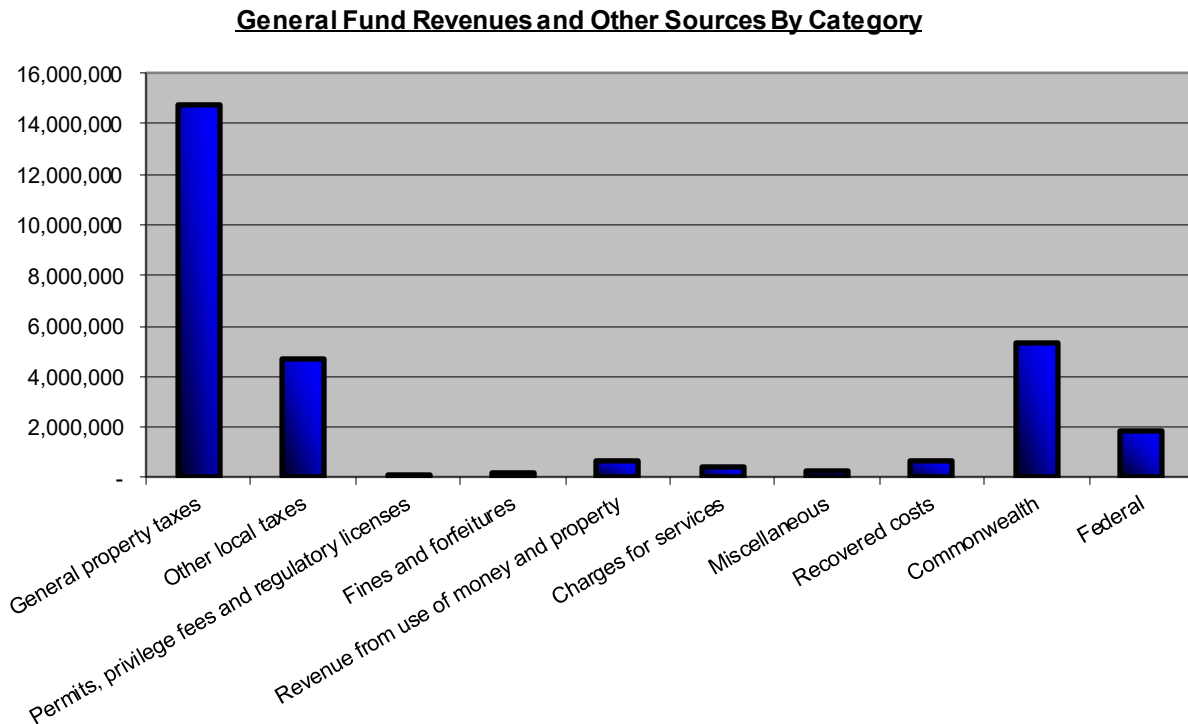
The General Fund is the primary operating fund of the County. The General Fund reports a fund balance at June 30, 2021 of \$19,829,603. This is an increase from the prior year of \$6,445,500. The major component of the current year increase was an increase of federal revenues of \$4,253,840.

The Landfill Construction Fund is used to pay expenses associated with the opening and closing of landfill cells. On June 30, 2021 the Landfill Construction Fund had a fund balance of \$2,639,693, an increase of \$369,808. 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 88% 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.

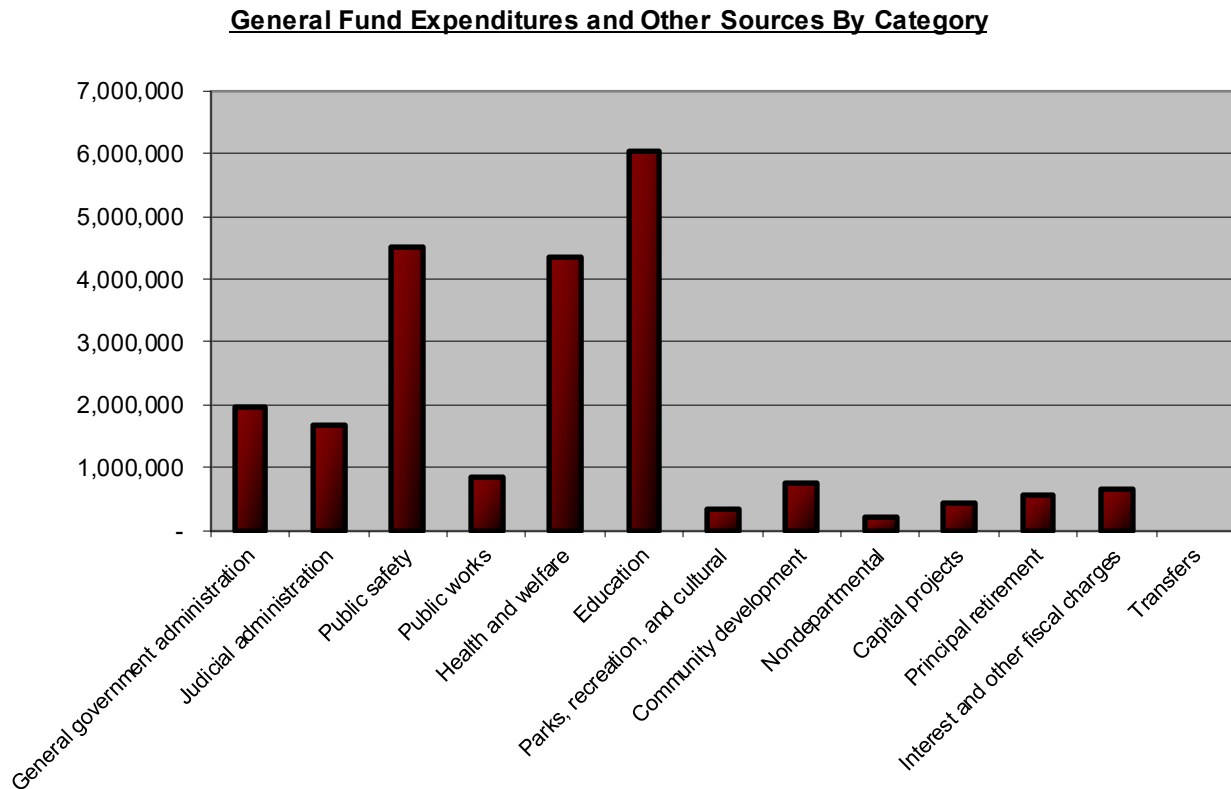
General Fund Revenues and Other Sources by Category

The following graph depicts General Fund revenues and other sources by categories. Total revenues and other sources are \$28,905,931.



General Fund Expenditures and Other Sources by Category

The graph below displays General Fund expenditures and other uses by category. Total expenditures and uses are \$22,311,098 including transfers out of the fund of \$149,333.



General Fund Budgetary Highlights

The final amended General Fund budget saw revenues increased by \$263,553 over the original budgeted amount. The final expenditure budget reflected an increase of \$1,052,396 when compared to the original budget. The revenue increases (decreases) were as follows:

- \$ 112,180 in local revenues from general property taxes
- \$ 102,469 in local revenues from miscellaneous
- \$ 46,304 in intergovernmental revenues from the Commonwealth of Virginia
- \$ 102,469 in intergovernmental revenues from the Federal government

The Expenditure amendments were as follows:

- \$ 124,690 increase in General administration
- \$ 432,739 increase in Public safety
- \$ 20,300 increase in Public works
- \$ 600 increase in Health and welfare
- \$ 249,575 increase in Community development
- \$ 224,492 increase in Capital projects

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, 2021, is \$22,802,383 (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, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,276,554	\$ 1,276,554	\$ 244,000	\$ 244,000	\$ 1,520,554	\$ 1,520,554
Buildings	15,084,181	15,460,646	-	-	15,084,181	15,460,646
Improvements other than buildings	35,963	44,953	1,107,291	1,162,656	1,143,254	1,207,609
Equipment	1,018,532	1,069,325	485,025	440,234	1,503,557	1,509,559
Utility plant in service	-	-	3,379,331	3,466,296	3,379,331	3,466,296
Construction in progress	171,506	8,370	-	-	171,506	8,370
Net capital assets	<u>\$ 17,586,736</u>	<u>\$ 17,859,848</u>	<u>\$ 5,215,647</u>	<u>\$ 5,313,186</u>	<u>\$ 22,802,383</u>	<u>\$ 23,173,034</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 FY2021, Prince Edward County had total outstanding obligations of \$19,903,834. Of this amount, \$14,240,910 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 decreased by \$1,796,945.

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 to strengthen, enlarge, and diversify our economy. A significant impact for the FY22 budget was the 2021 General Reassessment of real estate. Even though the proposed FY22 budget was balanced, in a desire to invest in the future of the County, the Board authorized a real estate tax rate advertisement of \$0.51 which was \$0.08 higher than the equalized rate of \$0.43. The Board ultimately approved a rate of \$0.47 which represented an increase of \$0.04 which provided an additional \$791,292 for capital improvements.

In October 2021, the Board of Supervisors approved the County's first 5-year Capital Improvement Plan (CIP). The plan includes 14 projects totaling \$55,186,214 in proposed investment. Projects range from renovation of the Prince Edward County Elementary School, upgrade of the County's convenience sites, replacement of the chiller at the Courthouse, and upgrade of the County's public safety radio communication system.

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

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, and the 2020 Census showed the population at 21,849. This reflects a decrease of 1,519 people (6.5%). Staff feels that the student bodies at Hampden-Sydney and Longwood, in particular, were undercounted and reflects the drop. Given that the count was taken in the spring of 2020 during the middle of the COVID-19 pandemic we know that many students had left campus by that point in time. This is particularly true given the increase in new home construction over the decade.

The County’s unemployment rate in October 2021 was 3.3% which was significantly lower than the 4.9% in October 2020. The decrease was due to the lessening impact of the COVID-19 pandemic, primarily on the service industry. The rate of 3.3% was slightly higher than the unemployment rate of 3.0% for Virginia, but significantly lower than the national average of 4.3% and provide indication that Prince Edward County is faring as well or better than peer localities in the State and the Nation. Overall employment for October 2021 was at 10,506, up significantly from the 9,974 recorded in October 2020.

Longwood University and Hampden Sydney College have a tremendous and sustainable impact on the local economy of Prince Edward County. This is felt through the creation of jobs as well as the spending of the students in the local community. The following is a breakdown of college enrollment and employment over the past five years:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Longwood Enrollment	- 5,080	4,917	4,493	4,773	4,611
Longwood Employment	- 798 FT - 158 PT	806 FT - 175 PT	792 FT - 152 PT	753 FT - 133 PT	709 FT - 132 PT
Hampden-Sydney Enrollment	- 1,046	1,072	993	881	851
Hampden-Sydney Employment	- -	- -	- -	- -	299 FT - 24 PT

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. The Board of Supervisors, in partnership with the County Industrial Development Authority (IDA), requested \$1.6 million through the Virginia Business Ready Site Program to fund design work for water, sewer, and transportation improvements for the site. In January 2022, the Governor announced a grant of \$640,000 in approved funding that will cover the engineering costs for water and sewer improvements. This is a significant step forward for our efforts to improve the marketability of the site and will help us on the path to raising it to Tier 4 status. The County will continue efforts to find the remaining funding to complete the project.

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 a combination of grants from the VDOT Industrial Access program, the Tobacco Commission, and County contributions. The County expects to bid the project in the Spring of 2022.

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

Residential building permit activity continued to remain strong over the past year. The following table shows total new home and mobile home starts for that period:

		2015	2016	2017	2018	2019	2020	2021
County	One- & Two-Family Dwellings	36	37	24	33	38	45	49
	Mobile Homes	30	31	26	27	21	49	29
	Sub-Total	66	68	50	60	59	94	78
Town	Single-Family	46	35	62	50	12	18	14
	Duplex	0	0	8	8	3	1	1
	Multi-Family	4	3	1	1	0	4	9
	Mobile Homes	0	0	0	0	11	2	15
	Sub-Total	50	38	71	59	26	25	39
	Total	116	106	121	119	85	119	117

In summary, the Prince Edward County economy has remained strong and vibrant through the COVID-19 Pandemic, in great part due to the stability provided by Longwood University and Hampden-Sydney College as well as its three State Parks and the presence of Green Front Furniture and its 900,000+ SF of shopping opportunities. The County continues to market itself for economic development opportunities to grow the tax base and provide job opportunities for its citizens.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2021

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
ASSETS					
Cash and cash equivalents	\$ 21,066,219	\$ -	\$ 21,066,219	\$ 1,947,133	\$ 817,703
Receivables (net of allowance for uncollectibles):					
Taxes receivable	9,295,785	-	9,295,785	-	-
Accounts receivable	23,189	31,852	55,041	-	-
Loan receivable	-	-	-	-	1,056,055
Note receivable	524,250	-	524,250	-	-
Due from primary government	-	-	-	-	21,556
Due from component unit	2,166,268	-	2,166,268	-	-
Due from other governmental units	1,223,469	-	1,223,469	1,805,922	-
Prepaid items	-	-	-	28,768	-
Industrial assets	-	-	-	-	2,558,215
Restricted assets:					
Cash and cash equivalents	820,549	-	820,549	-	-
Capital assets (net of accumulated depreciation):					
Land	1,276,554	244,000	1,520,554	99,952	-
Buildings and improvements	15,084,181	-	15,084,181	7,324,182	-
Improvements other than buildings	35,963	1,107,291	1,143,254	211,227	-
Equipment	1,018,532	485,025	1,503,557	1,100,418	-
Utility plant in service	-	3,379,331	3,379,331	-	-
Construction in progress	171,506	-	171,506	-	-
Total assets	\$ 52,706,465	\$ 5,247,499	\$ 57,953,964	\$ 12,517,602	\$ 4,453,529
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,265,987	\$ 78,423	\$ 1,344,410	\$ 4,826,388	\$ -
OPEB related items	211,682	12,014	223,696	585,801	-
Deferred amount on bond refunding	377,922	-	377,922	-	-
Total deferred outflows of resources	\$ 1,855,591	\$ 90,437	\$ 1,946,028	\$ 5,412,189	\$ -
LIABILITIES					
Accounts payable	\$ 897,745	\$ 1,429,469	\$ 2,327,214	\$ -	\$ -
Accrued liabilities	172,471	-	172,471	972,612	-
Accrued interest payable	111,559	30,281	141,840	-	-
Due to other governmental units	21,556	8,872	30,428	-	-
Due to primary government	-	-	-	2,166,268	-
Unearned revenue	25,000	-	25,000	-	-
Long-term liabilities:					
Due within one year	2,362,584	235,910	2,598,494	-	-
Due in more than one year	17,541,250	8,434,251	25,975,501	23,834,594	-
Total liabilities	\$ 21,132,165	\$ 10,138,783	\$ 31,270,948	\$ 26,973,474	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 288,299	\$ 17,859	\$ 306,158	\$ 2,814,514	\$ -
OPEB related items	54,038	3,115	57,153	1,700,040	-
Deferred revenue - property taxes	8,085,999	-	8,085,999	-	-
Total deferred inflows of resources	\$ 8,428,336	\$ 20,974	\$ 8,449,310	\$ 4,514,554	\$ -
NET POSITION					
Net investment in capital assets	\$ 4,043,524	\$ 2,329,416	\$ 6,372,940	\$ 8,735,779	\$ -
Restricted:					
Community Development Authority	88,508	-	88,508	-	-
Forfeited assets	33,156	-	33,156	-	-
Debt service	820,549	-	820,549	-	-
Unrestricted	20,015,818	(7,151,237)	12,864,581	(22,294,016)	4,453,529
Total net position	\$ 25,001,555	\$ (4,821,821)	\$ 20,179,734	\$ (13,558,237)	\$ 4,453,529

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,521,214	\$ 962,928	\$ 4,830,116	\$ -
Judicial administration	1,935,600	198,881	814,769	-
Public safety	7,511,966	204,925	1,814,643	-
Public works	1,076,927	683,643	-	-
Health and welfare	4,433,939	-	2,987,814	-
Education	5,455,100	-	-	-
Parks, recreation, and cultural	326,430	-	4,500	-
Community development	1,085,266	20,849	53,863	-
Interest on long-term debt	465,242	-	-	-
Total governmental activities	\$ 26,811,684	\$ 2,071,226	\$ 10,505,705	\$ -
Business-type activities:				
Water	\$ 144,849	\$ 515	\$ -	\$ -
Sewer	52,368	896	-	-
Landfill	1,449,227	272,745	-	-
Total business-type activities	\$ 1,646,444	\$ 274,156	\$ -	\$ -
Total primary government	\$ 28,458,128	\$ 2,345,382	\$ 10,505,705	\$ -
COMPONENT UNITS:				
School Board	\$ 24,993,555	\$ 258,235	\$ 18,975,604	\$ -
Industrial Development Authority	499,542	-	-	-
Total component units	\$ 25,493,097	\$ 258,235	\$ 18,975,604	\$ -

