

CHARLOTTE COUNTY
VIRGINIA

**FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2019

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COUNTY OF CHARLOTTE, VIRGINIA

Board of Supervisors

Garland H. Hamlett, Jr., Chairman
Robert L. Shook, Jr., Vice-Chairman

Kay M. Pierantoni
Royal S. Freeman

Vacant

Donna Fore
Gary D. Walker

School Board

JonPaul Berkley, Chairman
Gloria Talbott, Vice-Chairman

Teresa Dunnaway
Henry W. Carwile
Robert M. Johnson

Larry Fannon
Raymond "Jay" George

Board of Public Welfare

Carolyn Baker, Chairman
Margaret A. Elder, Vice-Chairman

Catherine B. Hamlett
Hazel Smith
Gloria T. Talbott

Marilyn McIvor
Juanita T. Collie
Gary D. Walker

Library Board

Eleanor B. Williams, Chairman
Aurelia Cathey, Secretary

Teresa Osborne
Jean Elliot

Martha Brogdon

Barbara B. Hamlett
Winnie Morris

Other Officials

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

Kimberly S. White
Nan R. Colley
Darryl Puckett
Nora Miller
William E. Green, Jr.
Naisha P. Carter
Patricia P. Berkeley
Thomas D. Jones
Nancy Leonard
Sari C. Goff
James C. Watkins
Daniel N. Witt



Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Charlotte, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principles

As described in Note 18 to the financial statements, in 2019, the County of Charlotte, Virginia adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 82 and 83-96 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 Charlotte, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules, and other 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 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 combining and individual fund financial statements and schedules, supporting schedules, 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 combining and individual fund financial statements and schedules, supporting schedules, 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 other 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 November 25, 2019, on our consideration of the County of Charlotte, 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 Charlotte, 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 Charlotte, Virginia's internal control over financial reporting and compliance.


Charlottesville, Virginia
November 25, 2019

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**To the Citizens of Charlotte County
County of Charlotte, Virginia**

As management of the County of Charlotte, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019.

Financial Highlights

Government-wide Financial Statements

The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,857,813 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues and other financing sources of \$3,686,538 (Exhibit 5) after making contributions totaling \$4,240,562 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$8,187,311, a decrease of \$3,686,538 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,186,410, or 42% of total general fund expenditures.
- Our combined long-term obligations decreased \$889,516 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

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

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements (Continued)

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 statement of net position presents information on all of the County's a) assets and deferred outflows of resources, and b) liabilities and deferred inflows of resources, with the difference reported as net position. 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 presents information showing how the County's net position changed during the most recent 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Charlotte, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Charlotte, Virginia is financially accountable. Financial information for this component unit is reported separately from the financial information present for the primary government itself.

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 of Charlotte, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliation between the two methods is provided on Exhibit 4. The County has two major governmental funds - the General Fund, and the Capital Projects Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Overview of the Financial Statements (Continued)

Notes to the financial statements - The 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 statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and schedules of pension and OPEB funding progress. The School Board does not issue separate financial statements. Other supplementary information consists of combining statements and schedules for nonmajor funds, fiduciary funds, the discretely presented component unit School Board, budgetary schedules, and statistical information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,857,813 at the close of the most recent fiscal year.

| County of Charlotte, Virginia's Net Position | | | |
|---|--------------------------------|---------------|--|
| | Governmental Activities | | |
| | 2019 | 2018 | |
| Current and other assets | \$ 10,004,686 | \$ 14,589,321 | |
| Capital assets | 24,492,080 | 25,670,831 | |
| Total assets | \$ 34,496,766 | \$ 40,260,152 | |
| Deferred outflows of resources | \$ 618,952 | \$ 382,684 | |
| Current liabilities | \$ 1,270,476 | \$ 2,130,398 | |
| Long-term liabilities outstanding | 22,264,765 | 23,154,281 | |
| Total liabilities | \$ 23,535,241 | \$ 25,284,679 | |
| Deferred inflows of resources | \$ 722,664 | \$ 880,399 | |
| Net position: | | | |
| Net investment in capital assets | \$ 6,246,202 | \$ 7,704,257 | |
| Restricted for Library | 320,906 | 320,745 | |
| Unrestricted | 4,290,705 | 6,452,756 | |
| Total net position | \$ 10,857,813 | \$ 14,477,758 | |

At the end of the current fiscal year, the County's net investment in capital assets is \$6,246,202. The County's net position restricted for Library use is \$320,906. The remaining \$4,290,705 of net position is unrestricted and available for use at the County's discretion.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities decreased the County's net position by \$3,619,945.

| County of Charlotte, Virginia's Change in Net Position | | | |
|--|----|-------------------------|----------------------|
| | | Governmental Activities | |
| | | 2018 | 2018 |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ | 805,034 | \$ 1,100,419 |
| Operating grants and contributions | | 6,560,594 | 6,828,943 |
| General revenues: | | | |
| Property taxes | | 9,009,416 | 8,873,499 |
| Other local taxes | | 1,296,251 | 1,215,078 |
| Grants and other contributions unrestricted | | 995,199 | 986,098 |
| Other | | 863,260 | 860,741 |
| Total revenues | \$ | <u>19,529,754</u> | \$ <u>19,864,778</u> |
| Expenses: | | | |
| General government administration | \$ | 1,624,064 | \$ 1,484,642 |
| Judicial administration | | 833,675 | 583,483 |
| Public safety | | 4,695,731 | 4,562,360 |
| Public works | | 1,604,848 | 1,358,053 |
| Health and welfare | | 4,855,427 | 5,332,595 |
| Education | | 8,316,036 | 3,556,731 |
| Parks, recreation and culture | | 275,779 | 306,880 |
| Community development | | 266,351 | 236,461 |
| Interest | | 677,788 | 759,288 |
| Total expenses | \$ | <u>23,149,699</u> | \$ <u>18,180,493</u> |
| Increases (decrease) in net position | \$ | (3,619,945) | \$ 1,684,285 |
| Net position-beginning | | <u>14,477,758</u> | <u>12,793,473</u> |
| Net position-ending | \$ | <u>10,857,813</u> | \$ <u>14,477,758</u> |

For the most part, increases in expenditures closely paralleled inflation and growth in the demand for services.

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

Government-wide Financial Analysis (Continued)

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$8,187,311, a decrease of \$3,686,538 in comparison with the prior year. Approximately 96% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$24,492,080 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

| County of Charlotte, Virginia's Capital Assets | | | |
|--|-------------------------|---------------|--|
| | Governmental Activities | | |
| | 2019 | 2018 | |
| Land | \$ 250,555 | \$ 250,555 | |
| Buildings and improvements | 22,196,483 | 6,877,802 | |
| Equipment | 3,221,300 | 2,996,044 | |
| Tenancy in common | 2,663,361 | 2,743,361 | |
| Construction in progress | 2,651,210 | 18,664,836 | |
| Total | \$ 30,982,909 | \$ 31,532,598 | |
| Less accumulated depreciation | (6,490,829) | (5,861,767) | |
| Net capital assets | \$ 24,492,080 | \$ 25,670,831 | |

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

Capital Asset and Debt Administration (Continued)

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$18,008,000 comprised of debt backed by the full faith and credit of the County. The following table depicts all debt reported by the County:

| County of Charlotte, Virginia's Outstanding Obligations | | |
|--|--------------------------------|----------------------|
| | Governmental Activities | |
| | 2019 | 2018 |
| General obligation bond | \$ 960,000 | \$ 1,040,000 |
| Revenue bond | 11,315,000 | 11,395,000 |
| Lease revenue bonds | 5,733,000 | 6,100,000 |
| Premium on bonds | 671,586 | 696,460 |
| Compensated absences | 359,655 | 420,244 |
| Net OPEB liabilities | 763,529 | 543,900 |
| Net pension liability | 924,380 | 1,407,310 |
| Landfill closure liability | 1,537,615 | 1,551,367 |
| Total | <u>\$ 22,264,765</u> | <u>\$ 23,154,281</u> |

Legislation enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board be assumed by the primary government. The legislation affects the reporting of local school capital assets as well.

The County's total long-term obligations decreased by \$889,516 during the current fiscal year.

Additional information on the County of Charlotte, Virginia's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 3.8 percent, which is equal to 3.8 percent as reported in the previous year. This compares unfavorably to the state's average unemployment rate of 2.9 percent, and slightly unfavorably to the national average rate of 3.7 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2020 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County of Charlotte, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 250 Le Grande Avenue, Charlotte Court House, Virginia 23923.

BASIC FINANCIAL STATEMENTS

- *Government-wide Financial Statements* -

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Statement of Net Position
June 30, 2019

| | Primary Government | Component Unit |
|--|----------------------------|------------------------|
| | Governmental Activities | School Board |
| ASSETS | | |
| Cash and cash equivalents | \$ 6,743,597 | \$ 1,002,885 |
| Receivables (net of allowance for uncollectibles): | | |
| Taxes receivable | 893,352 | - |
| Accounts receivable | 228,950 | - |
| Inventory | - | 31,788 |
| Due from component unit | 671,423 | - |
| Due from other governmental units | 1,064,276 | 418,568 |
| Prepaid items | - | 312,979 |
| Restricted assets: | | |
| Cash and cash equivalents | 82,182 | - |
| Investments | 220,906 | - |
| Permanently restricted: | | |
| Investments | 100,000 | - |
| Net pension asset | - | 318,762 |
| Capital assets (net of accumulated depreciation): | | |
| Land | 250,555 | 65,745 |
| Buildings and improvements | 20,849,250 | 9,466,488 |
| Machinery and equipment | 741,065 | 440,136 |
| Construction in progress | 2,651,210 | - |
| Total assets | <u>\$ 34,496,766</u> | <u>\$ 12,057,351</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related items | \$ 413,712 | \$ 1,982,788 |
| OPEB related items | 205,240 | 271,119 |
| Total deferred outflows of resources | <u>\$ 618,952</u> | <u>\$ 2,253,907</u> |
| LIABILITIES | | |
| Accounts payable | \$ 685,261 | \$ 60,658 |
| Contracts payable | 263,681 | - |
| Accrued liabilities | - | 887,915 |
| Retainage payable | 138,561 | - |
| Accrued interest payable | 182,973 | - |
| Due to primary government | - | 671,423 |
| Long-term liabilities: | | |
| Due within one year | 606,840 | 97,810 |
| Due in more than one year | 21,657,925 | 21,238,110 |
| Total liabilities | <u>\$ 23,535,241</u> | <u>\$ 22,955,916</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related items | \$ 648,049 | \$ 2,470,837 |
| OPEB related items | 33,000 | 329,112 |
| Deferred revenue-property taxes | 41,615 | - |
| Total deferred inflows of resources | <u>\$ 722,664</u> | <u>\$ 2,799,949</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 6,246,202 | \$ 9,332,428 |
| Restricted: | | |
| Library | 320,906 | - |
| Unrestricted | 4,290,705 | (20,777,035) |
| Total net position | <u>\$ 10,857,813</u> | <u>\$ (11,444,607)</u> |

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

Statement of Activities
For the Year Ended June 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component |
| | | | | | Governmental Activities | Unit School Board |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| General government | | | | | | |
| administration | \$ 1,624,064 | \$ 64,119 | \$ 234,986 | \$ - | \$ (1,324,959) | \$ - |
| Judicial administration | 833,675 | 57,804 | 354,685 | - | (421,186) | - |
| Public safety | 4,695,731 | 566,310 | 1,773,275 | - | (2,356,146) | - |
| Public works | 1,604,848 | 116,433 | 17,804 | - | (1,470,611) | - |
| Health and welfare | 4,855,427 | - | 4,129,268 | - | (726,159) | - |
| Education | 8,316,036 | - | - | - | (8,316,036) | - |
| Parks, recreation, and cultural | 275,779 | 368 | 49,309 | - | (226,102) | - |
| Community development | 266,351 | - | 1,267 | - | (265,084) | - |
| Interest on long-term debt | 677,788 | - | - | - | (677,788) | - |
| Total governmental activities | \$ 23,149,699 | \$ 805,034 | \$ 6,560,594 | \$ - | \$ (15,784,071) | \$ - |
| Total primary government | \$ 23,149,699 | \$ 805,034 | \$ 6,560,594 | \$ - | \$ (15,784,071) | \$ - |
| Component Unit: | | | | | | |
| School Board | \$ 15,916,337 | \$ 162,072 | \$ 15,934,695 | \$ - | \$ - | \$ 180,430 |
| Total component unit | \$ 15,916,337 | \$ 162,072 | \$ 15,934,695 | \$ - | \$ - | \$ 180,430 |
| General revenues: | | | | | | |
| General property taxes | | | | \$ | 9,009,416 | \$ - |
| Other local taxes: | | | | | | |
| Local sales and use taxes | | | | | 665,109 | - |
| Consumer utility taxes | | | | | 218,978 | - |
| Motor vehicle licenses | | | | | 326,969 | - |
| Other local taxes | | | | | 85,195 | - |
| Unrestricted revenues from use of money and property | | | | | 348,008 | 640 |
| Miscellaneous | | | | | 515,252 | 483,514 |
| Grants and contributions not restricted to specific programs | | | | | 995,199 | - |
| Contributions from Charlotte County | | | | | - | 4,240,562 |
| Total general revenues | | | | \$ | 12,164,126 | \$ 4,724,716 |
| Change in net position | | | | \$ | (3,619,945) | \$ 4,905,146 |
| Net position - beginning | | | | | 14,477,758 | (16,349,753) |
| Net position - ending | | | | \$ | 10,857,813 | \$ (11,444,607) |

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

BASIC FINANCIAL STATEMENTS

- *Fund Financial Statements* -

Balance Sheet
Governmental Funds
June 30, 2019

| | General | Capital Projects Fund | Other Governmental Funds | Total |
|---|---------------------|-----------------------------|--------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,743,542 | \$ - | \$ 55 | \$ 6,743,597 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes receivable | 893,352 | - | - | 893,352 |
| Accounts receivable | 228,950 | - | - | 228,950 |
| Due from component unit | 671,423 | - | - | 671,423 |
| Due from other funds | - | - | 8,027 | 8,027 |
| Due from other governmental units | 1,064,276 | - | - | 1,064,276 |
| Restricted assets: | | | | |
| Cash and cash equivalents | - | 82,182 | - | 82,182 |
| Investments | - | - | 220,906 | 220,906 |
| Permanently restricted: | | | | |
| Investments | - | - | 100,000 | 100,000 |
| Total assets | <u>\$ 9,601,543</u> | <u>\$ 82,182</u> | <u>\$ 328,988</u> | <u>\$ 10,012,713</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 677,234 | \$ - | \$ 8,027 | \$ 685,261 |
| Contracts payable | - | 263,681 | - | 263,681 |
| Retainage payable | - | 138,561 | - | 138,561 |
| Due to other funds | 8,027 | - | - | 8,027 |
| Total liabilities | <u>\$ 685,261</u> | <u>\$ 402,242</u> | <u>\$ 8,027</u> | <u>\$ 1,095,530</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | <u>\$ 729,872</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 729,872</u> |
| FUND BALANCE | | | | |
| Nonspendable: | | | | |
| Permanent fund corpus | \$ - | \$ - | \$ 100,000 | \$ 100,000 |
| Restricted: | | | | |
| Library operations | - | - | 220,906 | 220,906 |
| Assigned: | | | | |
| Library operations | - | - | 55 | 55 |
| Unassigned | 8,186,410 | (320,060) | - | 7,866,350 |
| Total fund balances | <u>\$ 8,186,410</u> | <u>\$ (320,060)</u> | <u>\$ 320,961</u> | <u>\$ 8,187,311</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 9,601,543</u> | <u>\$ 82,182</u> | <u>\$ 328,988</u> | <u>\$ 10,012,713</u> |