General revenues:

General property taxes

Other local taxes:

Local sales and use taxes

Consumers' utility taxes

Motor vehicle licenses

Taxes on recordation and wills

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Contributions from the County of Prince Edward, Virginia

Grants and contributions not restricted to specific programs

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority
\$ 1,271,830	\$ -	\$ 1,271,830	\$ -	\$ -
(921,950)	-	(921,950)	-	-
(5,492,398)	-	(5,492,398)	-	-
(393,284)	-	(393,284)	-	-
(1,446,125)	-	(1,446,125)	-	-
(5,455,100)	-	(5,455,100)	-	-
(321,930)	-	(321,930)	-	-
(1,010,554)	-	(1,010,554)	-	-
(465,242)	-	(465,242)	-	-
<u>\$ (14,234,753)</u>	<u>\$ -</u>	<u>\$ (14,234,753)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ (144,334)	\$ (144,334)	\$ -	\$ -
-	(51,472)	(51,472)	-	-
-	(1,176,482)	(1,176,482)	-	-
<u>\$ -</u>	<u>\$ (1,372,288)</u>	<u>\$ (1,372,288)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (14,234,753)</u>	<u>\$ (1,372,288)</u>	<u>\$ (15,607,041)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (5,759,716)	\$ -
-	-	-	-	(499,542)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,759,716)</u>	<u>\$ (499,542)</u>
\$ 14,774,168	\$ -	\$ 14,774,168	\$ -	\$ -
3,515,613	-	3,515,613	-	-
294,311	-	294,311	-	-
546,871	-	546,871	-	-
237,440	-	237,440	-	-
66,582	-	66,582	-	-
569,800	-	569,800	5,106	425,402
305,196	-	305,196	59,685	3,000
-	-	-	5,448,100	344,000
1,746,252	-	1,746,252	-	-
<u>\$ 22,056,233</u>	<u>\$ -</u>	<u>\$ 22,056,233</u>	<u>\$ 5,512,891</u>	<u>\$ 772,402</u>
\$ 7,821,480	\$ (1,372,288)	\$ 6,449,192	\$ (246,825)	\$ 272,860
17,180,075	(3,449,533)	13,730,542	(13,311,412)	4,180,669
<u>\$ 25,001,555</u>	<u>\$ (4,821,821)</u>	<u>\$ 20,179,734</u>	<u>\$ (13,558,237)</u>	<u>\$ 4,453,529</u>

Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2021

	General	School Debt Service	Landfill Construction	CARES Act	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 16,991,178	\$ -	\$ 2,616,504	\$ 336,864	\$ 663,300	\$ 20,607,846
Receivables (net of allowance for uncollectibles):						
Taxes receivable	9,295,785	-	-	-	-	9,295,785
Accounts receivable	-	-	23,189	-	-	23,189
Due from component unit	2,166,268	-	-	-	-	2,166,268
Due from other governmental units	1,223,469	-	-	-	-	1,223,469
Restricted assets:						
Cash and cash equivalents	-	820,549	-	-	-	820,549
Total assets	\$ 29,676,700	\$ 820,549	\$ 2,639,693	\$ 336,864	\$ 663,300	\$ 34,137,106
LIABILITIES						
Accounts payable	\$ 336,584	\$ -	\$ -	\$ 561,128	\$ 331	\$ 898,043
Accrued liabilities	172,171	-	-	-	-	172,171
Due to component unit	21,556	-	-	-	-	21,556
Due to other funds	62,395	-	-	-	11,090	73,485
Unearned revenues	25,000	-	-	-	-	25,000
Total liabilities	\$ 617,706	\$ -	\$ -	\$ 561,128	\$ 11,421	\$ 1,190,255
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	\$ 9,229,391	\$ -	\$ -	\$ -	\$ -	\$ 9,229,391
FUND BALANCES						
Restricted:						
Community Development Authority	\$ 88,508	\$ -	\$ -	\$ -	\$ -	\$ 88,508
Forfeited assets	33,156	-	-	-	-	33,156
Debt service	-	820,549	-	-	-	820,549
Committed:						
Economic Development	292,027	-	-	-	-	292,027
Assigned:						
Landfill construction	-	-	2,639,693	-	-	2,639,693
Recreation capital projects	-	-	-	-	9,272	9,272
Special revenue	-	-	-	(224,264)	642,607	418,343
Unassigned	19,415,912	-	-	-	-	19,415,912
Total fund balances	\$ 19,829,603	\$ 820,549	\$ 2,639,693	\$ (224,264)	\$ 651,879	\$ 23,717,460
Total liabilities, deferred inflows of resources and fund balances	\$ 29,676,700	\$ 820,549	\$ 2,639,693	\$ 336,864	\$ 663,300	\$ 34,137,106

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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 23,717,460

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

Capital assets, cost	\$ 27,047,918	
Accumulated depreciation	<u>(9,461,182)</u>	17,586,736

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:

531,858

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

Unavailable property taxes	\$ 1,143,390	
Notes receivable	<u>524,250</u>	1,667,640

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

Pension related items	\$ 1,265,987	
OPEB related items	211,682	
Deferred amount on bond refunding	<u>377,922</u>	1,855,591

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	\$ (15,922,314)	
Accrued interest payable	(111,559)	
Compensated absences	(554,031)	
Net OPEB liabilities	(1,109,498)	
Net pension liability	<u>(2,317,991)</u>	(20,015,393)

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

Pension related items	\$ (288,299)	
OPEB related items	<u>(54,038)</u>	<u>(342,337)</u>

Net position of governmental activities \$ 25,001,555

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, 2021

	General	School Debt Service	Landfill Construction Fund	CARES Act	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 14,754,232	\$ -	\$ -	\$ -	\$ 301,757	\$ 15,055,989
Other local taxes	4,660,817	-	-	-	-	4,660,817
Permits, privilege fees, and regulatory licenses	96,349	-	-	-	-	96,349
Fines and forfeitures	177,992	-	-	-	-	177,992
Revenue from the use of money and property	690,905	30,051	8,073	-	725	729,754
Charges for services	438,052	-	361,735	-	33,915	833,702
Miscellaneous	265,870	-	-	-	210	266,080
Recovered costs	647,896	-	-	-	-	647,896
Intergovernmental:						
Commonwealth	5,339,815	-	-	-	510,743	5,850,558
Federal	1,834,003	-	-	4,563,961	-	6,397,964
Total revenues	\$ 28,905,931	\$ 30,051	\$ 369,808	\$ 4,563,961	\$ 847,350	\$ 34,717,101
EXPENDITURES						
Current:						
General government administration	\$ 1,969,348	\$ -	\$ -	\$ 4,788,225	\$ -	\$ 6,757,573
Judicial administration	1,686,592	-	-	-	-	1,686,592
Public safety	4,519,242	-	-	-	637,441	5,156,683
Public works	846,712	-	-	-	-	846,712
Health and welfare	4,332,351	-	-	-	-	4,332,351
Education	6,020,389	-	-	-	-	6,020,389
Parks, recreation, and cultural	326,430	-	-	-	-	326,430
Community development	759,903	-	-	-	-	759,903
Nondepartmental	219,081	-	-	-	-	219,081
Capital projects	432,441	-	-	-	-	432,441
Debt service:						
Principal retirement	543,860	1,116,857	-	-	-	1,660,717
Interest and other fiscal charges	654,749	-	-	-	-	654,749
Total expenditures	\$ 22,311,098	\$ 1,116,857	\$ -	\$ 4,788,225	\$ 637,441	\$ 28,853,621
Excess (deficiency) of revenues over (under) expenditures	\$ 6,594,833	\$ (1,086,806)	\$ 369,808	\$ (224,264)	\$ 209,909	\$ 5,863,480
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 149,333	\$ -	\$ -	\$ -	\$ 149,333
Transfers out	(149,333)	-	-	-	-	(149,333)
Total other financing sources (uses)	\$ (149,333)	\$ 149,333	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ 6,445,500	\$ (937,473)	\$ 369,808	\$ (224,264)	\$ 209,909	\$ 5,863,480
Fund balances - beginning, as restated	13,384,103	1,758,022	2,269,885	-	441,970	17,853,980
Fund balances - ending	<u>\$ 19,829,603</u>	<u>\$ 820,549</u>	<u>\$ 2,639,693</u>	<u>\$ (224,264)</u>	<u>\$ 651,879</u>	<u>\$ 23,717,460</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, 2021

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

Net change in fund balances - total governmental funds \$ 5,863,480

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	\$ 348,787	
Depreciation expense	(621,899)	(273,112)

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		(255,469)
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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.

(159,700)

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.

227,367

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

Principal payments and premium amortization		2,376,146
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in accrued interest payable	\$ 16,267	
(Increase) decrease in compensated absences	151,475	
Increase (decrease) in deferred amount on refunding	(34,356)	
Pension expense	(107,244)	
OPEB expense	16,626	42,768

Change in net position of governmental activities		\$ <u>7,821,480</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	458,373
Accounts receivables	-	-	31,852	31,852	-
Due from other funds	-	-	-	-	73,485
Total current assets	\$ -	\$ -	\$ 31,852	\$ 31,852	\$ 531,858
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	-	-	1,058,101	1,058,101	-
Accumulated depreciation	(671,090)	(297,840)	(1,253,706)	(2,222,636)	-
Total capital assets	\$ 2,436,171	\$ 943,160	\$ 1,836,316	\$ 5,215,647	\$ -
Total noncurrent assets	\$ 2,436,171	\$ 943,160	\$ 1,836,316	\$ 5,215,647	\$ -
Total assets	\$ 2,436,171	\$ 943,160	\$ 1,868,168	\$ 5,247,499	\$ 531,858
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 78,423	\$ 78,423	\$ -
OPEB related items	-	-	12,014	12,014	-
Total deferred outflows of resources	\$ -	\$ -	\$ 90,437	\$ 90,437	\$ -
LIABILITIES					
Current liabilities:					
Reconciled overdraft	\$ 245,264	\$ 87,448	\$ 1,054,979	\$ 1,387,691	\$ -
Accounts payable	56	48	41,674	41,778	-
Accrued interest payable	22,053	8,228	-	30,281	-
Due to other funds	-	-	8,872	8,872	-
Compensated absences - current portion	-	-	1,971	1,971	-
Bonds payable - current portion	171,864	62,075	-	233,939	-
Total current liabilities	\$ 439,237	\$ 157,799	\$ 1,107,496	\$ 1,704,532	\$ -
Noncurrent liabilities:					
Bonds payable - net of current portion	\$ 1,931,274	\$ 721,018	\$ -	\$ 2,652,292	\$ -
Landfill closure liability	-	-	5,525,875	5,525,875	-
Net pension liability	-	-	143,592	143,592	-
Net OPEB liability	-	-	94,755	94,755	-
Compensated absences - net of current portion	-	-	17,737	17,737	-
Total noncurrent liabilities	\$ 1,931,274	\$ 721,018	\$ 5,781,959	\$ 8,434,251	\$ -
Total liabilities	\$ 2,370,511	\$ 878,817	\$ 6,889,455	\$ 10,138,783	\$ -
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ -	\$ -	\$ 17,859	\$ 17,859	\$ -
OPEB related items	-	-	3,115	3,115	-
Total deferred inflows of resources	\$ -	\$ -	\$ 20,974	\$ 20,974	\$ -
NET POSITION					
Net investment in capital assets	\$ 333,033	\$ 160,067	\$ 1,836,316	\$ 2,329,416	\$ -
Unrestricted	(267,373)	(95,724)	(6,788,140)	(7,151,237)	531,858
Total net position	\$ 65,660	\$ 64,343	\$ (4,951,824)	\$ (4,821,821)	\$ 531,858

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, 2021

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Landfill	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services:					
Water revenues	\$ 515	\$ -	\$ -	\$ 515	\$ -
Sewer revenues	-	896	-	896	-
Landfill revenues	-	-	272,745	272,745	-
Insurance premiums	-	-	-	-	962,928
Total operating revenues	\$ 515	\$ 896	\$ 272,745	\$ 274,156	\$ 962,928
OPERATING EXPENSES					
Supplies	\$ 482	\$ -	\$ -	\$ 482	\$ -
Repairs and maintenance	12,256	-	-	12,256	-
Utilities	-	1,171	-	1,171	-
Insurance	405	407	-	812	735,561
Collections	-	-	611,275	611,275	-
Landfill operations	-	-	643,228	643,228	-
Depreciation	62,145	24,820	194,724	281,689	-
Total operating expenses	\$ 75,288	\$ 26,398	\$ 1,449,227	\$ 1,550,913	\$ 735,561
Operating income (loss)	\$ (74,773)	\$ (25,502)	\$ (1,176,482)	\$ (1,276,757)	\$ 227,367
Interest expense	\$ (69,561)	\$ (25,970)	\$ -	\$ (95,531)	\$ -
Total nonoperating revenues (expenses)	\$ (69,561)	\$ (25,970)	\$ -	\$ (95,531)	\$ -
Change in net position	\$ (144,334)	\$ (51,472)	\$ (1,176,482)	\$ (1,372,288)	\$ 227,367
Total net position - beginning	209,994	115,815	(3,775,342)	(3,449,533)	304,491
Total net position - ending	\$ 65,660	\$ 64,343	\$ (4,951,824)	\$ (4,821,821)	\$ 531,858

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, 2021

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities</u> <u>Internal</u> <u>Service</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 515	\$ 896	\$ 322,033	\$ 323,444	\$ 962,928
Payments to suppliers	(13,108)	(1,530)	(1,289,998)	(1,304,636)	(742,504)
Net cash provided by (used for) operating activities	\$ (12,593)	\$ (634)	\$ (967,965)	\$ (981,192)	\$ 220,424
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Advances from other funds	\$ 245,264	\$ 87,448	\$ 1,054,979	\$ 1,387,691	\$ (73,485)
Net cash provided by (used for) noncapital financing activities	\$ 245,264	\$ 87,448	\$ 1,054,979	\$ 1,387,691	\$ (73,485)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to capital assets	\$ -	\$ -	\$ (184,150)	\$ (184,150)	\$ -
Principal payments on bonds	(161,576)	(60,282)	-	(221,858)	-
Additions to landfill closure liability	-	-	65,525	65,525	-
Interest payments	(71,116)	(26,532)	-	(97,648)	-
Net cash provided by (used for) capital and related financing activities	\$ (232,692)	\$ (86,814)	\$ (118,625)	\$ (438,131)	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (21)	\$ -	\$ (31,611)	\$ (31,632)	\$ 146,939
Cash and cash equivalents - beginning	21	-	31,611	31,632	311,434
Cash and cash equivalents - ending	\$ -	\$ -	\$ -	\$ -	\$ 458,373
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ (74,773)	\$ (25,502)	\$ (1,176,482)	\$ (1,276,757)	\$ 227,367
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 62,145	\$ 24,820	\$ 194,724	\$ 281,689	\$ -
(Increase) decrease in accounts receivable	-	-	49,288	49,288	-
(Increase) decrease in deferred outflows - pension	-	-	(25,845)	(25,845)	-
(Increase) decrease in deferred outflows - OPEB	-	-	(3,996)	(3,996)	-
Increase (decrease) in due to other funds	-	-	8,872	8,872	-
Increase (decrease) in accounts payable	35	48	10,063	10,146	(6,943)
Increase (decrease) in compensated absences	-	-	(37,748)	(37,748)	-
Increase (decrease) in deferred inflows - pension	-	-	(18,038)	(18,038)	-
Increase (decrease) in deferred inflows - OPEB	-	-	(2,823)	(2,823)	-
Increase (decrease) in net pension liability	-	-	38,183	38,183	-
Increase (decrease) in net OPEB liability	-	-	(4,163)	(4,163)	-
Total adjustments	\$ 62,180	\$ 24,868	\$ 208,517	\$ 295,565	\$ (6,943)
Net cash provided by (used for) operating activities	\$ (12,593)	\$ (634)	\$ (967,965)	\$ (981,192)	\$ 220,424

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, 2021

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, 2021 (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, 2021 (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 \$260,430 to the regional library, \$37,984 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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

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

2. Fiduciary Funds (Trust and Custodial Funds)

Fiduciary Funds (Trust and Custodial 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.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

E. Budgets and Budgetary Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The total appropriation can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments and between County departments (excluding the Constitutional Officers); however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Recreation Fund, Landfill Construction Fund, Piedmont Court Service Fund and the Water Sewer and Landfill Funds of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. Budgetary data presented in the accompanying financial statements includes the original and legally amended budgets at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. There were two departments reporting expenditures in excess of appropriations. General government administration reported expenditures of \$1,969,348 with a final budget of \$1,958,828, and public works reported expenditures of \$846,712 with a final budget of \$845,915.

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, 2021 (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 \$790,763 at June 30, 2021 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, 2021.

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.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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 \$820,549, which is to be used for debt service on QZAB bonds.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Postemployment Benefits (OPEB)

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 2—Deposits and Investments:

Deposits

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

Investments

Statutes authorize 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	\$ -	\$ 427,731
Local sales tax	676,445	-
Communication tax	35,751	-
Shared expenses	168,813	-
Social services funds	95,159	-
Comprehensive services	55,893	-
Rolling stock	-	-
State forest in lieu of taxes	-	-
Other	22,354	-
Federal Government:		
School funds	-	1,378,191
Social services funds	156,585	-
Other	12,469	-
	<u>\$ 1,223,469</u>	<u>\$ 1,805,922</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Primary Government:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,276,554	\$ -	\$ -	\$ 1,276,554
Construction in progress	<u>8,370</u>	<u>163,136</u>	<u>-</u>	<u>171,506</u>
Total capital assets not being depreciated	<u>\$ 1,284,924</u>	<u>\$ 163,136</u>	<u>\$ -</u>	<u>\$ 1,448,060</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 21,248,232	\$ -	\$ -	\$ 21,248,232
Improvements other than buildings	595,762	-	-	595,762
Equipment	<u>3,570,213</u>	<u>185,651</u>	<u>-</u>	<u>3,755,864</u>
Total capital assets being depreciated	<u>\$ 25,414,207</u>	<u>\$ 185,651</u>	<u>\$ -</u>	<u>\$ 25,599,858</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,787,586	\$ 376,465	\$ -	\$ 6,164,051
Improvements other than buildings	550,809	8,990	-	559,799
Equipment	<u>2,500,888</u>	<u>236,444</u>	<u>-</u>	<u>2,737,332</u>
Total accumulated depreciation	<u>\$ 8,839,283</u>	<u>\$ 621,899</u>	<u>\$ -</u>	<u>\$ 9,461,182</u>
Total capital assets being depreciated, net	<u>\$ 16,574,924</u>	<u>\$ (436,248)</u>	<u>\$ -</u>	<u>\$ 16,138,676</u>
Governmental activities capital assets, net	<u><u>\$ 17,859,848</u></u>	<u><u>\$ (273,112)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,586,736</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Primary Government: (Continued)				
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 244,000	\$ -	\$ -	\$ 244,000
Totals	<u>\$ 244,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,000</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 873,951	\$ 184,150	\$ -	\$ 1,058,101
Buildings and improvements	1,787,921	-	-	1,787,921
Utility plant in service	<u>4,348,261</u>	<u>-</u>	<u>-</u>	<u>4,348,261</u>
Total capital assets being depreciated	<u>\$ 7,010,133</u>	<u>\$ 184,150</u>	<u>\$ -</u>	<u>\$ 7,194,283</u>
Accumulated depreciation:				
Machinery and equipment	\$ 433,717	\$ 139,359	\$ -	\$ 573,076
Buildings and improvements	625,265	55,365	-	680,630
Utility plant in service	<u>881,965</u>	<u>86,965</u>	<u>-</u>	<u>968,930</u>
Total accumulated depreciation	<u>\$ 1,940,947</u>	<u>\$ 281,689</u>	<u>\$ -</u>	<u>\$ 2,222,636</u>
Total capital assets being depreciated, net	<u>\$ 5,069,186</u>	<u>\$ (97,539)</u>	<u>\$ -</u>	<u>\$ 4,971,647</u>
Business-type activities capital assets, net	<u>\$ 5,313,186</u>	<u>\$ (97,539)</u>	<u>\$ -</u>	<u>\$ 5,215,647</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 4—Capital Assets: (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Component Unit-School Board:				
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 99,952	\$ -	\$ -	\$ 99,952
Capital assets, being depreciated:				
Buildings and improvements	\$ 23,973,457	\$ -	\$ -	\$ 23,973,457
Improvements other than buildings	730,558	-	-	730,558
Equipment	<u>6,812,509</u>	<u>146,452</u>	-	<u>6,958,961</u>
Total capital assets being depreciated	\$ <u>31,516,524</u>	\$ <u>146,452</u>	\$ -	\$ <u>31,662,976</u>
Accumulated depreciation:				
Buildings and improvements	\$ 16,113,463	\$ 535,812	\$ -	\$ 16,649,275
Improvements other than buildings	506,306	13,025	-	519,331
Equipment	<u>5,669,490</u>	<u>189,053</u>	-	<u>5,858,543</u>
Total accumulated depreciation	\$ <u>22,289,259</u>	\$ <u>737,890</u>	\$ -	\$ <u>23,027,149</u>
Total capital assets being depreciated, net	\$ <u>9,227,265</u>	\$ <u>(591,438)</u>	\$ -	\$ <u>8,635,827</u>
Governmental activities capital assets, net	<u>\$ 9,327,217</u>	<u>\$ (591,438)</u>	<u>\$ -</u>	<u>\$ 8,735,779</u>

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

Primary Government	
Governmental activities:	
General government administration	\$ 304,059
Judicial administration	34,166
Public safety	175,284
Public works	4,938
Health and Welfare	100,235
Community development	<u>3,217</u>
Total Governmental Activities	\$ <u>621,899</u>
Business type activities	\$ <u>281,689</u>
Total Primary Government	\$ <u>903,588</u>
Component Unit-School Board	<u>\$ 737,890</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total service credit. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.7% 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.

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	93	40
Inactive members:		
Vested inactive members	19	5
Non-vested inactive members	31	9
Inactive members active elsewhere in VRS	64	15
Total inactive members	114	29
Active members	120	34
Total covered employees	<u>327</u>	<u>103</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Contributions

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

The County’s contractually required employer contribution rate for the year ended June 30, 2021 was 8.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$445,233 and \$419,937 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.39% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$23,856 and \$27,150 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on 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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total 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, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Discount Rate: (Continued)

June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 25,293,998	\$ 23,486,976	\$ 1,807,022
Changes for the year:			
Service cost	\$ 605,485	\$ -	\$ 605,485
Interest	1,659,609	-	1,659,609
Differences between expected and actual experience	(481,105)	-	(481,105)
Contributions - employer	-	427,990	(427,990)
Contributions - employee	-	262,435	(262,435)
Net investment income	-	455,083	(455,083)
Benefit payments, including refunds of employee contributions	(1,414,393)	(1,414,393)	-
Administrative expenses	-	(15,557)	15,557
Other changes	-	(523)	523
Net changes	\$ 369,596	\$ (284,965)	\$ 654,561
Balances at June 30, 2020	\$ 25,663,594	\$ 23,202,011	\$ 2,461,583

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Changes in Net Pension Liability: (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 4,145,220	\$ 4,106,345	\$ 38,875
Changes for the year:			
Service cost	\$ 54,566	\$ -	\$ 54,566
Interest	272,080	-	272,080
Differences between expected and actual experience	(42,813)	-	(42,813)
Contributions - employer	-	27,106	(27,106)
Contributions - employee	-	32,202	(32,202)
Net investment income	-	78,153	(78,153)
Benefit payments, including refunds of employee contributions	(228,817)	(228,817)	-
Administrative expenses	-	(2,734)	2,734
Other changes	-	(90)	90
Net changes	<u>\$ 55,016</u>	<u>\$ (94,180)</u>	<u>\$ 149,196</u>
Balances at June 30, 2020	<u>\$ 4,200,236</u>	<u>\$ 4,012,165</u>	<u>\$ 188,071</u>

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

The following presents the net pension liability of the County and Component Unit School Board (nonprofessional) using the discount rate of 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)	\$ 5,590,405	\$ 2,461,583	\$ (148,818)
Component Unit School Board's (nonprofessional) Net Pension Liability (Asset)	\$ 610,986	\$ 188,071	\$ (173,097)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$554,830 and \$109,061 respectively. At June 30, 2021, 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	\$ 13,273	\$ 306,158	\$ -	\$ 18,487
Change in assumptions	199,193	-	-	-
Net difference between projected and actual earnings on pension plan investments	686,714	-	119,448	-
Employer contributions subsequent to the measurement date	445,233	-	23,856	-
Total	\$ 1,344,413	\$ 306,158	\$ 143,304	\$ 18,487

\$445,233 and \$23,856 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 52,631	\$ (16,972)
2023	84,513	37,965
2024	234,815	41,327
2025	221,063	38,641
Thereafter	-	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,817,171 and \$1,772,572 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$19,411,748 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .13340% as compared to .13932% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,363,126. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)

At June 30, 2021, 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	\$ -	\$ 1,137,827
Net difference between projected and actual earnings on pension plan investments	1,476,478	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	64,340	1,658,200
Changes in assumptions	1,325,095	-
Employer contributions subsequent to the measurement date	<u>1,817,171</u>	<u>-</u>
Total	<u>\$ 4,683,084</u>	<u>\$ 2,796,027</u>

\$1,817,171 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (568,948)
2023	82,268
2024	336,409
2025	275,386
2026	(55,229)

Actuarial Assumptions

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

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

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

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

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

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:

	<u>Rate</u>		
	<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	\$ 28,481,394	\$ 19,411,748	\$ 11,910,004

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 5—Pension Plan: (Continued)

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

	VRS Pension Plans			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 1,344,413	\$ 306,158	\$ 2,461,583	\$ 554,830
Totals	<u>\$ 1,344,413</u>	<u>\$ 306,158</u>	<u>\$ 2,461,583</u>	<u>\$ 554,830</u>
Component Unit School Board				
School Board Nonprofessional	\$ 143,304	\$ 18,487	\$ 188,071	\$ 109,061
School Board Professional	4,683,084	2,796,027	19,411,748	1,363,126
Totals	<u>\$ 4,826,388</u>	<u>\$ 2,814,514</u>	<u>\$ 19,599,819</u>	<u>\$ 1,472,187</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>573,739</u>
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COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2021:

	<u>Balance at July 1, 2020</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue bond	\$ 212,530	\$ -	\$ 103,541	\$ 108,989	\$ 108,989
General obligation bonds (VPSA)	315,000	-	45,000	270,000	45,000
General obligation bonds	6,872,634	-	536,453	6,336,181	560,609
General lease purchase	6,767,984	-	342,244	6,425,740	360,547
Premium on bond issuance	1,813,455	-	132,051	1,681,404	132,036
Qualified zone academy bonds	2,116,857	-	1,116,857	1,000,000	1,000,000
Notes payable	200,000	-	100,000	100,000	100,000
Net pension liability	1,701,613	2,148,106	1,531,728	2,317,991	-
Net OPEB liabilities	995,200	243,471	129,173	1,109,498	-
Compensated absences	705,506	-	151,475	554,031	55,403
Total Governmental Activities	\$ 21,700,779	\$ 2,391,577	\$ 4,188,522	\$ 19,903,834	\$ 2,362,584

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

<u>Year</u>	<u>Bonds and Notes Payable (1)</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,175,145	\$ 517,030
2023	1,126,963	470,452
2024	1,177,241	423,855
2025	999,319	380,067
2026	1,050,235	339,998
2027-2031	5,697,241	1,040,692
2032-2035	2,014,766	187,252
	<u>\$ 13,240,910</u>	<u>\$ 3,359,346</u>

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, 2021 (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%.	\$ 270,000
\$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%	4,115,416
Plus: Premium on issuance	2,810
\$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%.	631,180
Plus: Premium on issuance	180,659
\$2,391,777 lease purchase dated August 2, 2017, maturing annually through November 1, 2031 with interest payable semi-annually at a variable rate.	2,310,325
Plus: Premium on issuance	392,861
\$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%.	5,630,000
Plus: Premium on issuance	1,105,074
\$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.	75,000
Total general obligation bonds	\$ <u>14,713,325</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>108,989</u>
Total revenue bond (payable from General Fund property rentals)	\$ <u>108,989</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Governmental Activities: (Continued)

Details of long-term obligations: (Continued)

Qualified zone academy bonds:

\$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	\$	<u>1,000,000</u>

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

	\$	100,000
Total notes payable	\$	<u>100,000</u>

Other long-term obligations:

Compensated absences	\$	554,031
Net pension liability		2,317,991
Net OPEB liabilities		<u>1,109,498</u>
Total other long-term obligations	\$	<u>3,981,520</u>
Total Governmental Activities long-term obligations	\$	<u><u>19,903,834</u></u>

Business-type Activities:

The following is a summary of long-term obligations transactions of the Business-type Activities for the year ended June 30, 2021:

	<u>Restated Balance July 1, 2020</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Business-type Activities:					
Lease revenue bonds	\$ 2,754,792	\$ -	\$ 194,119	\$ 2,560,673	\$ 206,200
Premium on bond issuance	353,297	-	27,739	325,558	27,739
Landfill closure and postclosure care liability	5,072,887	60,875	-	5,133,762	-
Landfill corrective action plan	387,463	4,650	-	392,113	-
Compensated Absences	57,456	-	37,748	19,708	1,971
Net pension liability	105,409	133,068	94,885	143,592	-
Net OPEB liabilities	98,918	14,034	18,197	94,755	-
Total Business-type Activities	<u>\$ 8,830,222</u>	<u>\$ 212,627</u>	<u>\$ 372,688</u>	<u>\$ 8,670,161</u>	<u>\$ 235,910</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Business-type Activities: (Continued)

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

Year	Lease Revenue Bond	
	Principal	Interest
2022	\$ 206,200	98,330
2023	215,195	89,018
2024	222,790	80,781
2025	232,917	73,497
2026	245,575	61,899
2027-2031	1,432,946	143,374
2032	5,050	77
	<u>\$ 2,560,673</u>	<u>\$ 546,976</u>

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%. \$ 190,997

\$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. 2,369,676

Plus: Premium on issuance 325,558

Total revenue bonds \$ 2,886,231

Other long-term obligations:

Landfill closure and postclosure care liability \$ 5,133,762

Landfill corrective action plan liability 392,113

Compensated absences 19,708

Net pension liability 143,592

Net OPEB liabilities 94,755

Total other long-term obligations \$ 5,783,930

Total business-type activities long-term obligations \$ 8,670,161

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 7—Long-Term Obligations: (Continued)

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, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Payable</u> <u>Due Within</u> <u>One Year</u>
Net OPEB liabilities	\$ 4,607,577	\$ 966,724	\$ 1,339,526	\$ 4,234,775	\$ -
Net pension liability	18,374,178	7,878,351	6,652,710	19,599,819	-
Total	<u>\$ 22,981,755</u>	<u>\$ 8,845,075</u>	<u>\$ 7,992,236</u>	<u>\$ 23,834,594</u>	<u>\$ -</u>

Note 8—Litigation:

At June 30, 2021, 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, 2021 (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, 2021 were \$2,716,452 and \$2,417,310, respectively. Furthermore, the County reports \$392,113 as corrective action liability. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. 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.

Note 13—Interfund Transfers:

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

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 149,333
School Debt Service Fund	149,333	-
Total	\$ <u>149,333</u>	\$ <u>149,333</u>

Transfers were made for operational expenditures.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 14—Notes Receivable:

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 \$54,000.

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 \$278,250.

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 \$120,000.

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 \$9,158,397 (including 2nd half billings of \$8,015,006 not due until December 5) at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$70,993 at June 30, 2021.

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:

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$137,853 and \$140,816 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the school division reported a liability of \$1,746,095 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was .13385% as compared to .13987% at June 30, 2019.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$108,736. 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.

At June 30, 2021, 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	\$ -	\$ 23,318
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	7,738	-
Change in assumptions	34,518	9,540
Change in proportionate share	10,426	192,701
Employer contributions subsequent to the measurement date	<u>137,853</u>	<u>-</u>
Total	<u>\$ 190,535</u>	<u>\$ 225,559</u>

\$137,853 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (34,258)
2023	(33,491)
2024	(33,748)
2025	(28,167)
2026	(20,976)
Thereafter	(22,237)

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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:

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate

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

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

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC 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	\$ 1,954,571	\$ 1,746,095	\$ 1,568,905

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 \$8,616 as of June 30, 2021.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$30,101 and \$28,907 for the years ended June 30, 2021 and June 30, 2020, respectively, for the County; \$3,471 and \$3,601 for the years ended June 30, 2021 and June 30, 2020, respectively, for the School Board (nonprofessional); \$61,537 and \$61,231 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the entity reported a liability of \$450,753 for the County; \$56,073 for the School Board (nonprofessional); and \$954,909 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, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .02700% as compared to .02728% at June 30, 2019 for the County. At June 30, 2020, the participating employer's proportion was .00340% as compared to .00342% at June 30, 2019 for the School Board (nonprofessional). At June 30, 2020, the participating employer's proportion was .05720% as compared to .06026% at June 30, 2019 for the School Board (professional).