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

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

Amounts reported for governmental activities in the Statement of Net Position
are different because:

| | | |
|---|----|--------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | \$ | 8,187,311 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Capital assets, cost | \$ | 30,982,909 |
| Accumulated depreciation | | <u>(6,490,829)</u> |
| | | 24,492,080 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds. | | |
| Unavailable revenue - property taxes | | 688,257 |
| Deferred outflows of resources are not available to pay for current period expenditures and, and therefore, are not reported in the funds. | | |
| Deferred outflows - pension related items | \$ | 413,712 |
| Deferred outflows - OPEB related items | | <u>205,240</u> |
| | | 618,952 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds payable | \$ | (12,275,000) |
| Lease revenue bonds | | (5,733,000) |
| Premium on bond payable | | (671,586) |
| Accrued interest payable | | (182,973) |
| Net OPEB liabilities | | (763,529) |
| Net pension liability | | (924,380) |
| Compensated absences | | (359,655) |
| Landfill postclosure and corrective action liability | | <u>(1,537,615)</u> |
| | | (22,447,738) |
| Deferred inflows of resources are not due and payable in the current period and, and therefore, are not reported in the funds. | | |
| Deferred inflows - pension related items | \$ | (648,049) |
| Deferred inflows - OPEB related items | | <u>(33,000)</u> |
| | | (681,049) |
| Net position of governmental activities | \$ | <u><u>10,857,813</u></u> |

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

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

| | General | Capital Projects Fund | Other Govern- mental Funds | Total |
|--|----------------|-----------------------------|-------------------------------------|----------------|
| REVENUES | | | | |
| General property taxes | \$ 9,042,315 | \$ - | \$ - | \$ 9,042,315 |
| Other local taxes | 1,296,251 | - | - | 1,296,251 |
| Permits, privilege fees, and regulatory licenses | 70,740 | - | - | 70,740 |
| Fines and forfeitures | 225,331 | - | - | 225,331 |
| Revenue from the use of money and property | 313,595 | 11,350 | 23,063 | 348,008 |
| Charges for services | 508,595 | - | 368 | 508,963 |
| Miscellaneous | 514,927 | - | 325 | 515,252 |
| Intergovernmental: | | | | |
| Commonwealth | 4,717,263 | - | 49,309 | 4,766,572 |
| Federal | 2,789,221 | - | - | 2,789,221 |
| Total revenues | \$ 19,478,238 | \$ 11,350 | \$ 73,065 | \$ 19,562,653 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 1,410,185 | \$ - | \$ - | \$ 1,410,185 |
| Judicial administration | 582,880 | - | - | 582,880 |
| Public safety | 4,858,751 | - | - | 4,858,751 |
| Public works | 1,664,813 | - | - | 1,664,813 |
| Health and welfare | 5,059,955 | - | - | 5,059,955 |
| Education | 4,245,774 | - | - | 4,245,774 |
| Parks, recreation, and cultural | 102,493 | - | 280,890 | 383,383 |
| Community development | 279,684 | - | - | 279,684 |
| Nondepartmental | 154,506 | - | - | 154,506 |
| Capital projects | - | 3,374,797 | - | 3,374,797 |
| Debt service: | | | | |
| Principal retirement | 527,000 | - | - | 527,000 |
| Interest and other fiscal charges | 707,463 | - | - | 707,463 |
| Total expenditures | \$ 19,593,504 | \$ 3,374,797 | \$ 280,890 | \$ 23,249,191 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (115,266) | \$ (3,363,447) | \$ (207,825) | \$ (3,686,538) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 2,320,944 | \$ 207,986 | \$ 2,528,930 |
| Transfers (out) | (2,528,930) | - | - | (2,528,930) |
| Total other financing sources (uses) | \$ (2,528,930) | \$ 2,320,944 | \$ 207,986 | \$ - |
| Net change in fund balances | \$ (2,644,196) | \$ (1,042,503) | \$ 161 | \$ (3,686,538) |
| Fund balances - beginning | 10,830,606 | 722,443 | 320,800 | 11,873,849 |
| Fund balances - ending | \$ 8,186,410 | \$ (320,060) | \$ 320,961 | \$ 8,187,311 |

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

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

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

Net change in fund balances - total governmental funds \$ (3,686,538)

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

| | | | |
|--------------------------|------------------|--|-------------|
| Capital outlay | \$ 3,642,920 | | |
| Transfer of joint assets | (4,145,512) | | |
| Depreciation expense | <u>(622,530)</u> | | (1,125,122) |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (53,629)

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

| | |
|----------------|----------|
| Property taxes | (32,899) |
|----------------|----------|

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.

| | | | |
|---|----------------|--|---------|
| Change in landfill closure and post-closure liability | \$ 13,752 | | |
| Amortization of premium on bond | 24,874 | | |
| Principal payments | <u>527,000</u> | | 565,626 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

| | | | |
|--------------------------------|---------------|--|----------------|
| Change in interest payable | \$ 4,801 | | |
| Pension expense | 678,632 | | |
| OPEB expense | (31,405) | | |
| Change in compensated absences | <u>60,589</u> | | <u>712,617</u> |

Change in net position of governmental activities \$ (3,619,945)

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

| | <u>Agency Funds</u> |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,549,669 |
| Accounts receivable | <u>334,729</u> |
| Total assets | <u>\$ 1,884,398</u> |
| LIABILITIES | |
| Amounts held for social services clients | \$ 32,383 |
| Accounts payable | 173,456 |
| Amounts held for others | <u>1,678,559</u> |
| Total liabilities | <u>\$ 1,884,398</u> |

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

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements As of June 30, 2019

Note 1 - Summary of Significant Accounting Policies:

The County of Charlotte, Virginia was formed in 1764 and it is governed by an elected seven member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education and social services.

The financial statements of the County of Charlotte, Virginia have been prepared in conformity with the specifications promulgated by the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

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 unit. For the most part, effects 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 and its discretely presented component unit. 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.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

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. The budgetary schedules present the original budget, the final budget and the actual activity of the major governmental funds.

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 organization's 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 Charlotte, Virginia (the primary government) and its component unit. 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 Unit: The County has no blended component units to be included for the fiscal year ended June 30, 2019.

Discretely Presented Component Unit: The Component unit columns in the combined financial statements include the financial data of the County's component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Charlotte County School Board operates the elementary and secondary public schools in the County. School Board Members are elected by the voters. 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 School Fund does not issue a separate report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF CHARLOTTE, VIRGINIA

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

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

C. Other Related Organizations (Continued)

Excluded from the County's Financial Report

Crossroads Community Services Board

The Board was created by resolution pursuant to state statute and is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements. For the year ended June 30, 2019, the County contributed \$70,000 to the Board.

Charlotte County Industrial Development Authority

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment. The Board of Supervisors appoints the board members of the Charlotte County Industrial Development Authority.

Virginia's Heartland Regional Industrial Facility Authority

The Authority was created pursuant to the provision of Title 15.2, Chapter 64 of the Code of Virginia, 1950 as amended. The Authority's purpose is to create a regional industrial park to enhance the economic base by developing, owning or operating one or more facilities on a cooperative basis. The County appoints two of the Authority's board members. The County has no further financial responsibilities to the Authority. Therefore, it is not included in the County's financial statements.

Southside Regional Public Service Authority

The County, in conjunction with the Counties of Mecklenburg and Halifax are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$212,218 for solid waste transferred to the Authority in fiscal year 2019.

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 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.

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

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

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 financial statements.

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

1. Governmental Funds (Continued)

b. Capital Projects Fund

The Capital Projects Fund is used to account for and report all activity related to the New Courthouse, mainly construction costs. The activity of School Capital Projects related to bus purchases, Eureka HVAC/Roof project, and Phenix and Bacon District Elementary School renovations were also recorded in this fund. The Capital Projects Fund is considered a major fund for reporting purposes.

c. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Library Fund, which is considered a nonmajor fund.

d. Permanent Fund

The Permanent Fund accounts for and reports resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Permanent Fund accounts for operations of the Library Trust Fund, which is considered a nonmajor fund.

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County 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. Component Unit

The Charlotte County School Board has the following funds:

Governmental Funds:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Charlotte and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

School Cafeteria Fund - This fund accounts for the operations of the School Board's food service program. Financing is provided primarily by food and beverage sales and state and federal grants. This fund is considered a major fund.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and Library Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets, except School Operating and Cafeteria Funds, are adopted on a basis consistent with generally accepted accounting principles (GAAP). The School Operating and Cafeteria Funds are adopted using the cash basis of accounting.
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

F. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

At June 30, 2019 the County had restricted cash in the following amounts:

- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$220,906 of earnings on library investments restricted for library operations
- \$82,182 held for the capital projects

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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 balances between funds are reported as “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$152,173 at June 30, 2018 and is comprised solely of property taxes.

Property is assessed at its value on July 1. Property taxes attach as an enforceable lien on property as of July 1. Taxes are payable June 5th and December 5th. The County bills and collects its own property taxes.

H. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the School Cafeteria Fund consists of school food.

J. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the County and Component Unit School Board 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 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 the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

J. Capital Assets: (Continued)

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

| <u>Assets</u> | <u>Years</u> |
|-------------------------------|--------------|
| Buildings | 40 |
| Building Improvements | 20-40 |
| Vehicles | 5 |
| Office and Computer Equipment | 5 |
| Buses | 8 |
| Police Vehicles | 3 |

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported 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.

L. 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 financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

The following classifications of fund balance 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;

COUNTY OF CHARLOTTE, VIRGINIA

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

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

M. Fund Equity: (Continued)

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. 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 Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

N. 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.

O. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include unspent bond proceeds and accumulated interest that the County intends to use for the new Courthouse Project.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

P. Net Position

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

Q. Net Position Flow Assumption

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.

R. 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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

S. Pensions

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

T. 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 and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Deposits and Investments:

Deposits

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

Investments

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

| County's Rated Debt Investments' Values | | | | |
|---|----------------------|------|------------|--|
| Rated Debt Investments | Fair Quality Ratings | | | |
| | AAAm | AAf | Unrated | |
| Local Government Investment Pool | \$ 2,069,569 | \$ - | \$ - | |
| U.S. Government Money Market | - | - | 321,275 | |
| Virginia Investment Pool - Liquid General | 1,791,665 | - | - | |
| Virginia State Non-Arbitrage Program | 82,182 | - | - | |
| Total | \$ 3,943,416 | \$ - | \$ 321,275 | |

Redemption Restrictions: VML/VACO Virginia Investment Pool allows the County to have the option to have access to withdrawal funds twice a month, with a five day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc).

Interest Rate Risk

The County does not have a policy related to interest rate risk.

| County's Debt Investments' Values | | |
|---|--------------|------------------|
| Debt Investments | Fair Value | Less than 1 year |
| Local Government Investment Pool | \$ 2,069,569 | \$ 2,069,569 |
| U.S. Government Money Market | 321,275 | 321,275 |
| Virginia Investment Pool - Liquid General | 1,791,665 | 1,791,665 |
| Virginia State Non-Arbitrage Program | 82,182 | 82,182 |
| Total | \$ 4,264,691 | \$ 4,264,691 |

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2 - Deposits and Investments: (Continued)

Fair Value Measurements: (Continued)

- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2019:

| <u>Investment</u> | <u>6/30/2019</u> | <u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u> |
|---|---------------------|--|
| U.S. Government Money Market Fund | \$ 321,275 | \$ 321,275 |
| Total Investments measured at fair value | <u>\$ 321,275</u> | <u>321,275</u> |
| Investments measured at net asset value (NAV) | | |
| Virginia Investment Pool - Liquid General | <u>\$ 1,791,665</u> | |
| Total Investments measured at NAV | <u>\$ 1,791,665</u> | |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2 - Deposits and Investments: (Continued)

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Note 3 - Due From Other Governmental Units:

At June 30, 2019 the County has receivables from other governments as follows:

| | <u>Primary Government</u> | <u>Component Unit</u> |
|----------------------------|-------------------------------|---------------------------|
| Commonwealth of Virginia: | | |
| Local and state sales tax | \$ 115,430 | \$ 246,962 |
| Communication tax | 17,392 | - |
| Rolling stock | 74,081 | - |
| Public assistance | 57,043 | - |
| Comprehensive services | 214,659 | - |
| Mobile home titling tax | 3,747 | - |
| Recordation tax | 6,525 | - |
| E-911 wireless | 97,618 | - |
| Commonwealth's Attorney | 13,142 | - |
| Sheriff | 104,876 | - |
| Clerk of the Circuit Court | 27,603 | - |
| Commissioner of Revenue | 6,848 | - |
| Treasurer | 7,478 | - |
| Workforce Investment Board | 11,569 | - |
| Other state funds | 2,685 | - |
| Federal Government: | | |
| School funds | - | 171,606 |
| Public assistance | 106,697 | - |
| Other federal funds | 189 | - |
| Workforce Investment Board | 196,694 | - |
| Total | <u>\$ 1,064,276</u> | <u>\$ 418,568</u> |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4 - Capital Assets:

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

Primary Government:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---|-------------------------|---------------|---------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 250,555 | \$ - | \$ - | \$ 250,555 |
| Construction in progress | 18,664,836 | 3,346,567 | 19,360,193 | 2,651,210 |
| Total capital assets not being depreciated | \$ 18,915,391 | \$ 3,346,567 | \$ 19,360,193 | \$ 2,901,765 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 6,877,802 | \$ 15,318,681 | \$ - | \$ 22,196,483 |
| Equipment | 2,996,044 | 296,353 | 71,097 | 3,221,300 |
| Jointly owned assets | 2,743,361 | - | 80,000 | 2,663,361 |
| Total capital assets being depreciated | \$ 12,617,207 | \$ 15,615,034 | \$ 151,097 | \$ 28,081,144 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 3,216,273 | \$ 394,331 | \$ - | \$ 3,610,604 |
| Equipment | 2,269,504 | 228,199 | 17,468 | 2,480,235 |
| Jointly owned assets | 375,990 | 37,500 | 13,500 | 399,990 |
| Total accumulated depreciation | \$ 5,861,767 | \$ 660,030 | \$ 30,968 | \$ 6,490,829 |
| Total capital assets being depreciated, net | \$ 6,755,440 | \$ 14,955,004 | \$ 120,129 | \$ 21,590,315 |
| Governmental activities capital assets, net | \$ 25,670,831 | \$ 18,301,571 | \$ 19,480,322 | \$ 24,492,080 |

Construction in progress for the primary government and component unit school board are budgeted and expended using funds from the Capital Projects Fund. Once completed, capital projects related to the component unit school board are recorded on entity wide statements for the component unit school board.

Discretely Presented Component Unit-School Board:

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---|-------------------------|--------------|-------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 65,745 | \$ - | \$ - | \$ 65,745 |
| Total capital assets not being depreciated | \$ 65,745 | \$ - | \$ - | \$ 65,745 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | \$ 11,433,532 | \$ 4,041,512 | \$ - | \$ 15,475,044 |
| Equipment | 5,024,552 | 74,680 | - | 5,099,232 |
| Jointly owned assets | 3,055,321 | 80,000 | - | 3,135,321 |
| Total capital assets being depreciated | \$ 19,513,405 | \$ 4,196,192 | \$ - | \$ 23,709,597 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 7,352,033 | \$ 429,166 | \$ - | \$ 7,781,199 |
| Equipment | 4,237,256 | 421,840 | - | 4,659,096 |
| Jointly owned assets | 1,386,678 | 13,500 | 37,500 | 1,362,678 |
| Total accumulated depreciation | \$ 12,975,967 | \$ 864,506 | \$ 37,500 | \$ 13,802,973 |
| Total capital assets being depreciated, net | \$ 6,537,438 | \$ 3,331,686 | \$ (37,500) | \$ 9,906,624 |
| Governmental activities capital assets, net | \$ 6,603,183 | \$ 3,331,686 | \$ (37,500) | \$ 9,972,369 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4 - Capital Assets: (Continued)

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

| | |
|-----------------------------------|-------------------|
| Governmental activities: | |
| General government administration | \$ 59,512 |
| Judicial administration | 269,703 |
| Public safety | 183,280 |
| Public works | 81,763 |
| Health and welfare | 23,467 |
| Education | 37,500 |
| Parks, recreation and cultural | <u>4,805</u> |
| Total | <u>\$ 660,030</u> |
| Component Unit-School Board | <u>\$ 864,506</u> |

Note 5 - Compensated Absences:

The County has accrued the liability arising from compensated absences.