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$15,153 (County), \$2,303 (School Board - nonprofessional), and \$15,099 (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, 2021 (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 GLI Program OPEB: (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 28,912	\$ 4,049
Net difference between projected and actual earnings on GLI OPEB program investments	13,540	-
Change in assumptions	22,543	9,412
Changes in proportionate share	-	8,492
Employer contributions subsequent to the measurement date	30,101	-
Total	<u>\$ 95,096</u>	<u>\$ 21,953</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 3,597	\$ 504
Net difference between projected and actual earnings on GLI OPEB program investments	1,684	-
Change in assumptions	2,804	1,171
Changes in proportionate share	3,034	1,867
Employer contributions subsequent to the measurement date	3,471	-
Total	<u>\$ 14,590</u>	<u>\$ 3,542</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 61,249	\$ 8,577
Net difference between projected and actual earnings on GLI OPEB program investments	28,685	-
Change in assumptions	47,756	19,939
Changes in proportionate share	3,142	92,523
Employer contributions subsequent to the measurement date	61,537	-
Total	<u>\$ 202,369</u>	<u>\$ 121,039</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)

\$30,101 (County); \$3,471 (School Board nonprofessional), and \$61,537 (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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2022	\$ 4,753	\$ 1,009	\$ (6,933)
2023	8,577	1,485	1,168
2024	12,932	2,164	12,886
2025	13,795	2,387	16,181
2026	2,880	536	(2,349)
Thereafter	105	(4)	(1,160)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS 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 fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered 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, 2021 (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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

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

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

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

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

Discount Rate

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

Discount Rate: (Continued)

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

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	\$ 592,549	\$ 450,753	\$ 335,601
School Board (nonprofessional)’s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 73,713	\$ 56,073	\$ 41,749
School Board (professional)’s proportionate share of the Group Life Insurance Program			
Net OPEB Liability	\$ 1,255,300	\$ 954,909	\$ 710,962

GLI Plan Fiduciary Net Position

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	118
Total retirees with coverage	<u>3</u>
Total	<u><u>121</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, 2021 was \$38,900.

Total OPEB Liability

The County’s total OPEB liability was measured as of July 1, 2020. 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, 2020 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, 2020
Salary Increases	2.50% per year for general salary inflations as of July 1, 2020
Discount Rate	2.45% for accounting and funding disclosures as of June 30, 2020
Healthcare Cost Trend Rates	6.75% for fiscal year ending June 30, 2021

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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-2020.

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 2.45% and represents GO AA 20-year yield curve rate as of June 30, 2020.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2020	\$	650,200
Changes for the year:		
Service cost		22,200
Interest		20,400
Changes in experience		46,000
Contributions - employer		(38,900)
Assumption changes		53,600
Net changes		<u>103,300</u>
Balances at June 30, 2021	\$	<u><u>753,500</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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 838,400	\$ 753,500	\$ 676,800

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 (5.75% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (7.75% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.75% decreasing to 4.00%)	Healthcare Cost Trend (6.75% decreasing to 5.00%)	1% Increase (7.75% decreasing to 6.00%)
\$ 655,500	\$ 753,500	\$ 872,600

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

For the year ended June 30, 2021, the County recognized OPEB expense in the amount of \$58,500.

At June 30, 2021 the County had deferred outflows of resources of \$128,600; deferred inflows of resources related to the OPEB plan were \$35,200.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,100	\$ 28,000
Changes in assumptions	55,600	7,200
Employer contributions subsequent to the measurement date	38,900	-
Total	\$ 128,600	\$ 35,200

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.

\$38,900 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	
2022	\$ 10,800
2023	21,500
2024	22,200
2025	-
2026	-
Thereafter	-

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

School Board

Plan Description

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

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Vision insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the School Board provides a fixed basic death benefit for all retirees.

Plan Membership

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

Total active employees with coverage	269
Total retirees with coverage	<u>14</u>
Total	<u><u>283</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, 2021 was \$7,500.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of July 1, 2020. 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, 2020 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, 2020
Salary Increases	2.50% per year for general salary inflations as of July 1, 2020
Discount Rate	2.45% for accounting and funding disclosures as of July 1, 2020
Healthcare Cost Trend Rates	6.75% for fiscal year ending June 30, 2021

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

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

School Board: (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-2020.

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 2.45% and represents the Municipal GO-AA 20-year yield curve rate as of June 30, 2020.

Changes in Total OPEB Liability

	<u>School Board</u> <u>Total OPEB Liability</u>	
Balances at June 30, 2020	\$	1,740,300
Changes for the year:		
Service cost		102,100
Interest		57,600
Changes in experience		(578,500)
Contributions - employer		(7,500)
Assumption changes		73,200
Net changes		<u>(353,100)</u>
Balances at June 30, 2021	\$	<u>1,387,200</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 (1.45%) or one percentage point higher (3.45%) than the current discount rate:

	<u>Rate</u>		
	<u>1% Decrease</u> <u>(1.45%)</u>	<u>Current Discount</u> <u>Rate (2.45%)</u>	<u>1% Increase</u> <u>(3.45%)</u>
\$	1,499,300	\$ 1,387,200	\$ 1,282,400

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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 (5.75% decreasing by 0.25% annually to an ultimate rate of 4.00%) or one percentage point higher (7.75% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.75% decreasing to 4.00%)	Healthcare Cost Trend (6.75% decreasing to 5.00%)	1% Increase (7.75% decreasing to 6.00%)
\$ 1,240,500	\$ 1,387,200	\$ 1,560,300

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

For the year ended June 30, 2021, the School Board recognized OPEB expense in the amount of (\$163,700). At June 30, 2021, the School Board had deferred outflows of resources of \$171,100; deferred inflows of resources related to the OPEB plan were \$1,349,900.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,303,900
Changes in assumptions	163,600	46,000
Employer contributions subsequent to the measurement date	7,500	-
Total	\$ <u>171,100</u>	\$ <u>1,349,900</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (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)

\$7,500 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, 2022. 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>	
2022	\$ (329,300)
2023	(329,300)
2024	(311,500)
2025	(142,900)
2026	(73,300)
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—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Active members	34
Total covered employees	<u>34</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2021 was 1.13% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$7,207 and \$0 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

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

Actuarial Assumptions

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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%

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 90,498	\$ -	\$ 90,498
Net changes	\$ 90,498	\$ -	\$ 90,498
Balances at June 30, 2020	\$ 90,498	\$ -	\$ 90,498

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County’s Net HIC OPEB Liability	\$ 99,225	\$ 90,498	\$ 82,925

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$90,498. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 7,207	\$ -
Total	\$ 7,207	\$ -

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 19—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

\$7,207 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2022	\$	-
2023		-
2024		-
2025		-
2026		-
Thereafter		-

HIC Plan Data

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

Note 20—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	\$ 95,096	\$ 21,953	\$ 450,753	\$ 15,153
County Stand-Alone Plan (Note 18)	128,600	35,200	753,500	58,500
Totals	<u>\$ 223,696</u>	<u>\$ 57,153</u>	<u>\$ 1,204,253</u>	<u>\$ 73,653</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 17):				
School Board Nonprofessional	\$ 14,590	\$ 3,542	\$ 56,073	\$ 2,303
School Board Professional	202,369	121,039	954,909	15,099
Teacher Health Insurance Credit Program (Note 16)	190,535	225,559	1,746,095	108,736
School Board Health Insurance Plan (Note 19)	7,207	-	90,498	90,498
School Stand-Alone Plan (Note 18)	171,100	1,349,900	1,387,200	(163,700)
Totals	<u>\$ 585,801</u>	<u>\$ 1,700,040</u>	<u>\$ 4,234,775</u>	<u>\$ 52,936</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 21—Upcoming Pronouncements:

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

Statement No. 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.

Note 22—Adoption of Accounting Principle:

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

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>School Board</u>
Net Position, as reported at July 1, 2020	\$ 17,179,744	\$ (13,605,792)
Implementation of GASB 84	331	294,380
Net Position, as restated at July 1, 2020	<u>\$ 17,180,075</u>	<u>\$ (13,311,412)</u>
	<u>Governmental Funds</u>	<u>Governmental Funds</u>
	<u>General Fund</u>	<u>School Activity Fund</u>
Fund balance, as reported at July 1, 2020	\$ 13,383,772	\$ -
Implementation of GASB 84	331	294,380
Fund balance, as restated at July 1, 2020	<u>\$ 13,384,103</u>	<u>\$ 294,380</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Notes to Financial Statements
As of June 30, 2021 (Continued)

Note 23—COVID-19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

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

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$3,652,418. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$336,735. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

ARPA Funding

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

In July 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government.

Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 14,156,752	\$ 14,268,932	\$ 14,754,232	\$ 485,300
Other local taxes	3,681,253	3,681,253	4,660,817	979,564
Permits, privilege fees, and regulatory licenses	60,256	60,256	96,349	36,093
Fines and forfeitures	173,000	173,000	177,992	4,992
Revenue from the use of money and property	506,943	506,943	690,905	183,962
Charges for services	101,021	101,021	438,052	337,031
Miscellaneous	28,900	31,500	265,870	234,370
Recovered costs	123,978	123,978	647,896	523,918
Intergovernmental:				
Commonwealth	5,760,609	5,806,913	5,339,815	(467,098)
Federal	1,795,121	1,897,590	1,834,003	(63,587)
Total revenues	<u>\$ 26,387,833</u>	<u>\$ 26,651,386</u>	<u>\$ 28,905,931</u>	<u>\$ 2,254,545</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,834,138	\$ 1,958,828	\$ 1,969,348	\$ (10,520)
Judicial administration	1,825,713	1,825,713	1,686,592	139,121
Public safety	4,931,274	5,364,013	4,519,242	844,771
Public works	825,615	845,915	846,712	(797)
Health and welfare	4,725,721	4,726,321	4,332,351	393,970
Education	8,799,671	8,799,671	6,020,389	2,779,282
Parks, recreation, and cultural	341,730	341,730	326,430	15,300
Community development	740,845	990,420	759,903	230,517
Nondepartmental	163,454	163,454	219,081	(55,627)
Capital projects	94,800	319,292	432,441	(113,149)
Debt service:				
Principal retirement	752,335	752,335	543,860	208,475
Interest and other fiscal charges	446,227	446,227	654,749	(208,522)
Total expenditures	<u>\$ 25,481,523</u>	<u>\$ 26,533,919</u>	<u>\$ 22,311,098</u>	<u>\$ 4,222,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 906,310</u>	<u>\$ 117,467</u>	<u>\$ 6,594,833</u>	<u>\$ 6,477,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 609,290	\$ 609,290	\$ -	\$ (609,290)
Transfers out	(1,899,203)	(1,839,203)	(149,333)	1,689,870
Total other financing sources (uses)	<u>\$ (1,289,913)</u>	<u>\$ (1,229,913)</u>	<u>\$ (149,333)</u>	<u>\$ 1,080,580</u>
Net change in fund balances	\$ (383,603)	\$ (1,112,446)	\$ 6,445,500	\$ 7,557,946
Fund balances - beginning, as restated	383,603	1,112,446	13,384,103	12,271,657
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,829,603</u>	<u>\$ 19,829,603</u>

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 605,485	\$ 568,188	\$ 586,171
Interest	1,659,609	1,607,590	1,581,656
Differences between expected and actual experience	(481,105)	46,873	(693,470)
Changes in assumptions	-	703,479	-
Benefit payments, including refunds of employee contributions	<u>(1,414,393)</u>	<u>(1,195,417)</u>	<u>(1,012,324)</u>
Net change in total pension liability	\$ 369,596	\$ 1,730,713	\$ 462,033
Total pension liability - beginning	25,293,998	23,563,285	23,101,252
Total pension liability - ending (a)	<u>\$ 25,663,594</u>	<u>\$ 25,293,998</u>	<u>\$ 23,563,285</u>
Plan fiduciary net position			
Contributions - employer	\$ 427,990	\$ 406,538	\$ 446,611
Contributions - employee	262,435	250,656	250,026
Net investment income	455,083	1,490,390	1,575,307
Benefit payments, including refunds of employee contributions	(1,414,393)	(1,195,417)	(1,012,324)
Administrative expense	(15,557)	(14,960)	(13,613)
Other	(523)	(938)	(1,400)
Net change in plan fiduciary net position	\$ (284,965)	\$ 936,269	\$ 1,244,607
Plan fiduciary net position - beginning	23,486,976	22,550,707	21,306,100
Plan fiduciary net position - ending (b)	<u>\$ 23,202,011</u>	<u>\$ 23,486,976</u>	<u>\$ 22,550,707</u>
County's net pension liability (asset) - ending (a) - (b)	\$ 2,461,583	\$ 1,807,022	\$ 1,012,578
Plan fiduciary net position as a percentage of the total pension liability	90.41%	92.86%	95.70%
Covered payroll	\$ 5,514,677	\$ 5,327,164	\$ 5,191,889
County's net pension liability (asset) as a percentage of covered payroll	44.64%	33.92%	19.50%

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

Exhibit 11

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	608,923	\$ 583,283	\$ 545,827	\$ 555,966
	1,517,955	1,509,879	1,462,131	1,383,489
	(219,828)	(1,025,111)	(446,242)	-
	7,334	-	-	-
	<u>(996,413)</u>	<u>(908,946)</u>	<u>(850,241)</u>	<u>(781,769)</u>
\$	917,971	\$ 159,105	\$ 711,475	\$ 1,157,686
	<u>22,183,281</u>	<u>22,024,176</u>	<u>21,312,701</u>	<u>20,155,015</u>
\$	<u><u>23,101,252</u></u>	<u><u>22,183,281</u></u>	<u><u>22,024,176</u></u>	<u><u>21,312,701</u></u>
\$	437,632	\$ 555,222	\$ 567,774	\$ 604,584
	265,479	241,585	248,130	246,898
	2,341,406	333,781	841,567	2,496,224
	(996,413)	(908,946)	(850,241)	(781,769)
	(13,544)	(11,833)	(11,394)	(13,259)
	<u>(2,082)</u>	<u>(141)</u>	<u>(176)</u>	<u>132</u>
\$	2,032,478	\$ 209,668	\$ 795,660	\$ 2,552,810
	<u>19,273,622</u>	<u>19,063,954</u>	<u>18,268,294</u>	<u>15,715,484</u>
\$	<u><u>21,306,100</u></u>	<u><u>19,273,622</u></u>	<u><u>19,063,954</u></u>	<u><u>18,268,294</u></u>
\$	1,795,152	\$ 2,909,659	\$ 2,960,222	\$ 3,044,407
	92.23%	86.88%	86.56%	85.72%
\$	5,030,792	\$ 5,034,064	\$ 4,994,453	\$ 4,941,586
	35.68%	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability			
Service cost	\$ 54,566	\$ 51,726	\$ 54,086
Interest	272,080	265,030	270,765
Differences between expected and actual experience	(42,813)	51,402	(196,710)
Changes in assumptions	-	100,471	-
Benefit payments, including refunds of employee contributions	<u>(228,817)</u>	<u>(219,090)</u>	<u>(201,063)</u>
Net change in total pension liability	\$ 55,016	\$ 249,539	\$ (72,922)
Total pension liability - beginning	<u>4,145,220</u>	<u>3,895,681</u>	<u>3,968,603</u>
Total pension liability - ending (a)	<u>\$ 4,200,236</u>	<u>\$ 4,145,220</u>	<u>\$ 3,895,681</u>
Plan fiduciary net position			
Contributions - employer	\$ 27,106	\$ 27,199	\$ 54,735
Contributions - employee	32,202	31,466	29,348
Net investment income	78,153	261,426	281,847
Benefit payments, including refunds of employee contributions	(228,817)	(219,090)	(201,063)
Administrative expense	(2,734)	(2,697)	(2,481)
Other	<u>(90)</u>	<u>(164)</u>	<u>(249)</u>
Net change in plan fiduciary net position	\$ (94,180)	\$ 98,140	\$ 162,137
Plan fiduciary net position - beginning	<u>4,106,345</u>	<u>4,008,205</u>	<u>3,846,068</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,012,165</u>	<u>\$ 4,106,345</u>	<u>\$ 4,008,205</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ 188,071	\$ 38,875	\$ (112,524)
Plan fiduciary net position as a percentage of the total pension liability	95.52%	99.06%	102.89%
Covered payroll	\$ 692,516	\$ 670,157	\$ 590,719
School Division's net pension liability (asset) as a percentage of covered payroll	27.16%	5.80%	-19.05%

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 12

	2017	2016	2015	2014
\$	54,550	\$ 53,998	\$ 50,122	\$ 74,756
	279,919	266,348	266,930	257,300
	(251,147)	74,389	(119,719)	-
	(14,912)	-	-	-
	<u>(197,298)</u>	<u>(204,429)</u>	<u>(206,875)</u>	<u>(182,074)</u>
\$	(128,888)	\$ 190,306	\$ (9,542)	\$ 149,982
	4,097,491	3,907,185	3,916,727	3,766,745
\$	<u>3,968,603</u>	<u>4,097,491</u>	<u>3,907,185</u>	<u>3,916,727</u>
\$	52,589	\$ 55,387	\$ 56,512	\$ 50,281
	27,717	30,165	30,842	29,439
	425,863	60,144	160,116	493,037
	(197,298)	(204,429)	(206,875)	(182,074)
	(2,524)	(2,277)	(2,280)	(2,719)
	<u>(376)</u>	<u>(26)</u>	<u>(33)</u>	<u>26</u>
\$	305,971	\$ (61,036)	\$ 38,282	\$ 387,990
	3,540,097	3,601,133	3,562,851	3,174,861
\$	<u>3,846,068</u>	<u>3,540,097</u>	<u>3,601,133</u>	<u>3,562,851</u>
\$	122,535	\$ 557,394	\$ 306,052	\$ 353,876
	96.91%	86.40%	92.17%	90.97%
\$	582,130	\$ 607,723	\$ 602,654	\$ 599,266
	21.05%	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.13%	0.14%	0.15%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,411,748	\$ 18,335,303	\$ 17,294,000
Employer's Covered Payroll	11,734,702	11,697,847	11,995,057
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.42%	156.74%	144.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%	74.81%

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

Exhibit 13

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.14%	0.15%	0.16%	0.17%
\$	17,958,000	\$ 21,669,000	\$ 20,311,000	\$ 20,970,000
	11,604,550	11,760,526	11,745,639	12,499,030
	154.75%	184.25%	172.92%	167.77%
	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
Primary Government					
2021	\$ 445,233	\$ 445,233	\$ -	\$ 5,539,722	8.04%
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%
Component Unit School Board (nonprofessional)					
2021	\$ 23,856	\$ 23,856	\$ -	\$ 637,762	3.74%
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%
Component Unit School Board (professional)					
2021	\$ 1,817,171	\$ 1,817,171	\$ -	\$ 11,392,850	15.95%
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%

Notes to Required Supplementary Information - Pension Plan
 For the Year Ended June 30, 2021

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

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

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, 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.13385%	\$ 1,746,095	\$ 11,734,702	14.88%	9.95%
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, 2012 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 137,853	\$ 137,853	\$ -	\$ 11,392,850	1.21%
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%

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

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

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

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

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, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2020	0.02700% \$	450,753 \$	5,558,999	8.11%	52.64%
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)					
2020	0.00340% \$	56,073 \$	692,516	8.10%	52.64%
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)					
2020	0.05720% \$	954,909 \$	11,775,151	8.11%	52.64%
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, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 30,101	\$ 30,101	\$ -	\$ 5,574,178	0.54%
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%
Component Unit School Board (nonprofessional)					
2021	\$ 3,471	\$ 3,471	\$ -	\$ 642,691	0.54%
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%
Component Unit School Board (professional)					
2021	\$ 61,537	\$ 61,537	\$ -	\$ 11,395,795	0.54%
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%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2017 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 22,200	\$ 20,500	\$ 22,800	\$ 22,200
Interest	20,400	23,500	23,600	22,400
Differences between expected and actual experience	46,000	(49,300)	(14,900)	-
Benefit payments	(38,900)	(12,500)	(9,700)	(14,500)
Changes in assumptions	53,600	32,100	(30,000)	-
Net change in total OPEB liability	<u>\$ 103,300</u>	<u>\$ 14,300</u>	<u>\$ (8,200)</u>	<u>\$ 30,100</u>
Total OPEB liability - beginning	<u>650,200</u>	<u>635,900</u>	<u>644,100</u>	<u>614,000</u>
Total OPEB liability - ending	<u><u>\$ 753,500</u></u>	<u><u>\$ 650,200</u></u>	<u><u>\$ 635,900</u></u>	<u><u>\$ 644,100</u></u>
Covered-employee payroll	\$ 5,427,100	\$ 5,103,500	\$ 5,103,500	\$ 4,870,600
County's total OPEB liability (asset) as a percentage of covered-employee payroll	13.88%	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, 2021

Valuation Date: 7/1/2020
 Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% as of July 1, 2020
Salary Scale	2.50% as of July 1, 2020
Healthcare Trend Rate	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-2020

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 102,100	\$ 103,000	\$ 127,600	\$ 124,500
Interest	57,600	73,900	103,500	98,000
Differences between expected and actual experience	(578,500)	(526,700)	(968,800)	-
Benefit payments	(7,500)	(9,300)	(9,400)	(129,900)
Other charges	73,200	155,700	(93,400)	-
Net change in total OPEB liability	\$ (353,100)	\$ (203,400)	\$ (840,500)	\$ 92,600
Total OPEB liability - beginning	1,740,300	1,943,700	2,784,200	2,691,600
Total OPEB liability - ending	\$ <u>1,387,200</u>	\$ <u>1,740,300</u>	\$ <u>1,943,700</u>	\$ <u>2,784,200</u>
Covered-employee payroll	\$ 11,666,900	\$ 12,388,700	\$ 12,388,700	\$ 10,339,900
School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	11.89%	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, 2021

Valuation Date: 7/1/2020
 Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% as of July 1, 2020
Salary Scale	2.50% as of July 1, 2020
Healthcare Trend Rate	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-2020

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

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 90,498
Net change in total HIC OPEB liability	<u>\$ 90,498</u>
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 90,498</u></u>
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	<u><u>\$ -</u></u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 90,498
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ 692,516
School Board's net HIC OPEB liability as a percentage of covered payroll	13.07%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2021	\$ 7,207	\$ 7,207	\$ -	\$ 637,762	1.13%

Schedule is intended to show information for 10 years. Plan was not active before 2021. However, additional years will be included as they become available.

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 13,000	\$ 13,000	\$ 8,073	\$ (4,927)
Charges for services	<u>275,000</u>	<u>275,000</u>	<u>361,735</u>	<u>86,735</u>
Total revenues	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ 369,808</u>	<u>\$ 81,808</u>
EXPENDITURES				
Current:				
Capital projects	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ -</u>	<u>\$ 288,000</u>
Total expenditures	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ -</u>	<u>\$ 288,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,808</u>	<u>\$ 369,808</u>
Net change in fund balances	\$ -	\$ -	\$ 369,808	\$ 369,808
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>2,269,885</u>	<u>2,269,885</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,639,693</u></u>	<u><u>\$ 2,639,693</u></u>

CARES Act Fund

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 5,284,994	\$ 4,563,961	\$ (721,033)
Total revenues	\$ -	\$ 5,284,994	\$ 4,563,961	\$ (721,033)
EXPENDITURES				
Current:				
General government	\$ -	\$ 5,284,994	\$ 4,788,225	\$ 496,769
Total expenditures	\$ -	\$ 5,284,994	\$ 4,788,225	\$ 496,769
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (224,264)	\$ (224,264)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources and uses	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ (224,264)	\$ (224,264)
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ (224,264)	\$ (224,264)

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds		Capital Projects	Total
	Piedmont Court Services	EMS District	Recreation Fund	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 446,307	\$ 207,721	\$ 9,272	\$ 663,300
Total assets	\$ 446,307	\$ 207,721	\$ 9,272	\$ 663,300
LIABILITIES				
Accounts payable	\$ 36	\$ 295	\$ -	\$ 331
Due to other funds	11,090	-	-	11,090
Total liabilities	\$ 11,126	\$ 295	\$ -	\$ 11,421
FUND BALANCES				
Assigned:				
Recreation capital projects	\$ -	\$ -	\$ 9,272	\$ 9,272
Special revenue	435,181	207,426	-	642,607
Total fund balances	\$ 435,181	\$ 207,426	\$ 9,272	\$ 651,879
Total liabilities and fund balances	\$ 446,307	\$ 207,721	\$ 9,272	\$ 663,300

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

	Special Revenue Funds		Capital Projects Funds	Total
	Piedmont Court Services	EMS District	Recreation Fund	Nonmajor Governmental Funds
REVENUES				
General property taxes	\$ -	\$ 301,757	\$ -	\$ 301,757
Revenue from the use of money and property	687	-	38	725
Charges for services	33,915	-	-	33,915
Miscellaneous	210	-	-	210
Intergovernmental: Commonwealth	510,743	-	-	510,743
Total revenues	\$ 545,555	\$ 301,757	\$ 38	\$ 847,350
EXPENDITURES				
Public Safety	\$ 532,954	\$ 104,487	\$ -	\$ 637,441
Total expenditures	\$ 532,954	\$ 104,487	\$ -	\$ 637,441
Excess (deficiency) of revenues over (under) expenditures	\$ 12,601	\$ 197,270	\$ 38	\$ 209,909
Net change in fund balances	\$ 12,601	\$ 197,270	\$ 38	\$ 209,909
Fund balances - beginning	422,580	10,156	9,234	441,970
Fund balances - ending	\$ 435,181	\$ 207,426	\$ 9,272	\$ 651,879

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, 2021

	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	-	-	38	38	1,000	1,000	687	(313)	(313)
Charges for services	-	-	-	-	60,000	60,000	33,915	(26,085)	(26,085)
Miscellaneous	-	-	-	-	500	500	210	(290)	(290)
Intergovernmental: Commonwealth	-	-	-	-	475,752	556,678	510,743	(45,935)	(45,935)
Total revenues	\$ -	\$ -	\$ 38	\$ 38	\$ 537,252	\$ 618,178	\$ 545,555	\$ (72,623)	\$ (72,623)
EXPENDITURES									
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 556,445	\$ 637,371	\$ 532,954	\$ 104,417	\$ 104,417
Total expenditures	\$ -	\$ -	\$ -	\$ -	\$ 556,445	\$ 637,371	\$ 532,954	\$ 104,417	\$ 104,417
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 38	\$ 38	\$ (19,193)	\$ (19,193)	\$ 12,601	\$ 31,794	\$ 31,794
OTHER FINANCING SOURCES (USES)									
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 25,078	\$ 25,078	\$ -	\$ (25,078)	\$ (25,078)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ 25,078	\$ 25,078	\$ -	\$ (25,078)	\$ (25,078)
Net change in fund balances	\$ -	\$ -	\$ 38	\$ 38	\$ 5,885	\$ 5,885	\$ 12,601	\$ 6,716	\$ 6,716
Fund balances - beginning	-	-	9,234	9,234	(5,885)	(5,885)	422,580	428,465	428,465
Fund balances - ending	\$ -	\$ -	\$ 9,272	\$ 9,272	\$ -	\$ -	\$ 435,181	\$ 435,181	\$ 435,181

Exhibit 33

Special Revenue Funds			
EMS District			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 300,000	\$ 300,000	\$ 301,757	\$ 1,757
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 301,757</u>	<u>\$ 1,757</u>
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 104,487</u>	<u>\$ 195,513</u>
<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 104,487</u>	<u>\$ 195,513</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,270</u>	<u>\$ 197,270</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,270</u>	<u>\$ 197,270</u>
<u>-</u>	<u>-</u>	<u>10,156</u>	<u>10,156</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 207,426</u></u>	<u><u>\$ 207,426</u></u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2021

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	School Activity Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,314,791	\$ 331,191	\$ 21,939	\$ 279,211	\$ 1,947,132
Receivables (net of allowance for uncollectibles):					
Due from other governmental units	1,776,385	29,537	-	-	1,805,922
Prepaid items	28,768	-	-	-	28,768
Total assets	<u>\$ 3,119,944</u>	<u>\$ 360,728</u>	<u>\$ 21,939</u>	<u>\$ 279,211</u>	<u>\$ 3,781,822</u>
LIABILITIES					
Accrued liabilities	\$ 953,676	\$ 18,933	\$ -	\$ -	\$ 972,609
Due to primary government	2,166,268	-	-	-	2,166,268
Total liabilities	<u>\$ 3,119,944</u>	<u>\$ 18,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,138,877</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 28,768	\$ -	\$ -	\$ -	\$ 28,768
Assigned:					
Cafeteria	-	341,795	-	-	341,795
Underground storage	-	-	21,939	-	21,939
School activity	-	-	-	279,211	279,211
Unassigned	(28,768)	-	-	-	(28,768)
Total fund balances	<u>\$ -</u>	<u>\$ 341,795</u>	<u>\$ 21,939</u>	<u>\$ 279,211</u>	<u>\$ 642,945</u>
Total liabilities and fund balances	<u>\$ 3,119,944</u>	<u>\$ 360,728</u>	<u>\$ 21,939</u>	<u>\$ 279,211</u>	<u>\$ 3,781,822</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:					
Total fund balances per above				\$	642,945
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
Capital assets			31,762,928		
Accumulated depreciation			(23,027,149)		8,735,779
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.					
Pension related items			4,826,388		
OPEB related items			585,801		5,412,189
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Net pension liability			(19,599,819)		
Net OPEB liability			(4,234,775)		(23,834,594)
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			(2,814,514)		
OPEB related items			(1,700,040)		(4,514,554)
Net position of governmental activities				\$	<u>(13,558,235)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	Underground Storage Tank Fund	School Activity Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 4,274	\$ 832	\$ -	\$ -	\$ 5,106
Charges for services	178,826	79,409	-	-	258,235
Miscellaneous	20,054	-	-	39,631	59,685
Recovered costs	47,314	-	-	-	47,314
Intergovernmental:					
Local government	6,013,389	-	-	-	6,013,389
Commonwealth	15,419,022	43,315	-	-	15,462,337
Federal	2,748,393	764,874	-	-	3,513,267
Total revenues	<u>\$ 24,431,272</u>	<u>\$ 888,430</u>	<u>\$ -</u>	<u>\$ 39,631</u>	<u>\$ 25,359,333</u>
EXPENDITURES					
Current:					
Education	\$ 23,976,136	\$ 1,064,862	\$ -	\$ 54,800	\$ 25,095,798
Debt service:					
Principal retirement	336,935	-	-	-	336,935
Interest and other fiscal charges	118,201	-	-	-	118,201
Total expenditures	<u>\$ 24,431,272</u>	<u>\$ 1,064,862</u>	<u>\$ -</u>	<u>\$ 54,800</u>	<u>\$ 25,550,934</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (176,432)	\$ -	\$ (15,169)	\$ (191,601)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (176,432)	\$ -	\$ (15,169)	\$ (191,601)
Fund balances - beginning, as restated	-	518,227	21,939	294,380	834,546
Fund balances - ending	<u>\$ -</u>	<u>\$ 341,795</u>	<u>\$ 21,939</u>	<u>\$ 279,211</u>	<u>\$ 642,945</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	\$ (191,601)
--	--------------

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	146,452	
Depreciation expense	<u>(737,890)</u>	(591,438)

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	367,337	
OPEB expense	<u>168,879</u>	536,216
Change in net position of governmental activities		<u>\$ (246,823)</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, 2021

	<u>School Operating Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 4,274	\$ (5,726)
Charges for services	148,226	185,726	178,826	(6,900)
Miscellaneous	62,000	62,000	20,054	(41,946)
Recovered costs	120,000	120,000	47,314	(72,686)
Intergovernmental:				
Local government	8,792,671	8,792,671	6,013,389	(2,779,282)
Commonwealth	15,224,347	15,248,994	15,419,022	170,028
Federal	1,864,898	2,320,418	2,748,393	427,975
Total revenues	<u>\$ 26,222,142</u>	<u>\$ 26,739,809</u>	<u>\$ 24,431,272</u>	<u>\$ (2,308,537)</u>
EXPENDITURES				
Current:				
Education	\$ 25,655,789	\$ 26,135,955	\$ 23,976,136	\$ 2,159,819
Debt service:				
Principal retirement	478,132	478,132	336,935	141,197
Interest and other fiscal charges	128,625	128,625	118,201	10,424
Total expenditures	<u>\$ 26,262,546</u>	<u>\$ 26,742,712</u>	<u>\$ 24,431,272</u>	<u>\$ 2,311,440</u>
Net change in fund balances	\$ (40,404)	\$ (2,903)	\$ -	\$ 2,903
Fund balances - beginning	40,404	2,903	-	(2,903)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 36

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 832	\$ 832
88,000	88,000	79,409	(8,591)
-	-	-	-
10,000	10,000	-	(10,000)
-	-	-	-
-	-	43,315	43,315
<u>1,284,760</u>	<u>1,284,760</u>	<u>764,874</u>	<u>(519,886)</u>
\$ <u>1,382,760</u>	\$ <u>1,382,760</u>	\$ <u>888,430</u>	\$ <u>(494,330)</u>
\$ 1,479,853	\$ 1,479,853	\$ 1,064,862	\$ 414,991
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,479,853</u>	\$ <u>1,479,853</u>	\$ <u>1,064,862</u>	\$ <u>414,991</u>
\$ (97,093)	\$ (97,093)	\$ (176,432)	\$ (79,339)
<u>97,093</u>	<u>97,093</u>	<u>518,227</u>	<u>421,134</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>341,795</u>	\$ <u>341,795</u>