Certain County employees (Department of Social Services employees) earn vacation and sick leave at various rates. The County had outstanding compensated absences pay as follows:

| | |
|--------------------|-------------------|
| Primary Government | <u>\$ 359,655</u> |
|--------------------|-------------------|

Note 6 - Long-Term Obligations:

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

| | <u>Balance at July 1, 2018</u> | <u>Issuances/ Additions</u> | <u>Retirements/ Deletions</u> | <u>Balance at June 30, 2019</u> | <u>Due Within One Year</u> |
|---|------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|--------------------------------|
| Primary Government: | | | | | |
| Direct Borrowings or Placements: | | | | | |
| General obligation bond | \$ 11,395,000 | \$ - | \$ 80,000 | \$ 11,315,000 | \$ 90,000 |
| Revenue bond | 1,040,000 | - | 80,000 | 960,000 | 80,000 |
| Lease revenue bond | 6,100,000 | - | 367,000 | 5,733,000 | 376,000 |
| Premium on bonds | 696,460 | - | 24,874 | 671,586 | 24,874 |
| Compensated absences | 420,244 | - | 60,589 | 359,655 | 35,966 |
| Net OPEB liabilities | 543,900 | 272,629 | 53,000 | 763,529 | - |
| Net pension liability | 1,407,310 | 950,096 | 1,433,026 | 924,380 | - |
| Landfill postclosure and corrective action liability | <u>1,551,367</u> | <u>34,570</u> | <u>48,322</u> | <u>1,537,615</u> | <u>-</u> |
| Total Primary Government | <u>\$ 23,154,281</u> | <u>\$ 1,257,295</u> | <u>\$ 2,146,811</u> | <u>\$ 22,264,765</u> | <u>\$ 606,840</u> |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6 - Long-Term Obligations: (Continued)

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

| Year Ending June 30, | Primary Government | | | | | |
|----------------------------|---------------------------------|----------|---------------|--------------|--------------------|--------------|
| | Direct Borrowings or Placements | | | | | |
| | General Obligation Bond | | Revenue Bond | | Lease Revenue Bond | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 80,000 | \$ - | \$ 90,000 | \$ 481,156 | \$ 376,000 | \$ 149,058 |
| 2021 | 80,000 | - | 95,000 | 477,391 | 386,000 | 139,282 |
| 2022 | 80,000 | - | 100,000 | 473,369 | 396,000 | 129,246 |
| 2023 | 80,000 | - | 105,000 | 468,466 | 407,000 | 118,950 |
| 2024 | 80,000 | - | 110,000 | 463,306 | 417,000 | 108,368 |
| 2025-2029 | 400,000 | - | 1,100,000 | 2,189,094 | 2,253,000 | 373,464 |
| 2030-2034 | 160,000 | - | 2,015,000 | 1,882,300 | 1,498,000 | 78,546 |
| 2035-2039 | - | - | 2,745,000 | 1,410,419 | - | - |
| 2040-2044 | - | - | 3,370,000 | 781,991 | - | - |
| 2045-2046 | - | - | 1,585,000 | 76,159 | - | - |
| Total | \$ 960,000 | \$ - | \$ 11,315,000 | \$ 8,703,651 | \$ 5,733,000 | \$ 1,096,914 |

Details of Long-Term Obligations (Payable from the General Fund):

Direct Borrowings or Placements:

General Obligations Bonds:

\$1,500,000 Virginia Public School Authority Bonds 2011, issued December 15, 2011, maturing annually through June 1, 2031, interest at 4.25% \$ 960,000

Premium on bonds 671,586

Total General Obligation Bonds \$ 1,631,586

Revenue Bonds:

\$11,570,000 Virginia Resources Authority Revenue Bonds 2015, issued June 25, 2015, maturing annually through April 1, 2046, interest at 4.01% \$ 11,315,000

Lease Revenue Bond:

\$6,100,000 issued August 15, 2017 for the renovation of Eureka Elementary School due in annual installments of principal and interest of approximately \$525,000 through June 30, 2032, interest at 2.60% \$ 5,733,000

Compensated Absences \$ 359,655

Net OPEB liabilities \$ 763,529

Net pension liability \$ 924,380

Landfill postclosure and corrective action liability \$ 1,537,615

Total Primary Government \$ 22,264,765

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board:

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

| | <u>Balance at July 1, 2018</u> | <u>Issuances/ Additions</u> | <u>Retirements/ Deletions</u> | <u>Balance at June 30, 2019</u> | <u>Amounts Due Within One Year</u> |
|-----------------------|------------------------------------|---------------------------------|-----------------------------------|-------------------------------------|--|
| Capital Lease | \$ 729,728 | \$ 24,979 | \$ 114,766 | \$ 639,941 | \$ 97,810 |
| Net OPEB liabilities | 4,100,000 | 304,765 | 427,786 | 3,976,979 | - |
| Net pension liability | <u>17,424,000</u> | <u>3,786,000</u> | <u>4,491,000</u> | <u>16,719,000</u> | <u>-</u> |
| | <u>\$ 22,253,728</u> | <u>\$ 4,115,744</u> | <u>\$ 5,033,552</u> | <u>\$ 21,335,920</u> | <u>\$ 97,810</u> |

The County has entered into capital leases for energy efficient equipment and school computers. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through capital leases are as follows:

| | <u>Energy Efficient Equipment</u> | <u>School Backup System</u> | <u>Total</u> |
|----------------------------------|---|---------------------------------|-------------------|
| Equipment | \$ 1,500,000 | \$ 24,979 | \$ 1,524,979 |
| Accumulated depreciation | <u>(587,500)</u> | <u>(8,326)</u> | <u>(595,826)</u> |
| Net book value of Capital Assets | <u>\$ 912,500</u> | <u>\$ 16,653</u> | <u>\$ 929,153</u> |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6 - Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Present value of future minimum lease payments:

| Year Ending June 30, | Energy Efficient Equipment | School Computers | Total |
|--|----------------------------------|---------------------|-------------------|
| 2020 | \$ 111,107 | \$ 9,083 | \$ 120,190 |
| 2021 | 111,117 | 9,223 | 120,340 |
| 2022 | 111,127 | - | 111,127 |
| 2023 | 111,137 | - | 111,137 |
| 2024 | 111,137 | - | 111,137 |
| 2025-2026 | 165,191 | - | 165,191 |
| Total minimum lease payments | \$ 720,816 | \$ 18,306 | \$ 739,122 |
| Less: amount representing interest | (96,732) | (2,449) | (99,181) |
| Present value of future minimum lease payments | <u>\$ 624,084</u> | <u>\$ 15,857</u> | <u>\$ 639,941</u> |

Details of long-term obligations (payable from the Component Unit-School Board):

Capital Leases:

\$2,296,949 issued July 22, 2011 for the lease/purchase of energy efficient equipment due in monthly installments of principal and interest through November 30, 2026, open to prepayment, interest at 3.54% \$ 624,084

\$24,979 issued September 17, 2018 for the lease/purchase of computer backup system due in annual installments of principal and interest through June 30, 2021, open to prepayment, interest at 8.88% 15,857

Total Capital Leases \$ 639,941

Net OPEB liabilities \$ 3,976,979

Net pension liability \$ 16,719,000

Total Component Unit - School Board \$ 21,335,920

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 7 - Commitments and Contingencies:

Federal programs in which the County and discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

Note 8 - Litigation:

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

Note 9 - Interfund Obligations:

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

| <u>Fund</u> | <u>Due from Component Unit School Board</u> | <u>Due to Primary Government</u> |
|----------------|---|--|
| General School | \$ 671,423 - | \$ - 671,423 |
| Total | \$ 671,423 | \$ 671,423 |

| <u>Fund</u> | <u>Due from General Fund</u> | <u>Due to Special Revenue Fund - Library</u> |
|-----------------|--------------------------------------|--|
| Library General | \$ 8,027 - | \$ - 8,027 |
| Total | \$ 8,027 | \$ 8,027 |

Note 10 - Pension Plans:

Plan Description

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

Note 10 - Pension Plans: (Continued)

Benefit Structures

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

| | Primary Government | Component Unit School Board Nonprofessional |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 54 | 38 |
| Inactive members: | | |
| Vested inactive members | 10 | 1 |
| Non-vested inactive members | 8 | 9 |
| Inactive members active elsewhere in VRS | 38 | 4 |
| Total inactive members | 56 | 14 |
| Active members | 95 | 29 |
| Total covered employees | 205 | 81 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 9.36% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$413,712 and \$359,668 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 3.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$18,186 and \$21,576 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at 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.

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Largest 10 - Non-Hazardous Duty:

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

All

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

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

Mortality rates: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

| | Primary Government | | |
|--|--------------------------------------|--|--|
| | Increase (Decrease) | | |
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2017 | \$ 23,589,605 | \$ 22,182,295 | \$ 1,407,310 |
| Changes for the year: | | | |
| Service cost | \$ 496,713 | \$ - | \$ 496,713 |
| Interest | 1,621,726 | - | 1,621,726 |
| Differences between expected and actual experience | (324,168) | - | (324,168) |
| Contributions - employer | - | 429,689 | (429,689) |
| Contributions - employee | - | 218,822 | (218,822) |
| Net investment income | - | 1,644,260 | (1,644,260) |
| Benefit payments, including refunds of employee contributions | (844,175) | (844,175) | - |
| Administrative expenses | - | (14,104) | 14,104 |
| Other changes | - | (1,466) | 1,466 |
| Net changes | \$ 950,096 | \$ 1,433,026 | \$ (482,930) |
| Balances at June 30, 2018 | \$ 24,539,701 | \$ 23,615,321 | \$ 924,380 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (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 (Asset) (a) - (b) |
| Balances at June 30, 2017 | \$ 3,375,034 | \$ 3,585,885 | \$ (210,851) |
| Changes for the year: | | | |
| Service cost | \$ 65,113 | \$ - | \$ 65,113 |
| Interest | 228,185 | - | 228,185 |
| Differences between expected and actual experience | (90,382) | - | (90,382) |
| Contributions - employer | - | 21,728 | (21,728) |
| Contributions - employee | - | 30,988 | (30,988) |
| Net investment income | - | 260,691 | (260,691) |
| Benefit payments, including refunds of employee contributions | (230,491) | (230,491) | - |
| Administrative expenses | - | (2,352) | 2,352 |
| Other changes | - | (228) | 228 |
| Net changes | \$ (27,575) | \$ 80,336 | \$ (107,911) |
| Balances at June 30, 2018 | \$ 3,347,459 | \$ 3,666,221 | \$ (318,762) |

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

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

| | Rate | | |
|---|------------------------|-----------------------------|------------------------|
| | 1% Decrease (6.00%) | Current Discount (7.00%) | 1% Increase (8.00%) |
| County | | | |
| Net Pension Liability (Asset) | \$ 3,949,201 | \$ 924,380 | \$ (1,610,518) |
| Component Unit School Board (nonprofessional) | | | |
| Net Pension Liability (Asset) | \$ (4,164) | \$ (318,762) | \$ (589,014) |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of (\$194,899) and (\$70,788), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Primary Government | | Component Unit School Board (nonprofessional) | |
|--|--------------------------------|-------------------------------|---|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 368,000 | \$ - | \$ 47,137 |
| Change of assumptions | - | 70,924 | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 209,125 | - | 24,700 |
| Employer contributions subsequent to the measurement date | 413,712 | - | 18,186 | - |
| Total | \$ 413,712 | \$ 648,049 | \$ 18,186 | \$ 71,837 |

\$413,712 and \$18,186 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| Year ended June 30 | Primary Government | Component Unit School Board (nonprofessional) |
|--------------------|--------------------|---|
| 2020 | \$ (210,200) | \$ (27,039) |
| 2021 | (158,458) | (4,354) |
| 2022 | (259,611) | (37,245) |
| 2023 | (19,780) | (3,199) |
| 2024 | - | - |
| Thereafter | - | - |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,710,602 and \$1,832,634 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$16,719,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .14217% as compared to .14168% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$542,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 1,430,000 |
| Change of assumptions | 200,000 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 355,000 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 54,000 | 614,000 |
| Employer contributions subsequent to the measurement date | <u>1,710,602</u> | <u>-</u> |
| Total | <u>\$ 1,964,602</u> | <u>\$ 2,399,000</u> |

\$1,710,602 was reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

| <u>Year ended June 30</u> | |
|---------------------------|--------------|
| 2020 | \$ (533,000) |
| 2021 | (496,000) |
| 2022 | (818,000) |
| 2023 | (243,000) |
| 2024 | (55,000) |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

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

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

| | Rate | | |
|---|---------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (6.00%) | (7.00%) | (8.00%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability | \$ 25,539,000 | \$ 16,719,000 | \$ 9,419,000 |

Pension Plan Fiduciary Net Position

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

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 | \$ 413,712 | \$ 648,049 | \$ 924,380 | \$ (194,899) |
| Totals | \$ 413,712 | \$ 648,049 | \$ 924,380 | \$ (194,899) |
| Component Unit School Board | | | | |
| School Board Nonprofessional | \$ 18,186 | \$ 71,837 | \$ (318,762) | \$ (70,788) |
| School Board Professional | 1,964,602 | 2,399,000 | 16,719,000 | 542,000 |
| Totals | \$ 1,982,788 | \$ 2,470,837 | \$ 16,400,238 | \$ 471,212 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 11 - Deferred/Unavailable Revenue:

Unavailable 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. Unavailable revenue totaling \$729,872 is comprised of the following:

- A. Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$688,257.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2019, but paid in advance by the taxpayers totaled \$41,615 at June 30, 2019.

Note 12 - Surety Bonds:

| | |
|--|------------|
| Fidelity and Deposit Company of Maryland -Surety | |
| Nan R. Colley, Clerk of Circuit Court | \$ 100,000 |
| Patricia P. Berkeley, Treasurer | 400,000 |
| Naisha P. Carter, Commissioner of the Revenue | 3,000 |
| Thomas D. Jones, Sheriff | 30,000 |
| The above constitutional officer's employees- blanket bond | 50,000 |
| Nationwide Insurance Agency- Surety | |
| Nancy Leonard, Superintendent of Schools | 10,000 |
| Dana Ramsey, Clerk of the School Board | 10,000 |
| All social services employees - employee dishonesty coverage- blanket bond | 100,000 |
| Gary D. Walker, Chairman | 1,000 |
| Garland H. Hamlett, Jr., Vice Chairman | 1,000 |
| Robert L. Shook, Jr., Supervisor | 1,000 |
| Donna Fore, Supervisor | 1,000 |
| Royal S. Freeman, Supervisor | 1,000 |
| Kay M. Pierantoni, Supervisor | 1,000 |
| Daniel N. Witt, County Administrator | 1,000 |

Note 13 - Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 13 - Risk Management: (Continued)

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 loss. Settled claims from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 14 - Jail Funds:

The following is a summary of activity from the special accounts at the Charlotte County Sheriff's Office for the year ended June 30, 2019:

| | <u>Receipts</u> | <u>Disbursements</u> | <u>Excess of Receipts over (under) Disbursements</u> |
|--------------------------------|-------------------|----------------------|--|
| Commissary (Operating) Account | \$ 1,622 | \$ 3,006 | \$ (1,384) |
| Inmate Trust Accounts | 364,139 | 357,733 | 6,406 |
| Inmate Accounts | 28,267 | 33,401 | (5,134) |
| Jail Telephone Commissions | <u>17,501</u> | <u>16,286</u> | <u>1,215</u> |
| Totals | <u>\$ 411,529</u> | <u>\$ 410,426</u> | <u>\$ 1,103</u> |

Note 15 - Solid Waste Landfill Postclosure Care and Corrective Action Costs:

The County has closed a previously operated solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Environmental Quality. The total \$1,537,615 reported as landfill postclosure care and corrective action liability at June 30, 2019, represents \$1,110,908 for postclosure care liability and \$426,707 for ground water corrective action and remediation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund these costs from accumulated funds held in the general fund.