Supporting Schedules

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

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	\$ 8,026,069	\$ 8,138,249	\$ 8,028,741	\$ (109,508)
Real and personal public service corporation taxes	587,592	587,592	622,619	35,027
Personal property taxes	4,738,091	4,738,091	5,183,890	445,799
Mobile home taxes	40,000	40,000	43,629	3,629
Machinery and tools taxes	51,000	51,000	60,180	9,180
Merchants' capital taxes	394,000	394,000	433,775	39,775
Penalties	170,000	170,000	211,407	41,407
Interest	150,000	150,000	169,991	19,991
Total general property taxes	<u>\$ 14,156,752</u>	<u>\$ 14,268,932</u>	<u>\$ 14,754,232</u>	<u>\$ 485,300</u>
Other local taxes:				
Local sales and use taxes	\$ 2,671,700	\$ 2,671,700	\$ 3,515,613	\$ 843,913
Moped and ATV sales and use taxes	13,000	13,000	13,305	305
Consumers' utility taxes	310,000	310,000	294,311	(15,689)
Gross receipts tax	60,000	60,000	53,277	(6,723)
Motor vehicle licenses	500,000	500,000	546,871	46,871
Taxes on recordation and wills	126,553	126,553	237,440	110,887
Total other local taxes	<u>\$ 3,681,253</u>	<u>\$ 3,681,253</u>	<u>\$ 4,660,817</u>	<u>\$ 979,564</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 7,145	\$ 2,145
Permits and other licenses	55,256	55,256	89,204	33,948
Total permits, privilege fees, and regulatory licenses	<u>\$ 60,256</u>	<u>\$ 60,256</u>	<u>\$ 96,349</u>	<u>\$ 36,093</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 173,000	\$ 173,000	\$ 177,992	\$ 4,992
Revenue from use of money and property:				
Revenue from use of money	\$ 105,945	\$ 105,945	\$ 195,827	\$ 89,882
Revenue from use of property	400,998	400,998	495,078	94,080
Total revenue from use of money and property	<u>\$ 506,943</u>	<u>\$ 506,943</u>	<u>\$ 690,905</u>	<u>\$ 183,962</u>
Charges for services:				
Court costs	\$ 2,021	\$ 2,021	\$ 9,702	\$ 7,681
Charges for law library	7,000	7,000	4,274	(2,726)
Charges for courthouse maintenance	10,000	10,000	7,720	(2,280)
Miscellaneous fees	5,000	5,000	5,118	118
Charges for cannery	15,000	15,000	19,150	4,150
Charges for other protection	62,000	62,000	86,738	24,738
Charges for sanitation and waste removal	-	-	305,350	305,350
Total charges for services	<u>\$ 101,021</u>	<u>\$ 101,021</u>	<u>\$ 438,052</u>	<u>\$ 337,031</u>
Miscellaneous:				
Expenditure refunds	\$ 4,000	\$ 4,000	\$ 13,912	\$ 9,912
Miscellaneous	24,900	27,500	251,958	224,458
Total miscellaneous	<u>\$ 28,900</u>	<u>\$ 31,500</u>	<u>\$ 265,870</u>	<u>\$ 234,370</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (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	\$ 98,000	\$ 98,000	\$ 619,628	\$ 521,628
Circuit court judge	25,978	25,978	28,268	2,290
Total recovered costs	\$ 123,978	\$ 123,978	\$ 647,896	\$ 523,918
Total revenue from local sources	\$ 18,832,103	\$ 18,946,883	\$ 21,732,113	\$ 2,785,230
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 60,000	\$ 60,000	\$ 61,703	\$ 1,703
Mobile home titling tax	25,000	25,000	76,914	51,914
Motor vehicle rental tax	-	-	72	72
State recordation tax	40,000	40,000	-	(40,000)
Communications tax	248,987	248,987	229,212	(19,775)
Personal property tax relief funds	1,305,350	1,305,350	1,305,350	-
Total noncategorical aid	\$ 1,679,337	\$ 1,679,337	\$ 1,673,251	\$ (6,086)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 440,849	\$ 440,849	\$ 409,664	\$ (31,185)
Sheriff	1,195,441	1,195,441	1,123,456	(71,985)
Commissioner of revenue	99,201	99,201	97,605	(1,596)
Treasurer	96,388	96,388	104,363	7,975
Registrar/electoral board	37,026	37,026	39,383	2,357
Clerk of the Circuit Court	317,230	317,230	323,177	5,947
Total shared expenses	\$ 2,186,135	\$ 2,186,135	\$ 2,097,648	\$ (88,487)
Other categorical aid:				
Emergency medical services	\$ -	\$ 34,304	\$ -	\$ (34,304)
Welfare administration and assistance	1,031,137	1,031,137	935,645	(95,492)
Litter control grant	7,000	7,000	6,640	(360)
Comprehensive services act	820,000	820,000	386,053	(433,947)
Victim-witness grant	35,000	35,000	25,213	(9,787)
Community correction grant	-	-	43,863	43,863
Fire program funds	-	-	57,744	57,744
Other categorical	2,000	14,000	113,758	99,758
Total other categorical aid	\$ 1,895,137	\$ 1,941,441	\$ 1,568,916	\$ (372,525)
Total categorical aid	\$ 4,081,272	\$ 4,127,576	\$ 3,666,564	\$ (461,012)
Total revenue from the Commonwealth	\$ 5,760,609	\$ 5,806,913	\$ 5,339,815	\$ (467,098)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Categorical aid:				
Welfare administration and assistance	\$ 1,758,363	\$ 1,758,363	\$ 1,666,117	\$ (92,246)
Emergency management performance grant	-	35,265	43,469	8,204
Bulletproof vest partnership program	-	-	17,924	17,924
Other federal revenue	36,758	103,962	106,493	2,531
Total categorical aid	<u>\$ 1,795,121</u>	<u>\$ 1,897,590</u>	<u>\$ 1,834,003</u>	<u>\$ (63,587)</u>
Total revenue from the federal government	<u>\$ 1,795,121</u>	<u>\$ 1,897,590</u>	<u>\$ 1,834,003</u>	<u>\$ (63,587)</u>
Total General Fund	<u><u>\$ 26,387,833</u></u>	<u><u>\$ 26,651,386</u></u>	<u><u>\$ 28,905,931</u></u>	<u><u>\$ 2,254,545</u></u>
Capital Projects Funds:				
Landfill Construction Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 8,073</u>	<u>\$ (4,927)</u>
Charges for services:				
Tipping fees - non-county users	<u>\$ 275,000</u>	<u>\$ 275,000</u>	<u>\$ 361,735</u>	<u>\$ 86,735</u>
Total revenue from local sources	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ 369,808</u>	<u>\$ 81,808</u>
Total Landfill Construction Fund	<u><u>\$ 288,000</u></u>	<u><u>\$ 288,000</u></u>	<u><u>\$ 369,808</u></u>	<u><u>\$ 81,808</u></u>
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</u>
Total Recreation Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ 38</u></u>
Special Revenue Funds:				
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
CARES Act	<u>\$ -</u>	<u>\$ 5,284,994</u>	<u>\$ 4,563,961</u>	<u>\$ (721,033)</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 5,284,994</u>	<u>\$ 4,563,961</u>	<u>\$ (721,033)</u>
Total CARES Act Fund	<u><u>\$ -</u></u>	<u><u>\$ 5,284,994</u></u>	<u><u>\$ 4,563,961</u></u>	<u><u>\$ (721,033)</u></u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (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	\$ 687	\$ (313)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 687	\$ (313)
Charges for services:				
Other charges for services	\$ 60,000	\$ 60,000	\$ 33,915	\$ (26,085)
Total charges for services	\$ 60,000	\$ 60,000	\$ 33,915	\$ (26,085)
Miscellaneous:				
Other miscellaneous	\$ 500	\$ 500	\$ 210	\$ (290)
Total miscellaneous	\$ 500	\$ 500	\$ 210	\$ (290)
Total revenue from local sources	\$ 61,500	\$ 61,500	\$ 34,812	\$ (26,688)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid				
DCJS - community corrections	\$ 475,752	\$ 556,678	\$ 510,743	\$ (45,935)
Total categorical aid	\$ 475,752	\$ 556,678	\$ 510,743	\$ (45,935)
Total revenue from the Commonwealth	\$ 475,752	\$ 556,678	\$ 510,743	\$ (45,935)
Total Piedmont Court Services Fund	\$ 537,252	\$ 618,178	\$ 545,555	\$ (72,623)
EMS District Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 153,121	\$ 153,121	\$ 158,992	\$ 5,871
Real and personal public service corporation taxes	10,000	10,000	-	(10,000)
Personal property taxes	136,079	136,079	136,271	192
Mobile home taxes	800	800	782	(18)
Penalties	-	-	3,792	3,792
Interest	-	-	1,920	1,920
Total general property taxes	\$ 300,000	\$ 300,000	\$ 301,757	\$ 1,757
Total revenue from local sources	\$ 300,000	\$ 300,000	\$ 301,757	\$ 1,757
Total EMS District Fund	\$ 300,000	\$ 300,000	\$ 301,757	\$ 1,757

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (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	\$ -	\$ -	\$ 30,051	\$ 30,051
Total revenue from local sources	\$ -	\$ -	\$ 30,051	\$ 30,051
Total School Debt Service Fund	\$ -	\$ -	\$ 30,051	\$ 30,051
Total Primary Government	\$ 27,513,085	\$ 33,142,558	\$ 34,717,101	\$ 1,574,543
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	\$ 10,000	\$ 4,274	\$ (5,726)
Total revenue from use of money and property	\$ 10,000	\$ 10,000	\$ 4,274	\$ (5,726)
Charges for services:				
Charges for education	\$ 148,226	\$ 185,726	\$ 178,826	\$ (6,900)
Miscellaneous:				
Other miscellaneous	\$ 62,000	\$ 62,000	\$ 20,054	\$ (41,946)
Recovered costs:				
Other recovered costs	\$ 120,000	\$ 120,000	\$ 47,314	\$ (72,686)
Total revenue from local sources	\$ 340,226	\$ 377,726	\$ 250,468	\$ (127,258)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Prince Edward, Virginia	\$ 8,792,671	\$ 8,792,671	\$ 6,013,389	\$ (2,779,282)
Total revenues from local governments	\$ 8,792,671	\$ 8,792,671	\$ 6,013,389	\$ (2,779,282)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,125,839	\$ 3,125,839	\$ 3,346,200	\$ 220,361
Basic school aid	6,249,990	6,249,990	5,967,616	(282,374)
Other state funds	5,848,518	5,873,165	6,105,206	232,041
Total categorical aid	\$ 15,224,347	\$ 15,248,994	\$ 15,419,022	\$ 170,028
Total revenue from the Commonwealth	\$ 15,224,347	\$ 15,248,994	\$ 15,419,022	\$ 170,028
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 944,300	\$ 1,212,539	\$ 1,337,439	\$ 124,900
Title I, neglected and delinquent children	-	-	1,229	1,229
Title II	121,747	121,747	85,154	(36,593)
Title VI-B, special education flow-through	637,788	637,788	744,228	106,440
Title VI-B, pre-school	19,904	19,904	-	(19,904)
Title IV, Part A	71,713	71,713	63,648	(8,065)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Title V-A	\$ -	\$ -	\$ 60,708	\$ 60,708
21st Century	-	187,281	22,028	(165,253)
Vocational education	65,589	65,589	52,014	(13,575)
Other federal funds	3,857	3,857	381,945	378,088
Total categorical aid	<u>\$ 1,864,898</u>	<u>\$ 2,320,418</u>	<u>\$ 2,748,393</u>	<u>\$ 427,975</u>
Total School Operating Fund	<u>\$ 26,222,142</u>	<u>\$ 26,739,809</u>	<u>\$ 24,431,272</u>	<u>\$ (2,308,537)</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 832	\$ 832
Charges for services:				
Cafeteria sales	\$ 88,000	\$ 88,000	\$ 79,409	\$ (8,591)
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>\$ 80,241</u>	<u>\$ (17,759)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 43,315	\$ 43,315
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,315</u>	<u>\$ 43,315</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,315</u>	<u>\$ 43,315</u>
Revenue from the federal government:				
Categorical aid:				
School nutrition program	\$ 1,284,760	\$ 1,284,760	\$ 764,874	\$ (519,886)
Total categorical aid	<u>\$ 1,284,760</u>	<u>\$ 1,284,760</u>	<u>\$ 764,874</u>	<u>\$ (519,886)</u>
Total School Cafeteria Fund	<u>\$ 1,382,760</u>	<u>\$ 1,382,760</u>	<u>\$ 888,430</u>	<u>\$ (494,330)</u>

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

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	\$ 134,628	\$ 134,628	\$ 130,561	\$ 4,067
General and financial administration:				
County administrator	\$ 525,771	\$ 525,771	\$ 524,287	\$ 1,484
Legal services	38,800	48,386	38,676	9,710
Commissioner of revenue	308,198	308,198	299,298	8,900
Treasurer	408,900	423,700	409,280	14,420
Independent Auditor	45,000	85,000	149,138	(64,138)
Assessor	50,000	55,000	47,530	7,470
Other general and financial administration	121,672	121,672	124,674	(3,002)
Total general and financial administration	\$ 1,498,341	\$ 1,567,727	\$ 1,592,883	\$ (25,156)
Board of elections:				
Electoral board and officials	\$ 67,299	\$ 67,299	\$ 63,164	\$ 4,135
Registrar	133,870	189,174	182,740	6,434
Total board of elections	\$ 201,169	\$ 256,473	\$ 245,904	\$ 10,569
Total general government administration	\$ 1,834,138	\$ 1,958,828	\$ 1,969,348	\$ (10,520)
Judicial administration:				
Courts:				
Circuit court	\$ 57,690	\$ 57,690	\$ 53,945	\$ 3,745
General district court	7,600	7,600	11,923	(4,323)
Office of the magistrates	2,925	2,925	2,044	881
Juvenile and domestic court	3,300	3,300	4,033	(733)
Clerk of the circuit court	525,844	525,844	520,386	5,458
Law library	7,600	7,600	4,392	3,208
Sheriff - courts	521,417	521,417	461,527	59,890
Victim and witness assistance	74,975	74,975	72,356	2,619
Total courts	\$ 1,201,351	\$ 1,201,351	\$ 1,130,606	\$ 70,745
Commonwealth's attorney:				
Commonwealth's attorney	\$ 624,362	\$ 624,362	\$ 555,986	\$ 68,376
Total judicial administration	\$ 1,825,713	\$ 1,825,713	\$ 1,686,592	\$ 139,121
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,274,172	\$ 2,397,285	\$ 2,344,465	\$ 52,820
Emergency services	22,723	22,723	32,242	(9,519)
Line of Duty Act payments	24,000	58,304	130,597	(72,293)
Total law enforcement and traffic control	\$ 2,320,895	\$ 2,478,312	\$ 2,507,304	\$ (28,992)
Fire and rescue services:				
Fire department	\$ 596,600	\$ 869,922	\$ 659,217	\$ 210,705
Ambulance and rescue services	102,800	102,800	102,800	-
Forestry service	11,800	11,800	11,716	84
Total fire and rescue services	\$ 711,200	\$ 984,522	\$ 773,733	\$ 210,789

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (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	\$ 1,634,923	\$ 1,634,923	\$ 1,025,848	\$ 609,075
Inspections:				
Building	\$ 63,897	\$ 65,897	\$ 66,688	\$ (791)
Other protection:				
Animal control	\$ 192,209	\$ 192,209	\$ 137,739	\$ 54,470
Other protection	7,650	7,650	7,650	-
Medical examiner (coroner)	500	500	280	220
Total other protection	\$ 200,359	\$ 200,359	\$ 145,669	\$ 54,690
Total public safety	\$ 4,931,274	\$ 5,364,013	\$ 4,519,242	\$ 844,771
Public works:				
Sanitation and waste removal:				
Litter control	\$ 7,000	\$ 7,000	-	\$ 7,000
Total sanitation and waste removal	\$ 7,000	\$ 7,000	\$ 1,572	\$ 5,428
Maintenance of general buildings and grounds:				
General properties	\$ 818,615	\$ 838,915	\$ 845,140	\$ (6,225)
Total public works	\$ 825,615	\$ 845,915	\$ 846,712	\$ (797)
Health and welfare:				
Health:				
Supplement of local health department	\$ 189,923	\$ 189,923	\$ 189,923	-
Mental health and mental retardation:				
Chapter X board	\$ 60,000	\$ 60,000	\$ 60,000	-
Welfare:				
Welfare administration and assistance	\$ 3,276,051	\$ 3,276,051	\$ 3,256,479	\$ 19,572
Comprehensive services act	1,101,000	1,101,000	724,102	376,898
Other welfare programs	98,747	99,347	101,847	(2,500)
Total welfare	\$ 4,475,798	\$ 4,476,398	\$ 4,082,428	\$ 393,970
Total health and welfare	\$ 4,725,721	\$ 4,726,321	\$ 4,332,351	\$ 393,970
Education:				
Other instructional costs:				
Contributions to community college	\$ 7,000	\$ 7,000	\$ 7,000	-
Contribution to County School Board	8,792,671	8,792,671	6,013,389	2,779,282
Total education	\$ 8,799,671	\$ 8,799,671	\$ 6,020,389	\$ 2,779,282

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (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	\$ 13,300	\$ 13,300	\$ 8,000	\$ 5,300
Contribution to regional library	\$ 260,430	\$ 260,430	\$ 260,430	\$ -
Total parks, recreation, and cultural	\$ 341,730	\$ 341,730	\$ 326,430	\$ 15,300
Community development:				
Planning and community development:				
Planning	\$ 214,739	\$ 219,007	\$ 195,909	\$ 23,098
Community development	48,850	48,850	48,600	250
Contribution to Industrial Development Auth.	-	111,127	-	111,127
Economic development	166,911	279,091	244,264	34,827
Tourism	102,536	114,536	95,147	19,389
Other community development	23,368	33,368	28,368	5,000
Total planning and community development	\$ 556,404	\$ 805,979	\$ 612,288	\$ 193,691
Environmental management:				
Soil and water conservation	\$ 17,840	\$ 17,840	\$ 16,538	\$ 1,302
Cooperative extension program:				
Cooperative extension program	\$ 78,860	\$ 78,860	\$ 41,947	\$ 36,913
Cannery	87,741	87,741	89,130	(1,389)
Total cooperative extension program	\$ 166,601	\$ 166,601	\$ 131,077	\$ 35,524
Total community development	\$ 740,845	\$ 990,420	\$ 759,903	\$ 230,517
Nondepartmental:				
Other nondepartmental	\$ 163,454	\$ 163,454	\$ 219,081	\$ (55,627)
Total nondepartmental	\$ 163,454	\$ 163,454	\$ 219,081	\$ (55,627)
Capital projects:				
Sandy River reservoir project	\$ 20,000	\$ 195,000	\$ 117,877	\$ 77,123
Courthouse renovation	-	-	34,269	(34,269)
Other capital projects	74,800	124,292	280,295	(156,003)
Total capital projects	\$ 94,800	\$ 319,292	\$ 432,441	\$ (113,149)
Debt service:				
Principal retirement	\$ 752,335	\$ 752,335	\$ 543,860	\$ 208,475
Interest and other fiscal charges	446,227	446,227	654,749	(208,522)
Total debt service	\$ 1,198,562	\$ 1,198,562	\$ 1,198,609	\$ (47)
Total General Fund	\$ 25,481,523	\$ 26,533,919	\$ 22,311,098	\$ 4,222,821

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (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	\$ 556,445	\$ 637,371	\$ 532,954	\$ 104,417
Total other protection	<u>\$ 556,445</u>	<u>\$ 637,371</u>	<u>\$ 532,954</u>	<u>\$ 104,417</u>
Total public safety	\$ 556,445	\$ 637,371	\$ 532,954	\$ 104,417
Total Piedmont Court Services Fund	<u>\$ 556,445</u>	<u>\$ 637,371</u>	<u>\$ 532,954</u>	<u>\$ 104,417</u>
EMS District Fund:				
Public safety:				
Fire and rescue:				
EMS District fire and rescue	\$ 300,000	\$ 300,000	\$ 104,487	\$ 195,513
Total public safety	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 104,487</u>	<u>\$ 195,513</u>
Total EMS District Fund	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 104,487</u>	<u>\$ 195,513</u>
Capital Projects Fund:				
Landfill Construction Fund				
Capital projects expenditures:				
Landfill construction	\$ 288,000	\$ 288,000	\$ -	\$ 288,000
Total Landfill Construction Fund	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ -</u>	<u>\$ 288,000</u>
Total Capital Projects Fund	<u>\$ 288,000</u>	<u>\$ 288,000</u>	<u>\$ -</u>	<u>\$ 288,000</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Instruction	\$ 19,151,642	\$ 19,401,951	\$ 17,910,095	\$ 1,491,856
Administration, attendance, and health	1,610,508	1,815,718	1,542,276	273,442
Pupil transportation services	1,796,019	1,796,019	1,565,976	230,043
Operation and maintenance services	1,746,512	1,746,512	1,590,340	156,172
Technology	1,201,108	1,201,108	1,206,950	(5,842)
Facilities	150,000	174,647	160,499	14,148
Total education	<u>\$ 25,655,789</u>	<u>\$ 26,135,955</u>	<u>\$ 23,976,136</u>	<u>\$ 2,159,819</u>
Debt service:				
Principal retirement	\$ 478,132	\$ 478,132	\$ 336,935	\$ 141,197
Interest and other fiscal charges	128,625	128,625	118,201	10,424
Total debt service	<u>\$ 606,757</u>	<u>\$ 606,757</u>	<u>\$ 455,136</u>	<u>\$ 151,621</u>
Total School Operating Fund	<u>\$ 26,262,546</u>	<u>\$ 26,742,712</u>	<u>\$ 24,431,272</u>	<u>\$ 2,311,440</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,479,853	\$ 1,479,853	\$ 1,064,862	\$ 414,991
Total School Cafeteria Fund	<u>\$ 1,479,853</u>	<u>\$ 1,479,853</u>	<u>\$ 1,064,862</u>	<u>\$ 414,991</u>

Statistical Section

Contents

Tables

Financial Trends

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

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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$ 1,520,646	\$ 2,079,106	\$ 2,080,125	\$ 2,289,146	\$ 1,858,573
Restricted	-	-	-	95,258	95,258
Unrestricted	<u>6,750,994</u>	<u>9,844,776</u>	<u>6,126,366</u>	<u>(476,746)</u>	<u>(105,149)</u>
Total governmental activities net position	<u>\$ 8,271,640</u>	<u>\$ 11,923,882</u>	<u>\$ 8,206,491</u>	<u>\$ 1,907,658</u>	<u>\$ 1,848,682</u>
Business-type activities					
Net investment in capital assets	\$ (499,787)	\$ (428,489)	\$ (353,000)	\$ (275,337)	\$ (191,305)
Unrestricted	<u>755,314</u>	<u>319,991</u>	<u>(4,056)</u>	<u>(324,456)</u>	<u>(642,461)</u>
Total business-type activities net position	<u>\$ 255,527</u>	<u>\$ (108,498)</u>	<u>\$ (357,056)</u>	<u>\$ (599,793)</u>	<u>\$ (833,766)</u>
Primary government					
Net investment in capital assets	\$ 1,020,859	\$ 1,650,617	\$ 1,727,125	\$ 2,013,809	\$ 1,667,268
Restricted	-	-	-	95,258	95,258
Unrestricted	<u>7,506,308</u>	<u>10,164,767</u>	<u>6,122,310</u>	<u>(801,202)</u>	<u>(747,610)</u>
Total primary government net position	<u>\$ 8,527,167</u>	<u>\$ 11,815,384</u>	<u>\$ 7,849,435</u>	<u>\$ 1,307,865</u>	<u>\$ 1,014,916</u>

Table 1

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	228,916	\$ 1,288,819	\$ 7,558,474	\$ 3,113,156	\$ 4,043,524
	87,685	88,483	88,482	1,855,737	942,213
	<u>4,521,689</u>	<u>5,032,824</u>	<u>3,660,161</u>	<u>12,210,851</u>	<u>20,015,818</u>
\$	<u>4,838,290</u>	<u>6,410,126</u>	<u>11,307,117</u>	<u>17,179,744</u>	<u>25,001,555</u>
\$	(97,927)	\$ 334,066	\$ 586,262	\$ 2,205,097	\$ 2,329,416
	<u>(963,915)</u>	<u>(39,272)</u>	<u>(1,064,618)</u>	<u>(5,654,630)</u>	<u>(7,151,237)</u>
\$	<u>(1,061,842)</u>	<u>294,794</u>	<u>(478,356)</u>	<u>(3,449,533)</u>	<u>(4,821,821)</u>
\$	130,989	\$ 1,622,885	\$ 8,144,736	\$ 5,318,253	\$ 6,372,940
	87,685	88,483	88,482	1,855,737	942,213
	<u>3,557,774</u>	<u>4,993,552</u>	<u>2,595,543</u>	<u>6,556,221</u>	<u>12,864,581</u>
\$	<u>3,776,448</u>	<u>6,704,920</u>	<u>10,828,761</u>	<u>13,730,211</u>	<u>20,179,734</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government administration	\$ 1,960,555	\$ 1,940,807	\$ 4,967,094	\$ 1,836,885
Judicial administration	1,137,299	1,215,821	1,320,809	1,228,338
Public safety	3,270,479	4,159,935	5,243,483	4,988,167
Public works	2,058,022	2,065,013	2,032,088	1,991,833
Health and welfare	4,094,036	3,741,349	3,810,158	3,873,482
Education	7,440,879	7,728,685	8,126,108	11,968,460
Parks, recreation and cultural	290,155	302,000	365,365	284,325
Community development	647,868	722,579	906,637	572,714
Interest on long-term debt	500,719	385,095	344,386	315,615
Total governmental activities expenses	<u>\$ 21,400,012</u>	<u>\$ 22,261,284</u>	<u>\$ 27,116,128</u>	<u>\$ 27,059,819</u>
Business-type activities:				
Water	\$ 200,571	\$ 188,411	\$ 181,343	\$ 178,144
Sewer	78,869	70,901	69,773	67,707
Landfill	-	-	-	-
Total business-type activities expenses	<u>\$ 279,440</u>	<u>\$ 259,312</u>	<u>\$ 251,116</u>	<u>\$ 245,851</u>
Total primary government expenses	<u>\$ 21,679,452</u>	<u>\$ 22,520,596</u>	<u>\$ 27,367,244</u>	<u>\$ 27,305,670</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	63,456	127,690	182,240	200,947
Public safety	112,457	186,172	202,472	194,988
Public works	747,804	792,492	603,518	575,946
Community development	14,311	10,660	11,600	14,308
Operating grants and contributions	4,781,772	5,416,084	5,616,484	5,595,435
Capital grants and contributions	390,000	2,093,667	2,337	-
Total governmental activities program revenues	<u>\$ 6,109,800</u>	<u>\$ 8,626,765</u>	<u>\$ 6,618,651</u>	<u>\$ 6,581,624</u>
Business-type activities:				
Charges for services:				
Water	\$ 628	\$ 4,332	\$ 778	\$ 1,134
Sewer	1,219	1,790	1,780	1,980
Landfill	-	-	-	-
Total business-type activities program revenues	<u>\$ 1,847</u>	<u>\$ 6,122</u>	<u>\$ 2,558</u>	<u>\$ 3,114</u>
Total primary government program revenues	<u>\$ 6,111,647</u>	<u>\$ 8,632,887</u>	<u>\$ 6,621,209</u>	<u>\$ 6,584,738</u>
Net (expense) / revenue				
Governmental activities	<u>\$ (15,290,212)</u>	<u>\$ (13,634,519)</u>	<u>\$ (20,497,477)</u>	<u>\$ (20,478,195)</u>
Total primary government net expense	<u>\$ (15,567,805)</u>	<u>\$ (13,887,709)</u>	<u>\$ (20,746,035)</u>	<u>\$ (20,720,932)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 10,919,152	\$ 11,103,740	\$ 11,076,090	\$ 11,877,989
Local sales and use taxes	2,614,512	2,691,630	2,585,962	2,722,713
Taxes on recordation and wills	95,354	165,224	140,040	157,890
Motor vehicle licenses taxes	445,920	464,581	460,643	548,133
Consumer utility taxes	289,770	324,910	306,197	307,372
Other local taxes	57,122	69,784	71,768	60,260
Unrestricted grants and contributions	1,564,362	1,707,699	1,693,827	1,850,727
Unrestricted revenues from use of money and property	379,221	356,455	341,618	360,957
Miscellaneous	125,734	165,620	103,941	128,268
Transfers	-	-	-	-
Total governmental activities	<u>\$ 16,491,147</u>	<u>\$ 17,049,643</u>	<u>\$ 16,780,086</u>	<u>\$ 18,014,309</u>
Business-type activities:				
Transfers	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 16,491,147</u>	<u>\$ 17,049,643</u>	<u>\$ 16,780,086</u>	<u>\$ 18,014,309</u>
Change in Net Position				
Governmental activities	\$ 1,200,935	\$ 3,415,124	\$ (3,717,391)	\$ (2,463,886)
Business-type activities	(277,593)	(253,190)	(248,558)	(242,737)
Total primary government	<u>\$ 923,342</u>	<u>\$ 3,161,934</u>	<u>\$ (3,965,949)</u>	<u>\$ (2,706,623)</u>

Table 2

	2016	2017	2018	2019	2020	2021
\$	1,978,261	\$ 1,879,121	\$ 2,042,261	\$ 2,202,773	\$ 2,418,085	\$ 4,521,214
	2,183,197	1,230,677	1,315,062	1,150,670	1,355,074	1,935,600
	4,988,608	4,676,477	4,886,784	5,392,741	5,679,796	7,511,966
	1,783,830	1,900,935	1,798,146	1,081,261	1,065,039	1,076,927
	4,200,104	4,488,190	4,261,484	4,012,545	5,210,055	4,433,939
	8,197,715	9,217,509	7,669,358	7,853,856	6,731,628	5,455,100
	315,351	278,804	282,598	299,078	327,380	326,430
	660,282	450,083	638,456	590,515	2,438,879	1,085,266
	380,944	236,844	387,718	304,047	648,421	465,242
\$	<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>	<u>26,811,684</u>
\$	170,631	\$ 167,039	\$ 121,832	\$ 102,939	\$ 138,240	\$ 144,849
	65,993	63,639	46,855	41,587	54,302	52,368
	-	-	366,017	1,173,888	1,536,492	1,449,227
\$	<u>236,624</u>	<u>230,678</u>	<u>534,704</u>	<u>1,318,414</u>	<u>1,729,034</u>	<u>1,646,444</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>	<u>28,458,128</u>
\$	-	\$ 77,574	\$ 922,028	\$ 933,900	\$ 1,025,046	\$ 962,928
	148,791	220,831	230,047	222,815	228,057	198,881
	187,308	179,619	223,106	291,622	254,168	204,925
	583,490	717,693	339,844	356,559	390,181	683,643
	13,985	13,096	11,591	9,944	17,282	20,849
	5,813,572	5,991,324	5,923,691	5,718,072	6,298,691	10,505,705
	-	-	-	-	-	-
\$	<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>	<u>12,576,931</u>
\$	1,063	\$ 862	\$ 778	\$ 834	\$ 680	\$ 515
	1,588	1,740	1,516	1,841	2,380	896
	-	-	646,512	729,047	726,586	272,745
\$	<u>2,651</u>	<u>2,602</u>	<u>648,806</u>	<u>731,722</u>	<u>729,646</u>	<u>274,156</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>12,851,087</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>(14,234,753)</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>	<u>(15,607,041)</u>
\$	11,867,596	\$ 12,934,371	\$ 13,232,616	\$ 13,842,076	\$ 15,110,342	\$ 14,774,168
	2,714,379	2,807,361	2,864,176	2,986,074	3,076,209	3,515,613
	205,362	203,446	205,308	156,349	183,848	237,440
	417,138	492,489	483,347	547,162	579,777	546,871
	307,536	309,779	313,830	316,994	306,609	294,311
	65,589	64,690	64,408	78,914	92,052	66,582
	1,774,380	1,756,921	1,728,039	1,712,077	1,792,821	1,746,252
	331,892	336,954	832,179	348,973	636,557	569,800
	198,298	42,697	187,120	76,488	182,355	305,196
	-	-	(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>	<u>22,056,233</u>
\$	-	-	1,242,534	-	1,463,230	-
\$	-	-	1,242,534	-	1,463,230	-
\$	<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>	<u>22,056,233</u>
\$	(58,976)	\$ 1,790,205	\$ 3,036,929	\$ 4,710,533	\$ 2,836,408	\$ 7,821,480
	(233,973)	(228,076)	1,356,636	(586,692)	463,842	(1,372,288)
\$	<u>(292,949)</u>	<u>1,562,129</u>	<u>4,393,565</u>	<u>4,123,841</u>	<u>3,300,250</u>	<u>6,449,192</u>

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
2021	\$ 15,055,989	\$ 3,515,613	\$ 294,311	\$ 546,871	\$ 237,440	\$ 19,650,224
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