The County has demonstrated financial assurance requirements for postclosure care 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.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program:

Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were \$23,456 and \$23,016 for the years ended June 30, 2019 and June 30, 2018, respectively, for the County; \$3,119 and \$3,499 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (nonprofessional); and \$57,663 and \$59,350 for the years ended June 30, 2019 and June 30, 2018, respectively, for the School Board (professional).

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

At June 30, 2019, the entity reported a liability of \$354,000, \$54,000 and \$912,000 for the County, School Board (Nonprofessional), and School Board (Professional), respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .02328%, .00354%, and .06002% for the County, School Board (Professional), and School Board (Nonprofessional), respectively, as compared to .02299%, .00368%, and .06019% for the County, School Board (Nonprofessional), and School Board (Professional), respectively, at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$3,000, (\$1,000), and (\$1,000) for the County, School Board Nonprofessional, and School Board Professional, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Primary Government | | |
| Differences between expected and actual experience | \$ 17,000 | \$ 6,000 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 12,000 |
| Change in assumptions | - | 15,000 |
| Changes in proportion | 3,000 | - |
| Employer contributions subsequent to the measurement date | 23,456 | - |
| Total Primary Government | <u>\$ 43,456</u> | <u>\$ 33,000</u> |
| Component Unit School Board (nonprofessional) | | |
| Differences between expected and actual experience | \$ 3,000 | \$ 1,000 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 2,000 |
| Change in assumptions | - | 2,000 |
| Changes in proportion | 3,000 | - |
| Employer contributions subsequent to the measurement date | 3,119 | - |
| Total Component Unit School Board (nonprofessional) | <u>\$ 9,119</u> | <u>\$ 5,000</u> |
| Component Unit School Board (professional) | | |
| Differences between expected and actual experience | \$ 45,000 | \$ 16,000 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 30,000 |
| Change in assumptions | - | 38,000 |
| Changes in proportion | - | 16,000 |
| Employer contributions subsequent to the measurement date | 57,663 | - |
| Total Component Unit School Board (professional) | <u>\$ 102,663</u> | <u>\$ 100,000</u> |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

\$23,456, \$3,119, and \$57,663 for the County, School Board (Nonprofessional), and School Board (Professional), respectively, are reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ended June 30 | Primary Government | Component Unit School Board (nonprofessional) | Component Unit School Board (professional) |
|--------------------|-----------------------|---|--|
| 2020 | \$ (4,000) | \$ 1,000 | \$ (17,000) |
| 2021 | (4,000) | - | (17,000) |
| 2022 | (4,000) | - | (17,000) |
| 2023 | (2,000) | - | (9,000) |
| 2024 | 1,000 | - | 3,000 |
| Thereafter | - | - | 2,000 |

Actuarial Assumptions

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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

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

| | | Rate | | |
|---|----|-------------|------------------|-------------|
| | | 1% Decrease | Current Discount | 1% Increase |
| | | (6.00%) | (7.00%) | (8.00%) |
| County's proportionate share of the Group Life Insurance Program | | | | |
| Net OPEB Liability | \$ | 462,000 | \$ 354,000 | \$ 266,000 |
| School Board(nonprofessional)'s proportionate share of the Group Life Insurance Program | | | | |
| Net OPEB Liability | \$ | 71,000 | \$ 54,000 | \$ 41,000 |
| School Board(professional)'s proportionate share of the Group Life Insurance Program | | | | |
| Net OPEB Liability | \$ | 1,191,000 | \$ 912,000 | \$ 685,000 |

GLI Program Fiduciary Net Position

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$132,973 and \$139,914 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$1,786,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .14065% as compared to .14051% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$141,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 9,000 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | - | 1,000 |
| Change in assumptions | - | 16,000 |
| Change in proportion | - | 40,000 |
| Employer contributions subsequent to the measurement date | <u>132,973</u> | <u>-</u> |
| Total | <u>\$ 132,973</u> | <u>\$ 66,000</u> |

\$132,973 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-------------|
| 2020 | \$ (12,000) |
| 2021 | (12,000) |
| 2022 | (12,000) |
| 2023 | (11,000) |
| 2024 | (11,000) |
| Thereafter | (8,000) |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

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

| | Rate | | |
|---|--------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (6.00%) | (7.00%) | (8.00%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan | | | |
| Net HIC OPEB Liability | \$ 1,995,000 | \$ 1,786,000 | \$ 1,608,000 |

Teacher Employee HIC OPEB Fiduciary Net Position

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

Medical Insurance - Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 10, the County of Charlotte, Virginia administers a single-employer defined benefit healthcare plan, the Charlotte County OPEB 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 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.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

| | | |
|--------------------------------------|----|-------------------|
| Total active employees with coverage | \$ | 102 |
| Total retirees with coverage | | <u>3</u> |
| Total | \$ | <u><u>105</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, 2018 was \$0.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 2.50% per year as of June 30, 2018 |
| Salary Increases | 3.00% per year for general salary inflations as of June 30, 2018 |
| Discount Rate | 3.62% for accounting and funding disclosures as of June 30, 2018 |
| Investment Rate of Return | 6.75% as of June 30, 2018 |

Mortality rates for Active employees and healthy retirees were based on a RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2024.

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

| | | |
|------------------------------------|----|-----------------------|
| Balances at June 30, 2018 | \$ | 198,900 |
| Changes for the year: | | |
| Service cost | | 14,287 |
| Interest | | 7,160 |
| Effect of plan changes | | 2,639 |
| Effect of Economic gains or losses | | 32,000 |
| Changes in assumptions | | 156,747 |
| Benefit payments | | (2,204) |
| Net changes | \$ | <u>210,629</u> |
| Balances at June 30, 2019 | \$ | <u><u>409,529</u></u> |

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

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

| Rate | | |
|------------------------|----------------------------------|------------------------|
| 1% Decrease (2.62%) | Current Discount Rate (3.62%) | 1% Increase (4.62%) |
| \$ 453,362 | \$ 409,529 | \$ 370,519 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical 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 (5.00% decreasing annually to an ultimate rate of 4.00%) or one percentage point higher (7.00% decreasing annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

| Rates | | |
|---|---|---|
| 1% Decrease (5.00% decreasing to 4.00%) | Healthcare Cost Trend (6.00% decreasing to 5.00%) | 1% Increase (7.00% decreasing to 6.00%) |
| \$ 376,451 | \$ 409,529 | \$ 444,052 |

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

For the year ended June 30, 2018, the County recognized OPEB expense in the amount of \$51,050. At June 30, 2018, the County had the following amounts to report as deferred outflows of resources and deferred inflows of resources related to OPEB.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 27,429 | \$ - |
| Changes in assumptions | 134,355 | - |
| Total | \$ 161,784 | \$ - |

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 | |
|--------------------|-----------|
| 2020 | \$ 26,963 |
| 2021 | 26,963 |
| 2022 | 26,963 |
| 2023 | 26,963 |
| 2024 | 26,963 |
| Thereafter | 26,969 |

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board

Plan Description

In addition to the pension benefits described in Note 10, the School Board administers a single-employer defined benefit healthcare plan, the Charlotte County School Board OPEB 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 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.

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

| | | |
|--------------------------------------|----|-------------------|
| Total active employees with coverage | \$ | 279 |
| Total retirees with coverage | | <u>15</u> |
| Total | \$ | <u><u>294</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, 2019 was \$0.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 2.50% per year as of June 30, 2018 |
| Salary Increases | 3.00% per year for general salary inflations as of June 30, 2018 |
| Discount Rate | 3.62% for accounting and funding disclosures as of June 30, 2018 |
| Investment Rate of Return | 6.75% as of June 30, 2018 |

Mortality rates for Active employees and healthy retirees were based on a RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2024.

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

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

Changes in Total OPEB Liability

| | | |
|------------------------------------|----|------------------|
| Balances at June 30, 2018 | \$ | 1,356,000 |
| Changes for the year: | | |
| Service cost | | 50,204 |
| Interest | | 42,484 |
| Effect of Economic gains or losses | | 29,000 |
| Changes in assumptions | | (173,923) |
| Benefit payments | | (78,786) |
| Net changes | | (131,021) |
| Balances at June 30, 2019 | \$ | <u>1,224,979</u> |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

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

| Rate | | |
|------------------------|----------------------------------|------------------------|
| 1% Decrease (2.62%) | Current Discount Rate (3.62%) | 1% Increase (4.62%) |
| \$ 1,343,601 | \$ 1,224,979 | \$ 1,119,480 |

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 (5.00% decreasing annually to an ultimate rate of 4.00%) or one percentage point higher (7.00% decreasing annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

| Rates | | |
|---|--|---|
| 1% Decrease (5.00% decreasing to 4.00%) | Healthcare Cost Trend (6.00% decreasing to 5.00%) | 1% Increase (7.00% decreasing to 6.00%) |
| \$ 1,141,798 | \$ 1,224,979 | \$ 1,304,958 |

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Medical Insurance - Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$79,513. At June 30, 2019, the School Board had the following amounts to report as deferred outflows of resources and deferred inflows of resources related to OPEB.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 26,364 | \$ - |
| Changes in assumptions | - | 158,112 |
| Total | <u>\$ 26,364</u> | <u>\$ 158,112</u> |

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

| <u>Year Ended June 30</u> | |
|---------------------------|-------------|
| 2020 | \$ (13,175) |
| 2021 | (13,175) |
| 2022 | (13,175) |
| 2023 | (13,175) |
| 2024 | (13,175) |
| Thereafter | (65,873) |

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

Aggregate Pension Information

| | <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 16): | | | | |
| County | \$ 43,456 | \$ 33,000 | \$ 354,000 | \$ 3,000 |
| County Stand-Alone Plan (Note 16) | 161,784 | - | 409,529 | 51,050 |
| Totals | <u>\$ 205,240</u> | <u>\$ 33,000</u> | <u>\$ 763,529</u> | <u>\$ 54,050</u> |
| Component Unit School Board | | | | |
| VRS OPEB Plans: | | | | |
| Group Life Insurance Program (Note 16): | | | | |
| School Board Nonprofessional | \$ 9,119 | \$ 5,000 | \$ 54,000 | \$ (1,000) |
| School Board Professional | 102,663 | 100,000 | 912,000 | (1,000) |
| Teacher Health Insurance Credit Program (Note 16) | 132,973 | 66,000 | 1,786,000 | 141,000 |
| School Stand-Alone Plan (Note 16) | 26,364 | 158,112 | 1,224,979 | 79,513 |
| Totals | <u>\$ 271,119</u> | <u>\$ 329,112</u> | <u>\$ 3,976,979</u> | <u>\$ 218,513</u> |

Note 17 - Interfund Transfers:

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

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| Primary Government: | | |
| General Fund | \$ - | \$ 2,528,930 |
| Capital Projects Fund | 2,320,944 | - |
| Library Fund | 207,986 | - |
| Total | <u>\$ 2,528,930</u> | <u>\$ 2,528,930</u> |

Note 18 - Adoption of Accounting Principles and Prior Year Reclassification:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 19 - Upcoming Pronouncements:

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

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

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

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

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

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

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- Required Supplementary Information -

Note to Required Supplementary Information:

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

General Fund

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

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | Actual Amounts | |
| REVENUES | | | | |
| General property taxes | \$ 8,622,000 | \$ 8,622,000 | \$ 9,042,315 | \$ 420,315 |
| Other local taxes | 1,234,979 | 1,234,979 | 1,296,251 | 61,272 |
| Permits, privilege fees, and regulatory licenses | 63,700 | 63,700 | 70,740 | 7,040 |
| Fines and forfeitures | 172,000 | 172,000 | 225,331 | 53,331 |
| Revenue from the use of money and property | 230,825 | 230,825 | 313,595 | 82,770 |
| Charges for services | 497,433 | 497,433 | 508,595 | 11,162 |
| Miscellaneous | 498,567 | 498,567 | 514,927 | 16,360 |
| Intergovernmental: | | | | |
| Commonwealth | 6,259,051 | 6,259,051 | 4,717,263 | (1,541,788) |
| Federal | 2,715,445 | 2,715,445 | 2,789,221 | 73,776 |
| Total revenues | \$ 20,294,000 | \$ 20,294,000 | \$ 19,478,238 | \$ (815,762) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 1,591,550 | \$ 1,591,550 | \$ 1,410,185 | \$ 181,365 |
| Judicial administration | 624,586 | 624,586 | 582,880 | 41,706 |
| Public safety | 5,486,165 | 5,486,165 | 4,858,751 | 627,414 |
| Public works | 2,015,002 | 2,015,002 | 1,664,813 | 350,189 |
| Health and welfare | 6,727,997 | 6,727,997 | 5,059,955 | 1,668,042 |
| Education | 4,475,817 | 4,475,817 | 4,245,774 | 230,043 |
| Parks, recreation, and cultural | 107,823 | 107,823 | 102,493 | 5,330 |
| Community development | 297,533 | 297,533 | 279,684 | 17,849 |
| Nondepartmental | 133,420 | 133,420 | 154,506 | (21,086) |
| Debt service: | | | | |
| Principal retirement | 367,000 | 367,000 | 527,000 | (160,000) |
| Interest and other fiscal charges | 158,600 | 158,600 | 707,463 | (548,863) |
| Total expenditures | \$ 21,985,493 | \$ 21,985,493 | \$ 19,593,504 | \$ 2,391,989 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (1,691,493) | \$ (1,691,493) | \$ (115,266) | \$ 1,576,227 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 795,678 | \$ 795,678 | \$ - | \$ (795,678) |
| Transfers (out) | (4,595,310) | (4,595,310) | (2,528,930) | 2,066,380 |
| Total other financing sources and (uses) | \$ (3,799,632) | \$ (3,799,632) | \$ (2,528,930) | \$ 1,270,702 |
| Net change in fund balances | \$ (5,491,125) | \$ (5,491,125) | \$ (2,644,196) | \$ 2,846,929 |
| Fund balances - beginning | 5,491,125 | 5,491,125 | 10,830,606 | 5,339,481 |
| Fund balances - ending | \$ - | \$ - | \$ 8,186,410 | \$ 8,186,410 |

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | |
| Service cost | \$ 496,713 | \$ 499,908 | \$ 501,753 | \$ 504,280 | \$ 517,448 |
| Interest | 1,621,726 | 1,560,574 | 1,494,782 | 1,415,451 | 1,333,403 |
| Differences between expected and actual experience | (324,168) | (215,983) | (363,963) | (138,453) | - |
| Changes in assumptions | - | (180,040) | - | - | - |
| Benefit payments, including refunds of employee contributions | (844,175) | (737,526) | (647,871) | (648,085) | (709,385) |
| Net change in total pension liability | \$ 950,096 | \$ 926,933 | \$ 984,701 | \$ 1,133,193 | \$ 1,141,466 |
| Total pension liability - beginning | 23,589,605 | 22,662,672 | 21,677,971 | 20,544,778 | 19,403,312 |
| Total pension liability - ending (a) | \$ 24,539,701 | \$ 23,589,605 | \$ 22,662,672 | \$ 21,677,971 | \$ 20,544,778 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 429,689 | \$ 413,671 | \$ 517,045 | \$ 508,216 | \$ 536,281 |
| Contributions - employee | 218,822 | 210,021 | 204,950 | 202,851 | 206,474 |
| Net investment income | 1,644,260 | 2,430,144 | 347,483 | 857,967 | 2,533,826 |
| Benefit payments, including refunds of employee contributions | (844,175) | (737,526) | (647,871) | (648,085) | (709,385) |
| Administrative expense | (14,104) | (13,876) | (11,980) | (11,513) | (13,495) |
| Other | (1,466) | (2,168) | (146) | (182) | 134 |
| Net change in plan fiduciary net position | \$ 1,433,026 | \$ 2,300,266 | \$ 409,481 | \$ 909,254 | \$ 2,553,835 |
| Plan fiduciary net position - beginning | 22,182,295 | 19,882,029 | 19,472,548 | 18,563,294 | 16,009,459 |
| Plan fiduciary net position - ending (b) | \$ 23,615,321 | \$ 22,182,295 | \$ 19,882,029 | \$ 19,472,548 | \$ 18,563,294 |
| County's net pension liability - ending (a) - (b) | \$ 924,380 | \$ 1,407,310 | \$ 2,780,643 | \$ 2,205,423 | \$ 1,981,484 |
| Plan fiduciary net position as a percentage of the total pension liability | 96.23% | 94.03% | 87.73% | 89.83% | 90.36% |
| Covered payroll | \$ 4,414,261 | \$ 4,233,199 | \$ 4,129,210 | \$ 4,046,086 | \$ 4,062,738 |
| County's net pension liability as a percentage of covered payroll | 20.94% | 33.24% | 67.34% | 54.51% | 48.77% |

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | |
| Service cost | \$ 65,113 | \$ 60,843 | \$ 50,901 | \$ 42,332 | \$ 40,341 |
| Interest | 228,185 | 227,017 | 213,445 | 215,657 | 211,225 |
| Differences between expected and actual experience | (90,382) | (37,709) | 185,909 | (50,746) | - |
| Changes in assumptions | - | (3,475) | - | - | - |
| Benefit payments, including refunds of employee contributions | (230,491) | (229,487) | (283,260) | (194,427) | (182,060) |
| Net change in total pension liability | \$ (27,575) | \$ 17,189 | \$ 166,995 | \$ 12,816 | \$ 69,506 |
| Total pension liability - beginning | 3,375,034 | 3,357,845 | 3,190,850 | 3,178,034 | 3,108,528 |
| Total pension liability - ending (a) | \$ 3,347,459 | \$ 3,375,034 | \$ 3,357,845 | \$ 3,190,850 | \$ 3,178,034 |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 21,728 | \$ 20,699 | \$ 34,751 | \$ 30,279 | \$ 22,365 |
| Contributions - employee | 30,988 | 30,970 | 28,231 | 24,557 | 18,302 |
| Net investment income | 260,691 | 399,604 | 55,649 | 157,937 | 490,086 |
| Benefit payments, including refunds of employee contributions | (230,491) | (229,487) | (283,260) | (194,427) | (182,060) |
| Administrative expense | (2,352) | (2,432) | (2,304) | (2,269) | (2,736) |
| Other | (228) | (350) | (25) | (31) | 26 |
| Net change in plan fiduciary net position | \$ 80,336 | \$ 219,004 | \$ (166,958) | \$ 16,046 | \$ 345,983 |
| Plan fiduciary net position - beginning | 3,585,885 | 3,366,881 | 3,533,839 | 3,517,793 | 3,171,810 |
| Plan fiduciary net position - ending (b) | \$ 3,666,221 | \$ 3,585,885 | \$ 3,366,881 | \$ 3,533,839 | \$ 3,517,793 |
| School Division's net pension liability (asset) - ending (a) - (b) | \$ (318,762) | \$ (210,851) | \$ (9,036) | \$ (342,989) | \$ (339,759) |
| Plan fiduciary net position as a percentage of the total pension liability | 109.52% | 106.25% | 100.27% | 110.75% | 110.69% |
| Covered payroll | \$ 672,919 | \$ 678,586 | \$ 612,329 | \$ 533,394 | \$ 377,136 |
| School Division's net pension liability (asset) as a percentage of covered payroll | -47.37% | -31.07% | -1.48% | -64.30% | -90.09% |

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

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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------|---------------|---------------|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset) | 0.14% | 0.14% | 0.15% | 0.15% | 0.15% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$ 16,719,000 | \$ 17,424,000 | \$ 20,293,000 | \$ 18,417,000 | \$ 17,891,000 |
| Employer's Covered Payroll | 12,836,499 | 11,088,363 | 11,009,664 | 10,885,051 | 10,326,025 |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 130.25% | 157.14% | 184.32% | 169.20% | 173.26% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.81% | 72.92% | 68.28% | 70.68% | 70.88% |

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

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

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2019 | \$ 413,712 | \$ 413,712 | \$ - | \$ 4,510,811 | 9.17% |
| 2018 | 359,668 | 359,668 | - | 4,414,261 | 8.15% |
| 2017 | 418,240 | 418,240 | - | 4,233,199 | 9.88% |
| 2016 | 519,455 | 519,455 | - | 4,129,210 | 12.58% |
| 2015 | 508,998 | 508,998 | - | 4,046,086 | 12.58% |
| 2014 | 536,281 | 536,281 | - | 4,062,738 | 13.20% |
| 2013 | 526,084 | 526,084 | - | 3,985,485 | 13.20% |
| 2012 | 367,626 | 367,626 | - | 3,647,082 | 10.08% |
| 2011 | 372,697 | 372,697 | - | 3,697,386 | 10.08% |
| 2010 | 299,355 | 299,355 | - | 3,714,086 | 8.06% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2019 | \$ 18,186 | \$ 18,186 | \$ - | \$ 595,775 | 3.05% |
| 2018 | 21,576 | 21,576 | - | 672,919 | 3.21% |
| 2017 | 25,854 | 25,854 | - | 678,586 | 3.81% |
| 2016 | 37,291 | 37,291 | - | 612,329 | 6.09% |
| 2015 | 32,484 | 32,484 | - | 533,394 | 6.09% |
| 2014 | 22,365 | 22,365 | - | 366,041 | 6.11% |
| 2013 | 24,663 | 24,663 | - | 403,648 | 6.11% |
| 2012 | 16,307 | 16,307 | - | 541,766 | 3.01% |
| 2011 | 17,897 | 17,897 | - | 594,591 | 3.01% |
| 2010 | 30,231 | 30,231 | - | 636,440 | 4.75% |
| Component Unit School Board (professional) | | | | | |
| 2019 | \$ 1,710,602 | \$ 1,710,602 | \$ - | \$ 11,081,090 | 15.44% |
| 2018 | 1,832,634 | 1,832,634 | - | 12,836,499 | 14.28% |
| 2017 | 1,603,700 | 1,603,700 | - | 11,088,363 | 14.46% |
| 2016 | 1,541,463 | 1,541,463 | - | 11,009,664 | 14.00% |
| 2015 | 1,547,625 | 1,547,625 | - | 10,885,051 | 14.22% |
| 2014 | 1,303,017 | 1,303,017 | - | 10,326,025 | 12.62% |
| 2013 | 1,303,017 | 1,303,017 | - | 10,326,025 | 12.62% |
| 2012 | 1,111,932 | 1,111,932 | - | 9,814,057 | 11.33% |
| 2011 | 911,641 | 911,641 | - | 10,200,077 | 8.94% |
| 2010 | 1,363,831 | 1,363,831 | - | 11,669,146 | 11.69% |

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

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

| Date (1) | Employer's Proportion of the Net GLI OPEB Liability (Asset) (2) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3) | Employer's Covered Payroll (4) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|--|---|---|---|--|---|
| Primary Government | | | | | |
| 2018 | 0.02328% | \$ 354,000 | \$ 4,426,060 | 8.00% | 51.22% |
| 2017 | 0.02299% | 345,000 | 4,240,178 | 8.14% | 48.86% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2018 | 0.00354% | \$ 54,000 | \$ 672,919 | 8.02% | 51.22% |
| 2017 | 0.00368% | 55,000 | 678,586 | 8.11% | 48.86% |
| Component Unit School Board (professional) | | | | | |
| 2018 | 0.06002% | \$ 912,000 | \$ 11,413,497 | 7.99% | 51.22% |
| 2017 | 0.06019% | 906,000 | 11,102,273 | 8.16% | 48.86% |

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

Schedule of Employer Contributions

Group Life Insurance Program

For the Years Ended June 30, 2017 through June 30, 2019

| Date | Contractually Required Contribution (1) | Contributions in Relation to Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | Contributions as a % of Covered Payroll (5) |
|--|--|---|---|---|---|
| Primary Government | | | | | |
| 2019 | \$ 23,456 | \$ 23,456 | \$ - | \$ 4,510,811 | 0.52% |
| 2018 | 23,016 | 23,016 | - | 4,426,060 | 0.52% |
| 2017 | 22,049 | 22,049 | - | 4,240,178 | 0.52% |
| Component Unit School Board (nonprofessional) | | | | | |
| 2019 | \$ 3,119 | \$ 3,119 | \$ - | \$ 599,742 | 0.52% |
| 2018 | 3,499 | 3,499 | - | 672,919 | 0.52% |
| 2017 | 3,529 | 3,529 | - | 678,586 | 0.52% |
| Component Unit School Board (professional) | | | | | |
| 2019 | \$ 57,663 | \$ 57,663 | \$ - | \$ 11,088,946 | 0.52% |
| 2018 | 59,350 | 59,350 | - | 11,413,497 | 0.52% |
| 2017 | 57,732 | 57,732 | - | 11,102,273 | 0.52% |

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

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

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

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

Teachers

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

| Date | Employer's Proportion of the Net HIC OPEB Liability (Asset) | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) | Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability |
|------|--|--|----------------------------------|---|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2018 | 0.14065% | \$ 1,786,000 | \$ 11,375,134 | 15.70% | 8.08% |
| 2017 | 0.14051% | 1,783,000 | 11,089,399 | 16.08% | 7.04% |

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Program
Component Unit School Board
For the Years Ended June 30, 2017 through June 30, 2019

| | | Contributions in Relation to | | | | Contributions |
|------|---|---|--|----------------------------------|---------------------------------|---------------|
| | Contractually Required Contribution | Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | as a % of Covered Payroll | |
| Date | (1) | (2) | (3) | (4) | (5) | |
| 2019 | \$ 132,973 | \$ 132,973 | \$ - | \$ 11,081,090 | 1.20% | |
| 2018 | 139,914 | 139,914 | - | 11,375,134 | 1.23% | |
| 2017 | 136,400 | 123,092 | 13,308 | 11,089,399 | 1.11% | |

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.

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

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Total OPEB liability | | |
| Service cost | \$ 14,287 | \$ 7,400 |
| Interest | 7,160 | 6,900 |
| Plan changes | 2,639 | - |
| Differences between expected and actual experience | 32,000 | - |
| Change of assumptions | 156,747 | - |
| Benefit payments | (2,204) | (2,800) |
| Net change in total OPEB liability | \$ 210,629 | \$ 11,500 |
| Total OPEB liability - beginning | <u>198,800</u> | <u>187,400</u> |
| Total OPEB liability - ending | <u><u>\$ 409,429</u></u> | <u><u>\$ 198,900</u></u> |
| Covered payroll | \$ 4,267,000 | \$ 4,071,300 |
| County's total OPEB liability (asset) as a percentage of covered payroll | 9.60% | 4.89% |

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Total OPEB liability | | |
| Service cost | \$ 50,204 | \$ 85,700 |
| Interest | 42,484 | 47,500 |
| Changes in assumptions | (173,923) | - |
| Differences between expected and actual experience | 29,000 | - |
| Benefit payments | (78,786) | (50,700) |
| Net change in total OPEB liability | \$ (131,021) | \$ 82,500 |
| Total OPEB liability - beginning | <u>1,356,000</u> | <u>1,273,500</u> |
| Total OPEB liability - ending | <u><u>\$ 1,224,979</u></u> | <u><u>\$ 1,356,000</u></u> |
| Covered payroll | \$ 11,308,233 | \$ 10,484,900 |
| County's total OPEB liability (asset) as a percentage of covered payroll | 10.83% | 12.93% |

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

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

County and Component Unit School Board:

Valuation Date: 6/30/2019
Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|---|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 3.62% as of June 30, 2018 |
| Inflation | 2.50% per year as of June 30, 2018 |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 6.00% in 2017 and gradually declines to 5.00% |
| Salary Increase Rates | The salary increase rate starts at 3.00% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service |
| Retirement Age | The average age at retirement is 62 |
| Mortality Rates | The mortality rates for active and healthy retirees was calculated using the RPH-2014 Healthy Lives (separate tables for pre and post-retirement and for males and females), projected to decrease by Scale BB to 2014. |

- Other Supplementary Information -
Combining and Individual Fund Statements and Schedules

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

| | Special Revenue Fund | Permanent Fund | Total Nonmajor Governmental Funds |
|--------------------------------------|----------------------------|-------------------|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 55 | \$ - | \$ 55 |
| Due from other funds | 8,027 | - | 8,027 |
| Restricted assets: | | | |
| Investments | - | 220,906 | 220,906 |
| Permanently restricted: | | | |
| Investments | - | 100,000 | 100,000 |
| Total assets | <u>\$ 8,082</u> | <u>\$ 320,906</u> | <u>\$ 328,988</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 8,027 | \$ - | \$ 8,027 |
| Total liabilities | <u>\$ 8,027</u> | <u>\$ -</u> | <u>\$ 8,027</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Permanent fund corpus | \$ - | \$ 100,000 | \$ 100,000 |
| Restricted: | | | |
| Library operations | - | 220,906 | 220,906 |
| Assigned: | | | |
| Library operations | 55 | - | 55 |
| Total fund balances | <u>\$ 55</u> | <u>\$ 320,906</u> | <u>\$ 320,961</u> |
| Total liabilities and fund balances | <u>\$ 8,082</u> | <u>\$ 320,906</u> | <u>\$ 328,988</u> |

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

| | Special Revenue Fund | Permanent Fund | Total Nonmajor Funds |
|---|----------------------------|--------------------------|----------------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ - | \$ 23,063 | \$ 23,063 |
| Charges for services | 368 | - | 368 |
| Miscellaneous | - | 325 | 325 |
| Intergovernmental: | | | |
| Commonwealth | 49,309 | - | 49,309 |
| Total revenues | <u>\$ 49,677</u> | <u>\$ 23,388</u> | <u>\$ 73,065</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Parks, recreation, and cultural | \$ 257,663 | \$ 23,227 | \$ 280,890 |
| Total expenditures | <u>\$ 257,663</u> | <u>\$ 23,227</u> | <u>\$ 280,890</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (207,986)</u> | <u>\$ 161</u> | <u>\$ (207,825)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | <u>\$ 207,986</u> | <u>\$ -</u> | <u>\$ 207,986</u> |
| Net change in fund balances | \$ - | \$ 161 | \$ 161 |
| Fund balances - beginning | 55 | 320,745 | 320,800 |
| Fund balances - ending | <u><u>\$ 55</u></u> | <u><u>\$ 320,906</u></u> | <u><u>\$ 320,961</u></u> |

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

| | Library Fund | | | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ 368 | \$ 368 |
| Intergovernmental: | | | | |
| Commonwealth | 48,528 | 48,528 | 49,309 | 781 |
| Total revenues | \$ 48,528 | \$ 48,528 | \$ 49,677 | \$ 1,149 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Parks, recreation, and cultural | \$ 264,826 | \$ 264,826 | \$ 257,663 | \$ 7,163 |
| Total expenditures | \$ 264,826 | \$ 264,826 | \$ 257,663 | \$ 7,163 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (216,298) | \$ (216,298) | \$ (207,986) | \$ 8,312 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 216,298 | \$ 216,298 | \$ 207,986 | \$ (8,312) |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | 55 | 55 |
| Fund balances - ending | \$ - | \$ - | \$ 55 | \$ 55 |