COUNTY OF PRINCE EDWARD, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund					
Nonspendable:					
Prepaid items	\$ -	\$ -	\$ -	\$ -	-
Restricted for:					
Retiree benefits	5,479	1,974	-	-	-
Community Development Authority	-	-	-	95,258	95,258
Forfeited assets	-	-	-	-	-
Committed:					
Economic Development	-	-	-	-	-
Unassigned	<u>9,998,619</u>	<u>10,720,302</u>	<u>9,038,328</u>	<u>9,811,281</u>	<u>9,672,556</u>
Total general fund	<u>\$ 10,004,098</u>	<u>\$ 10,722,276</u>	<u>\$ 9,038,328</u>	<u>\$ 9,906,539</u>	<u>\$ 9,767,814</u>
All other governmental funds					
Restricted:					
Debt service	\$ 653,285	\$ 780,277	\$ 910,353	\$ 1,043,470	\$ 1,179,675
Assigned:					
Landfill construction	1,225,075	1,482,743	1,784,386	2,092,086	1,278,266
Recreation capital projects	27,116	28,414	20,468	20,492	14,038
Special revenue	<u>-</u>	<u>330,858</u>	<u>337,125</u>	<u>301,945</u>	<u>290,950</u>
Total all other governmental funds	<u>\$ 1,905,476</u>	<u>\$ 2,622,292</u>	<u>\$ 3,052,332</u>	<u>\$ 3,457,993</u>	<u>\$ 2,762,929</u>

Table 4

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	-	\$ -	\$ -	\$ 41,890	\$ -
	-	-	-	-	-
	87,685	88,483	88,482	88,482	88,508
	-	-	-	9,233	33,156
	-	-	-	315,697	292,027
	<u>12,112,059</u>	<u>12,832,402</u>	<u>9,940,731</u>	<u>12,928,470</u>	<u>19,415,912</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>	<u><u>19,829,603</u></u>
\$	1,319,176	\$ 1,461,991	\$ 1,608,189	\$ 1,758,022	\$ 820,549
	1,203,394	1,536,362	1,885,520	2,269,885	2,639,693
	8,085	8,146	8,214	9,234	9,272
	<u>306,612</u>	<u>332,111</u>	<u>400,302</u>	<u>432,736</u>	<u>417,983</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>	<u><u>3,887,497</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

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

	2012	2013	2014	2015
Revenues				
General property taxes	\$ 10,561,257	\$ 10,949,252	\$ 10,868,709	\$ 12,164,324
Other local taxes	3,502,678	3,716,129	3,564,610	3,796,368
Permits, privilege fees and regulatory licenses	62,437	70,344	69,529	79,339
Fines and forfeitures	41,216	106,409	156,204	171,827
Revenue from use of money and property	379,217	356,455	341,618	360,957
Charges for services	834,375	940,261	774,097	735,023
Miscellaneous	200,465	268,908	236,145	283,391
Recovered costs	130,380	122,337	119,153	101,411
Intergovernmental:				
Commonwealth	5,019,333	7,917,815	5,899,638	6,027,849
Federal	1,716,801	1,299,635	1,413,010	1,418,313
Total revenues	\$ 22,448,159	\$ 25,747,545	\$ 23,442,713	\$ 25,138,802
Expenditures				
General government administration	\$ 1,525,092	\$ 1,577,327	\$ 1,788,018	\$ 1,556,430
Judicial administration	1,480,002	1,581,018	1,712,847	1,640,931
Public safety	2,914,040	3,675,254	4,720,230	4,680,697
Public works	1,665,056	1,909,601	1,926,912	2,074,408
Health and welfare	4,103,322	3,732,134	3,806,903	3,970,706
Education	7,696,610	7,899,254	8,301,411	8,031,503
Parks, recreation and cultural	295,383	299,506	362,013	288,890
Community development	754,145	687,859	844,138	579,448
Capital projects	1,925,793	2,288,200	247,877	80,702
Nondepartmental	155,200	73,454	74,015	65,554
Debt service				
Principal	296,615	571,714	565,424	573,861
Interest and other fiscal charges	456,027	356,331	346,833	321,800
Total expenditures	\$ 23,267,285	\$ 24,651,652	\$ 24,696,621	\$ 23,864,930
Excess (deficiency) of revenues over (under) expenditures	\$ (819,126)	\$ 1,095,893	\$ (1,253,908)	\$ 1,273,872
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	\$ 837,959	\$ 1,095,893	\$ (1,253,908)	\$ 1,273,872
Debt service as a percentage of noncapital expenditures	3.53%	4.15%	3.73%	3.77%

Note: Does not include discretely presented component unit.

Table 5

	2016	2017	2018	2019	2020	2021
\$	11,988,352	\$ 12,659,333	\$ 13,311,281	\$ 14,078,027	\$ 15,042,742	\$ 15,055,989
	3,710,005	3,877,548	3,930,605	4,085,494	4,238,495	4,660,817
	98,002	73,445	84,435	96,743	87,525	96,349
	120,200	192,680	201,017	192,265	198,232	177,992
	331,891	374,453	416,291	427,671	710,353	729,754
	715,374	865,332	519,598	592,033	604,186	833,702
	198,298	143,516	171,290	76,488	156,811	266,080
	124,292	79,193	98,397	130,236	136,102	647,896
	6,087,230	6,131,076	5,978,835	5,774,580	5,948,595	5,850,558
	1,500,721	1,617,169	1,697,047	1,655,569	2,144,124	6,397,964
\$	<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>	<u>\$ 34,717,101</u>
\$	1,564,514	\$ 1,626,463	\$ 1,612,576	\$ 1,596,311	\$ 1,833,581	\$ 6,757,573
	1,645,993	1,607,932	1,580,707	1,627,710	1,687,924	1,686,592
	4,780,666	4,470,112	4,470,448	4,796,629	5,406,213	5,156,683
	1,875,840	1,763,373	1,462,747	763,086	808,615	846,712
	4,304,800	4,487,585	4,274,895	4,019,977	4,223,046	4,332,351
	8,303,927	7,393,077	8,068,635	8,272,402	7,224,947	6,020,389
	319,851	282,804	280,598	299,078	327,380	326,430
	650,874	478,395	661,489	841,366	2,545,274	759,903
	1,308,827	486,154	535,553	6,458,113	7,509,744	432,441
	67,188	32,560	104,186	91,379	30,968	219,081
	587,247	607,248	648,407	471,528	813,215	1,660,717
	298,427	271,774	265,038	199,584	220,978	654,749
\$	<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>\$ 28,853,621</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>	<u>\$ 5,863,480</u>
\$	110,153	\$ 110,153	\$ 110,153	\$ 110,153	\$ 452,546	\$ 149,333
	(110,153)	(110,153)	(1,352,687)	(110,153)	(1,915,776)	(149,333)
	-	-	2,391,777	-	-	-
	-	-	-	-	5,900,000	-
	-	-	390,793	-	1,268,789	-
	-	-	(2,761,069)	-	-	-
	-	-	-	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ (1,221,033)</u>	<u>\$ -</u>	<u>\$ 5,705,559</u>	<u>\$ -</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>	<u>\$ 5,863,480</u>
	3.63%	3.82%	3.98%	2.36%	3.27%	8.32%

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
2021	\$ 15,055,989	\$ 3,528,918	\$ 294,311	\$ 546,871	\$ 237,440	\$ 53,277	19,716,806
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

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
2021	\$ 1,546,903,214	\$ 145,373,327	8,531,925	\$ 1,374,000
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

(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

	Merchants' Capital	Public Service (2)	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	62,627,050	\$ 113,821,736	\$ 1,878,631,252	\$ 1,878,631,252	100.00%
	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%

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
2021	\$ 0.51	\$ 4.50	\$ 0.51	\$ 4.20	\$ 0.70
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

(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
2021	\$ 14,638,826	\$ 13,495,245	92.19%	\$ 1,258,987	\$ 14,754,232	100.79%	\$ 2,071,541	14.15%
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%

(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 2021		Fiscal Year 2012	
	2020 Assessed Valuation	% of Total Assessed Valuation	2011 Assessed Valuation	% of Total Assessed Valuation
Southside Holding	\$ 6,102,000	0.33%	\$ 4,549,700	0.36%
Southside Community Nursing	22,474,200	1.23%	17,362,500	1.35%
Statewide Realty Co.	1,035,700	0.06%	2,416,700	0.19%
Southgate Associates II	2,315,700	0.13%	5,731,200	0.48%
Wright, Shelton	3,619,900	0.20%	3,946,400	0.34%
Davis Real Properties LLC	3,104,100	0.17%	4,393,200	0.38%
Garnett, James	908,400	0.05%	2,101,900	0.25%
Andrews Large & Whidden Inc	1,447,000	0.08%	356,600	0.04%
Longwood Village Shopping Center	7,892,200	0.43%	7,742,700	0.96%
Shoppes at College Park LLC	8,047,400	0.44%	6,462,900	0.82%
	<u>\$ 56,946,600</u>	<u>3.11%</u>	<u>\$ 55,063,800</u>	<u>5.17%</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				
2021	\$ 8,287,585	\$ 1,208,989	\$ 6,425,740	\$ 2,886,231	\$ 18,808,545	2.70%	832	
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	

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)
2021	\$ 6,336,181	\$ 820,549	\$ 5,515,632	0.29%	241
2020	6,872,634	1,758,022	5,114,612	0.28%	223
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

(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
2021	22,594 \$	697,704,000 \$	30,880	31.5	1,849	5.70%
2020	22,905	697,704,000	30,461	31.5	1,921	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%

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	2012	2013	2014	2015	2016
General government administration	18.0	18.0	17.0	17.0	17.0
Judicial administration	22.5	22.5	23.0	23.0	23.0
Public safety					
Sheriffs department	32.0	32.0	32.0	32.0	32.0
Animal control	1.5	1.5	2.0	2.0	2.0
Building official	2.0	2.0	1.0	1.0	1.0
Public works					
General maintenance	6.5	6.5	6.0	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	-	-
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	-	1.0	1.0
Economic Development	2.0	2.0	2.0	2.0	2.0
Cannery	1.5	1.5	1.0	1.0	1.0
Extension	1.0	1.0	1.0	1.0	1.0
Totals	135.0	135.0	131.0	131.0	131.0

Source: Individual County departments

Table 14

2017	2018	2019	2020	2021
16.5	17.0	17.0	21.0	21.0
24.0	25.0	25.0	25.0	26.0
32.0	34.0	34.0	46.0	40.0
2.0	2.0	2.0	3.0	3.0
1.0	1.0	2.0	2.0	2.0
6.0	6.0	7.0	7.0	8.0
13.0	13.0	13.0	19.0	18.0
-	5.0	7.0	6.0	8.0
-	-	-	-	-
34.0	36.0	36.0	29.0	30.0
-	-	-	1.0	1.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	2.0	1.0	1.0
1.0	1.0	1.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
<u>132.5</u>	<u>143.0</u>	<u>148.0</u>	<u>164.0</u>	<u>162.0</u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Operating Indicators by Function
Last Ten Fiscal Years (1)

Function	2012	2013	2014	2015	2016
Public safety					
Sheriffs department:					
Physical arrests	335.0	353.0	393.0	377.0	483.0
Civil papers	8,994.0	8,664.0	8,820.0	8,637.0	8,298.0
Building inspections:					
Permits issued (2)	434.0	453.0	535.0	485.0	596.0
Public works					
Landfill:					
Refuse collected (tons/day)	85.0	77.0	54.6	43.7	41.7
Recycling (tons/day)	9.0	4.3	4.4	8.2	6.5
Health and welfare					
Department of Social Services:					
Caseload	7,548.0	8,162.0	8,503.0	9,127.0	11,097.0
Community development					
Planning:					
Zoning permits issued	75.0	67.0	81.0	74.0	79.0
Component Unit - School Board					
Education:					
Number of teachers	214.0	214.0	211.0	207.0	206.4
Local expenditures per pupil	3,359.0	3,707.0	3,789.0	3,774.0	4,030.0

Source: Individual County departments

(1) Information has been reported where available.

Table 15

2017	2018	2019	2020	2021
113.0	95.0	814.0	337.0	399.0
7,910.0	8,717.0	8,395.0	5,942.0	5,858.0
457.0	591.0	697.0	783.0	766.0
77.7	106.0	97.4	108.9	112.0
8.5	7.5	9.8	9.7	10.0
10,206.0	11,305.0	10,580.0	10,353.0	7,791.0
63.0	83.0	80.0	148.0	159.0
202.5	196.0	195.3	168.8	192.6
3,284.0	4,088.0	4,339.0	4,639.0	3,419.0

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, 2021, 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 14, 2022.

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, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness. [2021-001]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Prince Edward, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 audited 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.

Charlottesville, Virginia
January 14, 2022



**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, 2021. 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, 2021.

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.

Charlottesville, Virginia
January 14, 2022

COUNTY OF PRINCE EDWARD, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Guardianship Assistance	93.090	1110121	\$ 293
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121	6,625
Temporary Assistance to Needy Families	93.558	0400120/0400121	254,045
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	451
Low-income Home Energy Assistance	93.568	0600420/0600421	33,768
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	44,099
Chafee Education and Training Vouchers Program	93.599	09210109	3,999
Stephanie Tubbs Jones Child Welfare Services Programs	93.645	0900120/0900121	126
Foster Care - Title IV-E	93.658	1100120/1100121	184,213
Adoption Assistance	93.659	1120120/1120121	278,406
Social Services Block Grant	93.667	1000120/1000121	190,649
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	2,125
Children's Health Insurance Program	93.767	0540120/0540121	3,580
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	300,240
Total Department of Health and Human Services-pass through			\$ 1,302,619
Total Department of Health and Human Services			\$ 1,302,619
Department of Agriculture:			
Pass Through Payments:			
Department of Agriculture:			
Fresh Fruit and Vegetable Program	10.582	2019IL160341/2020IL160341	\$ 4,270
Department of Agriculture:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	661,882
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 80,563
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	2019IN109941/2020IN109941	11,154 91,717
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	2019IN109941/2020IN109941	7,005
Total Child Nutrition Cluster			\$ 760,604
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010120/0010121/0040120/0040121	\$ 404,559
Total Department of Agriculture			\$ 1,169,433
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 44,593
Bulletproof Vest Partnership Program	16.607	Unknown	1,899
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	16,025
Total Department of Justice - direct			\$ 62,517
Total Department of Justice			\$ 62,517

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (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:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	Unknown	\$ 3,557
National Priority Safety Program (Highway Safety Cluster)	20.616	Unknown	3,039
Total Department of Transportation			<u>\$ 6,596</u>
Department of the Treasury:			
Pass through payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	Unknown	\$ 4,109,688
Election Assistance Commission:			
Pass through payments:			
Virginia Department of Elections:			
COVID-19 - HAVA Election Security Grants	90.404	Unknown	\$ 55,304
Department of Homeland Security			
Pass Through Payments:			
Department of Homeland Security:			
Emergency Management Performance Grants	97.042	7750100	\$ 43,469
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	S101A210046/S010A200046	\$ 1,337,439
Special Education-Grants to States (Special Education Cluster)	84.027	H027A210107/H027A200107	666,689
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Unknown	1,229
Career and Technical Education Basic Grants to States	84.048	V048A210046	52,014
Twenty-First Century Community Learning Centers	84.287	S287C210047	99,567
Rural Education	84.358	S358B210046	60,708
Supporting Effective Instruction State Grants	84.367	S367A210044/S367A200044	85,154
School Improvement Grants	84.377	Unknown	153,350
Student Support and Academic Enrichment Program	84.424	S424A190048/S424A200048	130,647
COVID-19-Elementary and Secondary School Emergency Relief Fund	84.425D	Unknown	574,808
Total Department of Education			<u>\$ 3,161,605</u>
Total Expenditures of Federal Awards			<u>\$ 9,911,231</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, 2021

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County 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	\$ 1,834,003
CARES Act Fund	4,563,961
Total primary government	<u>\$ 6,397,964</u>
Component Unit School Board:	
School Operating Fund	\$ 2,748,393
School Cafeteria Fund	764,874
Total Component Unit School Board	<u>\$ 3,513,267</u>
Total federal expenditures per basic financial statements	<u>\$ 9,911,231</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 9,911,231</u></u>

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund (CRF)
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund

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

2021-001 Material Weakness - Adjusting Journal Entries and Year End Accruals

Condition:

The County and School Board did not record 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.

Criteria:

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

Cause:

Adjusting journal entries were not made for various required accruals.

Effect:

The general ledger requires 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 for year end accruals are posted to the correct account, and accounting period.

Management's response:

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

Section III - Federal Award Findings and Questioned Costs

None

COUNTY OF PRINCE EDWARD, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021 (Continued)

Section IV - Commonwealth of Virginia Findings

2021-002 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 FY2021 was not filed with the State until January 14, 2022.

Cause:

The annual filing was not performed timely.

Effect:

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 Audit Findings
For the Year Ended June 30, 2021

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.

Recommendation:

We recommended the County remit unclaimed property to the State Treasurer on an annual basis.

Management's response:

The unclaimed property report was timely filed with the State Treasurer. Prior year finding has been fully corrected.

2020-002 Compliance Finding - Annual School Report

Condition:

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

Recommendation:

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

Management's response:

Repeat finding in current year; see 2021-002.