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

| | Agency Funds | | | |
|--|--------------------|---------------------|------------------|---------------------|
| | Special Welfare | Virtual Virginia | Sheriff | Total |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 32,383 | \$ 1,447,357 | \$ 69,929 | \$ 1,549,669 |
| Due from other governemts | - | 334,729 | - | 334,729 |
| Total assets | <u>\$ 32,383</u> | <u>\$ 1,782,086</u> | <u>\$ 69,929</u> | <u>\$ 1,884,398</u> |
| LIABILITIES | | | | |
| Amounts held for social services clients | \$ 32,383 | \$ - | \$ - | \$ 32,383 |
| Accounts payable | - | 173,456 | - | 173,456 |
| Amounts held for others | - | 1,608,630 | 69,929 | 1,678,559 |
| Total liabilities | <u>\$ 32,383</u> | <u>\$ 1,782,086</u> | <u>\$ 69,929</u> | <u>\$ 1,884,398</u> |

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

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|--|---------------------------------|--------------|--------------|---------------------------|
| Special Welfare Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 44,901 | \$ 27,068 | \$ 39,586 | \$ 32,383 |
| Liabilities: | | | | |
| Amounts held for social services clients | \$ 44,901 | \$ 27,068 | \$ 39,586 | \$ 32,383 |
| Virtual Virginia Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,444,902 | \$ 3,828,861 | \$ 3,826,406 | \$ 1,447,357 |
| Due from other governments | - | 334,729 | - | 334,729 |
| Total assets | \$ 1,444,902 | \$ 4,163,590 | \$ 3,826,406 | \$ 1,782,086 |
| Liabilities: | | | | |
| Accounts payable | \$ 194,640 | \$ 173,456 | \$ 194,640 | \$ 173,456 |
| Amounts held for others | 1,250,262 | 3,990,134 | 3,631,766 | 1,608,630 |
| Total liabilities | \$ 1,444,902 | \$ 4,163,590 | \$ 3,826,406 | \$ 1,782,086 |
| Sheriff Funds: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 68,826 | \$ 411,528 | \$ 410,425 | \$ 69,929 |
| Liabilities: | | | | |
| Amounts held for others | \$ 68,826 | \$ 411,528 | \$ 410,425 | \$ 69,929 |
| Totals -- All agency funds: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,558,629 | \$ 4,267,457 | \$ 4,276,417 | \$ 1,549,669 |
| Due from other governments | - | 334,729 | - | 334,729 |
| Total assets | 1,558,629 | 4,602,186 | 4,276,417 | 1,884,398 |
| Liabilities: | | | | |
| Amounts held for social services clients | \$ 44,901 | \$ 27,068 | \$ 39,586 | \$ 32,383 |
| Accounts payable | 194,640 | 173,456 | 194,640 | 173,456 |
| Amounts held for others | 1,319,088 | 4,401,662 | 4,042,191 | 1,678,559 |
| Total liabilities | \$ 1,558,629 | \$ 4,602,186 | \$ 4,276,417 | \$ 1,884,398 |

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

| | School Operating Fund | School Cafeteria Fund | Total Governmental Funds |
|---|-----------------------------|-----------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 853,552 | \$ 149,333 | \$ 1,002,885 |
| School food inventory | - | 31,788 | 31,788 |
| Due from other governmental units | 418,568 | - | 418,568 |
| Prepaid items | 312,979 | - | 312,979 |
| Total assets | <u>\$ 1,585,099</u> | <u>\$ 181,121</u> | <u>\$ 1,766,220</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 60,558 | \$ 100 | \$ 60,658 |
| Accrued liabilities | 853,118 | 34,797 | 887,915 |
| Due to primary government | 671,423 | - | 671,423 |
| Total liabilities | <u>\$ 1,585,099</u> | <u>\$ 34,897</u> | <u>\$ 1,619,996</u> |
| Fund balances: | | | |
| Nonspendable: | | | |
| Inventory | \$ - | \$ 31,788 | \$ 31,788 |
| Prepaid items | 312,979 | - | 312,979 |
| Assigned to: | | | |
| Cafeteria operations | - | 114,436 | 114,436 |
| Unassigned | (312,979) | - | (312,979) |
| Total fund balances | <u>\$ -</u> | <u>\$ 146,224</u> | <u>\$ 146,224</u> |
| Total liabilities and fund balances | <u>\$ 1,585,099</u> | <u>\$ 181,121</u> | <u>\$ 1,766,220</u> |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | | | |
| Total fund balances per above | | \$ | 146,224 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | |
| Capital assets, cost | | \$ 23,775,342 | |
| Accumulated depreciation | | <u>(13,802,973)</u> | 9,972,369 |
| The net pension asset is not an available resource and, therefore, is not reported in the funds | | | 318,762 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | | |
| Deferred outflows of resources: | | | |
| Pension related items | | \$ 1,982,788 | |
| OPEB related items | | <u>271,119</u> | 2,253,907 |
| Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, are not reported in the funds. | | | |
| Net OPEB liabilities | | \$ (3,976,979) | |
| Net pension liability | | (16,719,000) | |
| Capital leases | | (639,941) | |
| Deferred inflows of resources: | | | |
| Pension related items | | (2,470,837) | |
| OPEB related items | | <u>(329,112)</u> | (24,135,869) |
| Net position of governmental activities | | | <u>\$ (11,444,607)</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, 2019

| | School Operating Fund | School Cafeteria Fund | Total Governmental Funds |
|---|-----------------------------|-----------------------------|--------------------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ - | \$ 640 | \$ 640 |
| Charges for services | - | 162,072 | 162,072 |
| Miscellaneous | 483,513 | - | 483,513 |
| Intergovernmental: | | | |
| Local government | 4,240,562 | - | 4,240,562 |
| Commonwealth | 13,804,285 | 12,371 | 13,816,656 |
| Federal | 1,480,329 | 637,710 | 2,118,039 |
| Total revenues | \$ 20,008,689 | \$ 812,793 | \$ 20,821,482 |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 19,869,004 | \$ 699,918 | \$ 20,568,922 |
| Debt service: | | | |
| Principal retirement | 114,766 | - | 114,766 |
| Interest and other fiscal charges | 24,919 | - | 24,919 |
| Total expenditures | \$ 20,008,689 | \$ 699,918 | \$ 20,708,607 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ 112,875 | \$ 112,875 |
| Net change in fund balances | \$ - | \$ 112,875 | \$ 112,875 |
| Fund balances - beginning | - | 33,349 | 33,349 |
| Fund balances - ending | \$ - | \$ 146,224 | \$ 146,224 |

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 \$ 112,875

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 outlay exceeded depreciation expense in the current period.

| | | |
|----------------------|-----------|-----------|
| Capital outlay | \$ 74,680 | |
| Depreciation expense | (851,006) | |
| Joint assets - net | 4,145,512 | 3,369,186 |

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

| | | |
|----------------------------|-------------|--------|
| Issuance of capital leases | \$ (24,979) | |
| Principal payments | 114,766 | 89,787 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

| | | |
|-----------------|--------------|-----------|
| Pension expense | \$ 1,263,094 | |
| OPEB expense | 70,204 | 1,333,298 |

Change in net position of governmental activities \$ 4,905,146

COUNTY OF CHARLOTTE, VIRGINIA

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

| | School Operating Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------|---------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ - | \$ - |
| Charges for services | - | - | - | - |
| Miscellaneous | 655,774 | 655,774 | 483,513 | (172,261) |
| Intergovernmental: | | | | |
| Local government | 4,470,605 | 4,470,605 | 4,240,562 | (230,043) |
| Commonwealth | 13,409,649 | 13,913,980 | 13,804,285 | (109,695) |
| Federal | 1,371,975 | 2,125,206 | 1,480,329 | (644,877) |
| Total revenues | \$ 19,908,003 | \$ 21,165,565 | \$ 20,008,689 | \$ (1,156,876) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 21,026,443 | \$ 21,026,443 | \$ 19,869,004 | \$ 1,157,439 |
| Debt service: | | | | |
| Principal retirement | 80,000 | 80,000 | 114,766 | (34,766) |
| Interest and other fiscal charges | 63,750 | 63,750 | 24,919 | 38,831 |
| Total expenditures | \$ 21,170,193 | \$ 21,170,193 | \$ 20,008,689 | \$ 1,161,504 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (1,262,190) | \$ (4,628) | \$ - | \$ 4,628 |
| Net change in fund balances | \$ (1,262,190) | \$ (4,628) | \$ - | \$ 4,628 |
| Fund balances - beginning | 1,262,190 | 4,628 | - | (4,628) |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

| School Cafeteria Fund | | | |
|-----------------------|-------------------|-------------------|---|
| Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
| Original | Final | | |
| \$ 100 | \$ 100 | \$ 640 | \$ 540 |
| 175,000 | 175,000 | 162,072 | (12,928) |
| - | - | - | - |
| - | - | - | - |
| 17,749 | 17,749 | 12,371 | (5,378) |
| 595,000 | 595,000 | 637,710 | 42,710 |
| <u>\$ 787,849</u> | <u>\$ 787,849</u> | <u>\$ 812,793</u> | <u>\$ 24,944</u> |
| | | | |
| \$ 787,849 | \$ 787,849 | \$ 699,918 | \$ 87,931 |
| - | - | - | - |
| - | - | - | - |
| <u>\$ 787,849</u> | <u>\$ 787,849</u> | <u>\$ 699,918</u> | <u>\$ 87,931</u> |
| | | | |
| \$ - | \$ - | \$ 112,875 | \$ 112,875 |
| | | | |
| \$ - | \$ - | \$ 112,875 | \$ 112,875 |
| - | - | 33,349 | 33,349 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 146,224</u> | <u>\$ 146,224</u> |

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- Supporting Schedules -

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|--------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 4,855,000 | \$ 4,855,000 | \$ 4,949,557 | \$ 94,557 |
| Real and personal public service corporation taxes | 472,500 | 472,500 | 501,363 | 28,863 |
| Personal property taxes | 2,753,500 | 2,753,500 | 2,944,535 | 191,035 |
| Mobile home taxes | 33,000 | 33,000 | 32,883 | (117) |
| Machinery and tools taxes | 330,000 | 330,000 | 425,568 | 95,568 |
| Merchant's capital taxes | 28,000 | 28,000 | 28,295 | 295 |
| Penalties | 80,000 | 80,000 | 107,197 | 27,197 |
| Interest | 70,000 | 70,000 | 52,917 | (17,083) |
| Total general property taxes | \$ 8,622,000 | \$ 8,622,000 | \$ 9,042,315 | \$ 420,315 |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 623,479 | \$ 623,479 | \$ 665,109 | \$ 41,630 |
| Consumer utility taxes | 222,000 | 222,000 | 218,978 | (3,022) |
| Motor vehicle licenses | 309,000 | 309,000 | 326,969 | 17,969 |
| Taxes on recordation and wills | 50,500 | 50,500 | 55,844 | 5,344 |
| Utility consumption taxes | 30,000 | 30,000 | 29,351 | (649) |
| Total other local taxes | \$ 1,234,979 | \$ 1,234,979 | \$ 1,296,251 | \$ 61,272 |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 7,000 | \$ 7,000 | \$ 6,621 | \$ (379) |
| Transfer fees | 400 | 400 | 446 | 46 |
| Permits and other licenses | 56,300 | 56,300 | 63,673 | 7,373 |
| Total permits, privilege fees, and regulatory licenses | \$ 63,700 | \$ 63,700 | \$ 70,740 | \$ 7,040 |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 172,000 | \$ 172,000 | \$ 225,331 | \$ 53,331 |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 31,000 | \$ 31,000 | \$ 121,532 | \$ 90,532 |
| Revenue from use of property | 199,825 | 199,825 | 192,063 | (7,762) |
| Total revenue from use of money and property | \$ 230,825 | \$ 230,825 | \$ 313,595 | \$ 82,770 |
| Charges for services: | | | | |
| Charges for work release/inmate fees | \$ 86,633 | \$ 86,633 | \$ 94,483 | \$ 7,850 |
| Charges for law enforcement and traffic control | 6,000 | 6,000 | 8,080 | 2,080 |
| Jail bed days - other localities | 100,000 | 100,000 | 55,935 | (44,065) |
| Law library fees | 1,000 | 1,000 | 1,211 | 211 |
| Courthouse security fees | 32,000 | 32,000 | 35,531 | 3,531 |
| Courthouse maintenance fees | 17,200 | 17,200 | 20,146 | 2,946 |
| Charges for Commonwealth's Attorney | 1,000 | 1,000 | 916 | (84) |
| School charges for sheriff | 180,000 | 180,000 | 175,860 | (4,140) |
| Charges for sanitation and waste removal | 73,600 | 73,600 | 116,433 | 42,833 |
| Total charges for services | \$ 497,433 | \$ 497,433 | \$ 508,595 | \$ 11,162 |

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| General Fund: (Continued) | | | | |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 498,567 | \$ 498,567 | \$ 514,927 | \$ 16,360 |
| Total revenue from local sources | \$ 11,319,504 | \$ 11,319,504 | \$ 11,971,754 | \$ 652,250 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Motor vehicle carrier tax | \$ 74,500 | \$ 74,500 | \$ 73,893 | \$ (607) |
| Mobile home titling tax | 12,000 | 12,000 | 18,123 | 6,123 |
| Tax on deeds (grantor tax) | 31,479 | 31,479 | 34,603 | 3,124 |
| Auto rental tax | 1,300 | 1,300 | 1,377 | 77 |
| Communication sales and use tax | 120,000 | 120,000 | 108,967 | (11,033) |
| Personal property tax relief funds | 686,900 | 686,900 | 686,910 | 10 |
| Total noncategorical aid | \$ 926,179 | \$ 926,179 | \$ 923,873 | \$ (2,306) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 156,144 | \$ 156,144 | \$ 156,972 | \$ 828 |
| Sheriff | 1,217,006 | 1,217,006 | 1,221,852 | 4,846 |
| Commissioner of revenue | 75,957 | 75,957 | 76,589 | 632 |
| Treasurer | 89,827 | 89,827 | 91,461 | 1,634 |
| Registrar/electoral board | 39,656 | 39,656 | 37,500 | (2,156) |
| DMV license agent | 28,000 | 28,000 | 29,436 | 1,436 |
| Clerk of the Circuit Court | 204,330 | 204,330 | 197,713 | (6,617) |
| Total shared expenses | \$ 1,810,920 | \$ 1,810,920 | \$ 1,811,523 | \$ 603 |
| Other categorical aid: | | | | |
| Litter control | \$ 10,607 | \$ 10,607 | \$ 10,343 | \$ (264) |
| Fire programs funds | 36,188 | 36,188 | 36,188 | - |
| Prisoner days | 192,600 | 192,600 | 182,308 | (10,292) |
| VJCCCA grant | 87,030 | 87,030 | 61,540 | (25,490) |
| WIB fiscal agent fees | 20,000 | 20,000 | 20,000 | - |
| Victim witness | 17,332 | 17,332 | 13,419 | (3,913) |
| E911 wireless | 195,500 | 195,500 | 164,927 | (30,573) |
| Public assistance and welfare administration | 1,988,119 | 1,988,119 | 679,686 | (1,308,433) |
| Comprehensive services act funds | 948,400 | 948,400 | 786,906 | (161,494) |
| Emergency services | 25,552 | 25,552 | 25,283 | (269) |
| Other categorical aid | 624 | 624 | 1,267 | 643 |
| Total other categorical aid | \$ 3,521,952 | \$ 3,521,952 | \$ 1,981,867 | \$ (1,540,085) |
| Total categorical aid | \$ 5,332,872 | \$ 5,332,872 | \$ 3,793,390 | \$ (1,539,482) |
| Total revenue from the Commonwealth | \$ 6,259,051 | \$ 6,259,051 | \$ 4,717,263 | \$ (1,541,788) |

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| BAB subsidy | \$ 63,750 | \$ 63,750 | \$ 61,774 | \$ (1,976) |
| Payments in lieu of taxes | 3,000 | 3,000 | 9,552 | 6,552 |
| Total noncategorical aid | <u>\$ 66,750</u> | <u>\$ 66,750</u> | <u>\$ 71,326</u> | <u>\$ 4,576</u> |
| Categorical aid: | | | | |
| Emergency services | \$ 7,500 | \$ 7,500 | \$ 7,500 | \$ - |
| Victim witness | 51,995 | 51,995 | 40,258 | (11,737) |
| Welfare administration and assistance | 47,000 | 47,000 | 1,276,152 | 1,229,152 |
| Workforce investment act | 2,531,600 | 2,531,600 | 1,386,524 | (1,145,076) |
| Ground transportation grant | 10,600 | 10,600 | 7,461 | (3,139) |
| Total categorical aid | <u>\$ 2,648,695</u> | <u>\$ 2,648,695</u> | <u>\$ 2,717,895</u> | <u>\$ 69,200</u> |
| Total revenue from the federal government | <u>\$ 2,715,445</u> | <u>\$ 2,715,445</u> | <u>\$ 2,789,221</u> | <u>\$ 73,776</u> |
| Total General Fund | <u>\$ 20,294,000</u> | <u>\$ 20,294,000</u> | <u>\$ 19,478,238</u> | <u>\$ (815,762)</u> |
| Capital Projects Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ - | \$ - | \$ 11,350 | \$ 11,350 |
| Total Capital Projects Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,350</u> | <u>\$ 11,350</u> |
| Nonmajor Funds: | | | | |
| Special Revenue Fund: | | | | |
| Library Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Other charges for services | \$ - | \$ - | \$ 368 | \$ 368 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| State library funds | \$ 48,528 | \$ 48,528 | \$ 49,309 | \$ 781 |
| Total Library Fund | <u>\$ 48,528</u> | <u>\$ 48,528</u> | <u>\$ 49,677</u> | <u>\$ 1,149</u> |
| Permanent Fund: | | | | |
| Library Trust Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 23,063 | \$ 23,063 |
| Total revenue from use of money and property | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,063</u> | <u>\$ 23,063</u> |
| Total revenue from local sources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,063</u> | <u>\$ 23,063</u> |

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| Permanent Fund: (Continued) | | | | |
| Library Trust Fund: (Continued) | | | | |
| Miscellaneous: | | | | |
| Miscellaneous | \$ - | \$ - | \$ 325 | \$ 325 |
| Total Library Trust Fund | \$ - | \$ - | \$ 23,388 | \$ 23,388 |
| Total Nonmajor funds | \$ 48,528 | \$ 48,528 | \$ 73,065 | \$ 24,537 |
| Total Primary Government | \$ 20,342,528 | \$ 20,342,528 | \$ 19,562,653 | \$ (779,875) |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Revenue from local sources: | | | | |
| Miscellaneous: | | | | |
| Other miscellaneous | \$ 655,774 | \$ 655,774 | \$ 483,513 | \$ (172,261) |
| Total revenue from local sources | \$ 655,774 | \$ 655,774 | \$ 483,513 | \$ (172,261) |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Charlotte, Virginia | \$ 4,470,605 | \$ 4,470,605 | \$ 4,240,562 | \$ (230,043) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 2,070,997 | \$ 2,070,997 | \$ 2,077,397 | \$ 6,400 |
| Basic school aid | 6,747,558 | 6,747,558 | 6,724,577 | (22,981) |
| Remedial education | 262,727 | 263,201 | 262,474 | (727) |
| GED | 7,859 | 8,355 | 8,355 | - |
| Gifted and talented | 64,341 | 65,136 | 64,956 | (180) |
| Remedial summer education | 57,191 | 44,994 | 44,994 | - |
| Enrollment loss | 91,755 | 91,755 | 91,755 | - |
| Special education | 1,045,546 | 998,304 | 995,544 | (2,760) |
| Textbook payment | 147,153 | 133,847 | 133,477 | (370) |
| Vocational education | 238,599 | 288,242 | 278,226 | (10,016) |
| Fringe Benefits | 1,422,532 | 1,370,507 | 1,366,719 | (3,788) |
| Homebound | 19,167 | 25,571 | 25,570 | (1) |
| Class size reduction | 234,174 | 344,287 | 344,287 | - |
| English as a second language | 5,790 | 10,173 | 10,173 | - |
| Algebra readiness | 30,028 | 35,930 | 30,727 | (5,203) |
| Regional programs | 53,558 | 93,113 | 25,802 | (67,311) |
| Technology | 180,000 | 180,000 | 180,000 | - |
| Workplace | - | - | 659 | 659 |
| At risk | 560,325 | 522,287 | 521,452 | (835) |
| Early reading | 46,287 | 40,437 | 37,910 | (2,527) |
| Other state funds | 124,062 | 579,286 | 579,231 | (55) |
| Total categorical aid | \$ 13,409,649 | \$ 13,913,980 | \$ 13,804,285 | \$ (109,695) |
| Total revenue from the Commonwealth | \$ 13,409,649 | \$ 13,913,980 | \$ 13,804,285 | \$ (109,695) |

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

| Fund, Major and Minor Revenue Source | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 563,192 | \$ 891,555 | \$ 569,178 | \$ (322,377) |
| Title VI-B, special education flow-through | 437,000 | 523,279 | 429,553 | (93,726) |
| Vocational education | - | 56,948 | 12,347 | (44,601) |
| Title VI-B, special education pre-school | 17,430 | 18,310 | 18,310 | - |
| EESA - Title II | 100,384 | 122,460 | 103,048 | (19,412) |
| Education technology | 40,000 | 85,743 | 23,043 | (62,700) |
| Rural schools | 166,953 | 62,300 | 57,746 | (4,554) |
| Title IV Part B | 37,438 | 344,611 | 246,995 | (97,616) |
| Summer food service | 9,578 | 20,000 | 20,109 | 109 |
| Total categorical aid | \$ 1,371,975 | \$ 2,125,206 | \$ 1,480,329 | \$ (644,877) |
| Total School Operating Fund | \$ 19,908,003 | \$ 21,165,565 | \$ 20,008,689 | \$ (1,156,876) |
| Special Revenue Fund: | | | | |
| School Cafeteria Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ 100 | \$ 100 | \$ 640 | \$ 540 |
| Charges for services: | | | | |
| Cafeteria sales | \$ 175,000 | \$ 175,000 | \$ 162,072 | \$ (12,928) |
| Total revenue from local sources | \$ 175,100 | \$ 175,100 | \$ 162,712 | \$ (12,388) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 17,749 | \$ 17,749 | \$ 12,371 | \$ (5,378) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program grant | \$ 595,000 | \$ 595,000 | \$ 637,710 | \$ 42,710 |
| Total intergovernmental | \$ 612,749 | \$ 612,749 | \$ 650,081 | \$ 37,332 |
| Total School Cafeteria Fund | \$ 787,849 | \$ 787,849 | \$ 812,793 | \$ 24,944 |
| Total Discretely Presented Component Unit - School Board | \$ 20,695,852 | \$ 21,953,414 | \$ 20,821,482 | \$ (1,131,932) |

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

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-----------------|--------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 156,978 | \$ 156,978 | \$ 141,796 | \$ 15,182 |
| General and financial administration: | | | | |
| County administrator | \$ 402,109 | \$ 402,109 | \$ 357,833 | \$ 44,276 |
| Professional services | 63,700 | 63,700 | 53,263 | 10,437 |
| Commissioner of revenue | 256,904 | 256,904 | 220,785 | 36,119 |
| Reassessment | 200,720 | 200,720 | 167,505 | 33,215 |
| Treasurer | 310,742 | 310,742 | 296,050 | 14,692 |
| County attorney | 54,724 | 54,724 | 54,724 | - |
| Total general and financial administration | \$ 1,288,899 | \$ 1,288,899 | \$ 1,150,160 | \$ 138,739 |
| Board of elections: | | | | |
| Electoral board and officials | \$ 41,629 | \$ 41,629 | \$ 28,207 | \$ 13,422 |
| Registrar | 104,044 | 104,044 | 90,022 | 14,022 |
| Total board of elections | \$ 145,673 | \$ 145,673 | \$ 118,229 | \$ 27,444 |
| Total general government administration | \$ 1,591,550 | \$ 1,591,550 | \$ 1,410,185 | \$ 181,365 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 31,005 | \$ 31,005 | \$ 20,738 | \$ 10,267 |
| General district court | 7,300 | 7,300 | 5,336 | 1,964 |
| Juvenile and domestic relations court | 10,259 | 10,259 | 8,476 | 1,783 |
| Special magistrates | 2,100 | 2,100 | 1,295 | 805 |
| Clerk of the circuit court | 341,865 | 341,865 | 323,107 | 18,758 |
| Total courts | \$ 392,529 | \$ 392,529 | \$ 358,952 | \$ 33,577 |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 232,057 | \$ 232,057 | \$ 223,928 | \$ 8,129 |
| Total judicial administration | \$ 624,586 | \$ 624,586 | \$ 582,880 | \$ 41,706 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 2,500,030 | \$ 2,500,030 | \$ 2,061,303 | \$ 438,727 |
| Witness assistance | 69,327 | 69,327 | 53,677 | 15,650 |
| Dare | 14,627 | 14,627 | 4,524 | 10,103 |
| Asset forfeiture | 12,114 | 12,114 | 2,319 | 9,795 |
| E-911 system | 366,238 | 366,238 | 331,550 | 34,688 |
| Total law enforcement and traffic control | \$ 2,962,336 | \$ 2,962,336 | \$ 2,453,373 | \$ 508,963 |

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

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Fire and rescue services: | | | | |
| Fire services | \$ 456,313 | \$ 456,313 | \$ 456,137 | \$ 176 |
| Rescue squad | 134,198 | 134,198 | 133,502 | 696 |
| Division of forestry | 20,123 | 20,123 | 20,123 | - |
| Total fire and rescue services | <u>\$ 610,634</u> | <u>\$ 610,634</u> | <u>\$ 609,762</u> | <u>\$ 872</u> |
| Correction and detention: | | | | |
| Sheriff | \$ 1,569,058 | \$ 1,569,058 | \$ 1,591,094 | \$ (22,036) |
| VJCCA | 220,730 | 220,730 | 83,777 | 136,953 |
| Total correction and detention | <u>\$ 1,789,788</u> | <u>\$ 1,789,788</u> | <u>\$ 1,674,871</u> | <u>\$ 114,917</u> |
| Inspections: | | | | |
| Building | \$ 99,479 | \$ 99,479 | \$ 98,942 | \$ 537 |
| Other protection: | | | | |
| Animal control | \$ 23,428 | \$ 23,428 | \$ 21,703 | \$ 1,725 |
| Medical examiner | 500 | 500 | 100 | 400 |
| Total other protection | <u>\$ 23,928</u> | <u>\$ 23,928</u> | <u>\$ 21,803</u> | <u>\$ 2,125</u> |
| Total public safety | <u>\$ 5,486,165</u> | <u>\$ 5,486,165</u> | <u>\$ 4,858,751</u> | <u>\$ 627,414</u> |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Refuse collection and disposal | \$ 1,013,742 | \$ 1,013,742 | \$ 828,106 | \$ 185,636 |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 1,000,260 | \$ 1,000,260 | \$ 835,707 | \$ 164,553 |
| Canneries | 1,000 | 1,000 | 1,000 | - |
| Total maintenance of general buildings and grounds | <u>\$ 1,001,260</u> | <u>\$ 1,001,260</u> | <u>\$ 836,707</u> | <u>\$ 164,553</u> |
| Total public works | <u>\$ 2,015,002</u> | <u>\$ 2,015,002</u> | <u>\$ 1,664,813</u> | <u>\$ 350,189</u> |
| Health and welfare: | | | | |
| Health: | | | | |
| Supplement of local health department | \$ 127,844 | \$ 127,844 | \$ 127,313 | \$ 531 |
| Mental health and mental retardation: | | | | |
| Crossroads Board | \$ 70,000 | \$ 70,000 | \$ 70,000 | - |
| Welfare: | | | | |
| Public assistance | \$ 2,722,953 | \$ 2,722,953 | \$ 2,372,264 | \$ 350,689 |
| Workforce investment | 2,531,600 | 2,531,600 | 1,435,936 | 1,095,664 |
| Comprehensive services act | 1,275,600 | 1,275,600 | 1,054,442 | 221,158 |
| Total welfare | <u>\$ 6,530,153</u> | <u>\$ 6,530,153</u> | <u>\$ 4,862,642</u> | <u>\$ 1,667,511</u> |
| Total health and welfare | <u>\$ 6,727,997</u> | <u>\$ 6,727,997</u> | <u>\$ 5,059,955</u> | <u>\$ 1,668,042</u> |

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

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| General Fund: (Continued) | | | | |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to Community Colleges | \$ 5,212 | \$ 5,212 | \$ 5,212 | \$ - |
| Contribution to County school board | 4,470,605 | 4,470,605 | 4,240,562 | 230,043 |
| Total education | <u>\$ 4,475,817</u> | <u>\$ 4,475,817</u> | <u>\$ 4,245,774</u> | <u>\$ 230,043</u> |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Recreation youth league | \$ 25,000 | \$ 25,000 | \$ 20,670 | \$ 4,330 |
| Cultural enrichment: | | | | |
| Red hill shrine | \$ 2,500 | \$ 2,500 | \$ 2,500 | \$ - |
| Adult programs | 80,323 | 80,323 | 79,323 | 1,000 |
| Total cultural enrichment | <u>\$ 82,823</u> | <u>\$ 82,823</u> | <u>\$ 81,823</u> | <u>\$ 1,000</u> |
| Total parks, recreation, and cultural | <u>\$ 107,823</u> | <u>\$ 107,823</u> | <u>\$ 102,493</u> | <u>\$ 5,330</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning | \$ 26,500 | \$ 26,500 | \$ 26,130 | \$ 370 |
| Zoning appeals board | 2,600 | 2,600 | - | 2,600 |
| Economic development | 22,686 | 22,686 | 12,686 | 10,000 |
| Total planning and community development | <u>\$ 51,786</u> | <u>\$ 51,786</u> | <u>\$ 38,816</u> | <u>\$ 12,970</u> |
| Environmental management: | | | | |
| Contribution to soil and water district | \$ 187,877 | \$ 187,877 | \$ 187,876 | \$ 1 |
| Cooperative extension program: | | | | |
| Extension office | \$ 57,870 | \$ 57,870 | \$ 52,992 | \$ 4,878 |
| Total community development | <u>\$ 297,533</u> | <u>\$ 297,533</u> | <u>\$ 279,684</u> | <u>\$ 17,849</u> |
| Nondepartmental: | | | | |
| Fixed charges | \$ 133,420 | \$ 133,420 | \$ 154,506 | \$ (21,086) |
| Total nondepartmental | <u>\$ 133,420</u> | <u>\$ 133,420</u> | <u>\$ 154,506</u> | <u>\$ (21,086)</u> |
| Debt service: | | | | |
| Principal retirement | \$ 367,000 | \$ 367,000 | \$ 527,000 | \$ (160,000) |
| Interest and other fiscal charges | 158,600 | 158,600 | 707,463 | (548,863) |
| Total debt service | <u>\$ 525,600</u> | <u>\$ 525,600</u> | <u>\$ 1,234,463</u> | <u>\$ (708,863)</u> |
| Total General Fund | <u>\$ 21,985,493</u> | <u>\$ 21,985,493</u> | <u>\$ 19,593,504</u> | <u>\$ 2,391,989</u> |

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

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| Capital Projects Fund: | | | | |
| Capital projects: | | | | |
| New courthouse project | \$ 881,493 | \$ 881,493 | \$ 181,353 | \$ 700,140 |
| Eureka HVAC and roof | 245,196 | 245,196 | 146,568 | 98,628 |
| School buses and renovations | 4,276,183 | 4,276,183 | 3,046,876 | 1,229,307 |
| Debt service: | | | | |
| Bond issuance costs | 75,000 | 75,000 | - | 75,000 |
| Total Capital Projects Fund | <u>\$ 5,477,872</u> | <u>\$ 5,477,872</u> | <u>\$ 3,374,797</u> | <u>\$ 2,103,075</u> |
| Nonmajor Funds: | | | | |
| Special Revenue Fund: | | | | |
| Library Fund | | | | |
| Parks, recreation, and cultural: | | | | |
| Library | \$ 264,826 | \$ 264,826 | \$ 257,663 | \$ 7,163 |
| Total Library Fund | <u>\$ 264,826</u> | <u>\$ 264,826</u> | <u>\$ 257,663</u> | <u>\$ 7,163</u> |
| Permanent Fund: | | | | |
| Library Trust Fund | | | | |
| Parks, recreation, and cultural: | | | | |
| Library | \$ - | \$ - | \$ 23,227 | \$ (23,227) |
| Total Library Trust Fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,227</u> | <u>\$ (23,227)</u> |
| Total Nonmajor funds | <u>\$ 264,826</u> | <u>\$ 264,826</u> | <u>\$ 280,890</u> | <u>\$ (16,064)</u> |
| Total Primary Government | <u>\$ 27,728,191</u> | <u>\$ 27,728,191</u> | <u>\$ 23,249,191</u> | <u>\$ 4,479,000</u> |
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Education costs: | | | | |
| Elementary and secondary schools | \$ 15,639,704 | \$ 15,639,704 | \$ 14,723,730 | \$ 915,974 |
| Administration attendance and health services | 1,515,494 | 1,515,494 | 1,374,636 | 140,858 |
| Pupil transportation | 1,606,123 | 1,606,123 | 1,599,902 | 6,221 |
| Operation and maintenance of school plant | 2,265,122 | 2,265,122 | 2,170,736 | 94,386 |
| Total education | <u>\$ 21,026,443</u> | <u>\$ 21,026,443</u> | <u>\$ 19,869,004</u> | <u>\$ 1,157,439</u> |
| Debt service: | | | | |
| Principal retirement | \$ 80,000 | \$ 80,000 | \$ 114,766 | \$ (34,766) |
| Interest and other fiscal charges | 63,750 | 63,750 | 24,919 | 38,831 |
| Total debt service | <u>\$ 143,750</u> | <u>\$ 143,750</u> | <u>\$ 139,685</u> | <u>\$ 4,065</u> |
| Total School Operating Fund | <u>\$ 21,170,193</u> | <u>\$ 21,170,193</u> | <u>\$ 20,008,689</u> | <u>\$ 1,161,504</u> |
| Special revenue fund: | | | | |
| School Cafeteria Fund: | | | | |
| Education: | | | | |
| School food services: | | | | |
| Administration of school food program | \$ 787,849 | \$ 787,849 | \$ 699,918 | \$ 87,931 |
| Total School Cafeteria Fund | <u>\$ 787,849</u> | <u>\$ 787,849</u> | <u>\$ 699,918</u> | <u>\$ 87,931</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 21,958,042</u> | <u>\$ 21,958,042</u> | <u>\$ 20,708,607</u> | <u>\$ 1,249,435</u> |

- Other Statistical Information -

Table 1

COUNTY OF CHARLOTTE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

| Fiscal Year | General Government | | Judicial Admini- stration | Public | | Health and Welfare | | Parks, Recreation, and Cultural | | Community Development | Interest on Long- Term Debt | | Total | | | | | |
|----------------|-----------------------|-----------|---------------------------------|---------|-------|--------------------------|----|--|----|--------------------------|--------------------------------------|---------|-------|-----------|----|---------|----|------------|
| | Admini- stration | | | Safety | Works | | | Education | | | | | | | | | | |
| 2009-10 | \$ | 1,175,629 | \$ | 549,960 | \$ | 3,301,492 | \$ | 603,238 | \$ | 3,216,899 | \$ | 320,954 | \$ | 2,526,132 | \$ | 97,682 | \$ | 18,097,882 |
| 2010-11 | | 1,239,455 | | 569,155 | | 3,588,708 | | 1,392,987 | | 3,704,470 | | 333,627 | | 565,944 | | 102,899 | | 16,940,918 |
| 2011-12 | | 1,467,594 | | 560,488 | | 3,617,834 | | 1,213,874 | | 4,195,289 | | 309,725 | | 922,497 | | 92,060 | | 17,563,672 |
| 2012-13 | | 1,443,296 | | 605,104 | | 3,712,218 | | 1,183,134 | | 4,906,144 | | 300,895 | | 259,403 | | 111,091 | | 17,976,335 |
| 2013-14 | | 1,394,498 | | 617,495 | | 4,117,916 | | 1,210,398 | | 3,898,251 | | 329,270 | | 333,780 | | 87,107 | | 17,219,719 |
| 2014-15 | | 1,323,096 | | 599,410 | | 4,098,244 | | 1,215,782 | | 4,164,205 | | 328,364 | | 265,568 | | 64,552 | | 17,404,028 |
| 2015-16 | | 1,324,440 | | 522,473 | | 4,413,589 | | 1,249,862 | | 3,342,859 | | 322,956 | | 880,479 | | 531,702 | | 17,899,809 |
| 2016-17 | | 1,413,203 | | 200,636 | | 4,244,904 | | 1,474,975 | | 3,496,953 | | 348,367 | | 215,733 | | 444,203 | | 17,489,933 |
| 2017-18 | | 1,484,642 | | 583,483 | | 4,562,360 | | 1,358,053 | | 3,556,731 | | 306,880 | | 236,461 | | 759,288 | | 18,180,493 |
| 2018-19 | | 1,624,064 | | 833,675 | | 4,695,731 | | 1,604,848 | | 8,316,036 | | 275,779 | | 266,351 | | 677,788 | | 23,149,699 |

COUNTY OF CHARLOTTE, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

| PROGRAM REVENUES | | | | GENERAL REVENUES | | | | | | | |
|------------------|----------------------|------------------------------------|----------------------------------|------------------|--------------|-------------|---------------------|---------------|-------------------------------------|--------------------------|--|
| Fiscal Year | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General | | Other | | Unrestricted | | Grants and Contributions | |
| | | | | Property Taxes | Taxes | Local Taxes | Investment Earnings | Miscellaneous | Not Restricted to Specific Programs | | |
| 2009-10 | \$ 626,193 | \$ 8,590,253 | \$ 87,343 | \$ 6,078,882 | \$ 1,017,490 | \$ 286,739 | \$ 683,153 | \$ 1,776,238 | \$ 19,146,291 | | |
| 2010-11 | 675,278 | 6,595,190 | - | 9,332,210 | 1,176,624 | 285,420 | 709,739 | 749,669 | 19,524,130 | | |
| 2011-12 | 623,029 | 7,121,806 | - | 6,443,161 | 1,053,969 | 203,431 | 740,907 | 842,788 | 17,029,091 | | |
| 2012-13 | 666,104 | 6,451,959 | - | 6,637,649 | 1,099,381 | 250,885 | 664,065 | 1,011,234 | 16,781,277 | | |
| 2013-14 | 774,868 | 6,514,563 | 2,706 | 7,623,280 | 1,144,264 | 252,857 | 684,849 | 1,034,590 | 18,031,977 | | |
| 2014-15 | 734,320 | 6,583,012 | 4,650 | 7,751,434 | 1,199,274 | 247,787 | 576,435 | 986,389 | 18,083,301 | | |
| 2015-16 | 670,452 | 6,754,669 | - | 8,484,155 | 1,193,246 | 274,082 | 414,617 | 1,483,133 | 19,274,354 | | |
| 2016-17 | 870,501 | 6,907,933 | - | 8,723,038 | 1,273,165 | 385,514 | 564,923 | 1,023,144 | 19,748,218 | | |
| 2017-18 | 1,100,419 | 6,828,943 | - | 8,873,499 | 1,215,078 | 383,570 | 477,171 | 986,098 | 19,864,778 | | |
| 2018-19 | 805,034 | 6,560,594 | - | 9,009,416 | 1,296,251 | 348,008 | 515,252 | 995,199 | 19,529,754 | | |

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)

Last Ten Fiscal Years

| Fiscal Year | General Government Administration | | Judicial Administration | Public Safety | | Public Works | | Health and Welfare | | Parks, Recreation, and Cultural | | Community Development | Non-Departmental | Capital Projects | | Debt Service | | Total | | | | |
|-------------|-----------------------------------|-----------|-------------------------|---------------|----|--------------|----|--------------------|----|---------------------------------|----|-----------------------|------------------|------------------|----|--------------|----|---------|----|-----------|----|------------|
| | | | | | | | | | | | | | | | | | | | | | | |
| 2009-10 | \$ | 1,022,532 | \$ | 520,384 | \$ | 3,381,657 | \$ | 1,247,171 | \$ | 6,271,008 | \$ | 20,513,605 | \$ | 313,651 | \$ | 2,524,469 | \$ | - | \$ | 882,174 | \$ | 36,676,651 |
| 2010-11 | | 1,087,620 | | 539,281 | | 3,594,502 | | 1,443,796 | | 5,410,945 | | 20,001,521 | | 324,954 | | 563,281 | | - | | 774,910 | | 33,740,810 |
| 2011-12 | | 1,311,671 | | 530,529 | | 3,560,627 | | 1,176,084 | | 5,167,086 | | 19,798,252 | | 309,374 | | 920,971 | | - | | 1,751,310 | | 34,525,904 |
| 2012-13 | | 1,319,692 | | 575,456 | | 3,831,711 | | 1,174,795 | | 5,417,806 | | 21,131,797 | | 339,939 | | 259,147 | | - | | 682,697 | | 34,733,040 |
| 2013-14 | | 1,258,647 | | 587,717 | | 4,087,186 | | 1,138,119 | | 5,228,491 | | 20,231,367 | | 320,409 | | 333,384 | | - | | 650,993 | | 33,836,313 |
| 2014-15 | | 1,387,020 | | 581,314 | | 4,134,125 | | 1,157,675 | | 5,429,748 | | 19,888,924 | | 321,002 | | 270,683 | | - | | 557,717 | | 33,728,208 |
| 2015-16 | | 1,214,326 | | 608,872 | | 4,330,787 | | 1,165,377 | | 5,348,625 | | 19,511,653 | | 321,080 | | 896,048 | | - | | 860,330 | | 34,257,098 |
| 2016-17 | | 1,314,206 | | 581,723 | | 4,480,463 | | 1,391,332 | | 5,682,287 | | 19,662,452 | | 348,714 | | 217,818 | | 125,164 | | 774,628 | | 38,716,220 |
| 2017-18 | | 1,243,629 | | 578,725 | | 4,660,161 | | 1,379,335 | | 5,383,706 | | 20,046,339 | | 355,269 | | 243,473 | | 122,186 | | 1,021,196 | | 48,785,622 |
| 2018-19 | | 1,410,185 | | 582,880 | | 4,858,751 | | 1,664,813 | | 5,059,955 | | 20,574,134 | | 383,383 | | 279,684 | | 154,506 | | 1,374,148 | | 39,717,236 |

(1) Includes General, Special Revenue Funds, and Permanent Funds of the primary government and its discretely presented component unit, except for capital projects and nondepartmental.

(2) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 4

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

| Fiscal Year | General Property Taxes (2) | Other Local Taxes | Permits, Privilege Fees, Regulatory Licenses | Fines and Forfeitures | Revenue from the Use of Money and Property | Charges for Services | Miscella- neous | Recovered Costs | Inter- governmental (3) | Total |
|----------------|----------------------------------|-------------------------|--|-----------------------------|--|----------------------------|--------------------|--------------------|----------------------------|---------------|
| | | | | | | | | | | |
| 2009-10 | \$ 6,796,248 | \$ 1,017,490 | \$ 52,931 | \$ 166,714 | \$ 288,265 | \$ 879,103 | \$ 1,003,439 | \$ - | \$ 26,965,640 | \$ 37,169,830 |
| 2010-11 | 9,771,363 | 1,176,624 | 50,015 | 133,944 | 286,728 | 958,296 | 1,098,833 | - | 22,573,541 | 36,049,344 |
| 2011-12 | 7,141,599 | 1,053,969 | 57,974 | 163,470 | 206,015 | 825,807 | 1,395,333 | - | 23,255,678 | 34,099,845 |
| 2012-13 | 7,314,529 | 1,099,381 | 45,241 | 179,309 | 251,665 | 781,881 | 1,062,335 | - | 23,389,751 | 34,124,092 |
| 2013-14 | 8,231,883 | 1,144,264 | 53,642 | 170,134 | 253,330 | 815,356 | 932,933 | - | 22,660,056 | 34,261,598 |
| 2014-15 | 8,479,959 | 1,199,274 | 48,342 | 163,519 | 248,172 | 801,482 | 1,070,916 | - | 22,128,720 | 34,140,384 |
| 2015-16 | 9,024,457 | 1,193,246 | 39,231 | 137,887 | 274,325 | 681,461 | 786,122 | - | 22,978,904 | 35,115,633 |
| 2016-17 | 9,355,908 | 1,273,165 | 67,514 | 171,807 | 385,684 | 858,970 | 809,462 | - | 23,095,127 | 36,017,637 |
| 2017-18 | 9,532,677 | 1,215,078 | 63,086 | 198,866 | 383,756 | 998,847 | 1,045,150 | - | 22,604,922 | 36,042,382 |
| 2018-19 | 9,729,225 | 1,296,251 | 70,740 | 225,331 | 348,648 | 671,035 | 998,765 | - | 22,803,578 | 36,143,573 |

(1) Includes General, Special Revenue Funds and Permanent Funds of the primary government and its discretely presented component unit.

(2) Includes Commonwealth of Virginia PPTRA reimbursement.

(3) General fund contributions to the School Board are not included.

COUNTY OF CHARLOTTE, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Total Tax | | Current Tax (1), (3) | | Percent of Levy Collected | Delinquent (1) | | Total Tax Collections | Percent of Total Tax Collections to Tax Levy | | Outstanding (1) Delinquent Taxes | | Percent of Delinquent Taxes to Tax Levy | |
|----------------|--------------|----|-------------------------|-------------|---------------------------------|-------------------|-------------|-----------------------------|---|----|---|--|--|--|
| | Levy (1) | | Tax (1), (3) | Collections | | Tax (2) | Collections | | | | | | | |
| 2009-10 | \$ 6,532,177 | \$ | 6,463,416 | | 98.95% | \$ 210,276 | \$ | 6,673,692 | 102.17% | \$ | 406,270 | | 6.22% | |
| 2010-11 | 9,954,838 | | 9,407,507 | | 94.50% | 218,401 | | 9,625,908 | 96.70% | | 801,307 | | 8.05% | |
| 2011-12 | 6,408,642 | | 6,378,940 | | 99.54% | 619,938 | | 6,998,878 | 109.21% | | 611,439 | | 9.54% | |
| 2012-13 | 6,585,952 | | 6,190,451 | | 93.99% | 437,168 | | 6,627,619 | 100.63% | | 622,182 | | 9.45% | |
| 2013-14 | 7,463,161 | | 6,821,614 | | 91.40% | 723,359 | | 7,544,973 | 101.10% | | 769,679 | | 10.31% | |
| 2014-15 | 7,684,759 | | 7,048,066 | | 91.71% | 744,983 | | 7,793,049 | 101.41% | | 705,643 | | 9.18% | |
| 2015-16 | 8,273,289 | | 7,657,365 | | 92.56% | 680,182 | | 8,337,547 | 100.78% | | 834,447 | | 10.09% | |
| 2016-17 | 8,607,788 | | 7,943,358 | | 92.28% | 563,580 | | 8,506,938 | 98.83% | | 855,507 | | 9.94% | |
| 2017-18 | 8,790,027 | | 7,980,087 | | 90.79% | 705,776 | | 8,685,863 | 98.81% | | 1,028,980 | | 11.71% | |
| 2018-19 | 8,999,397 | | 8,275,813 | | 91.96% | 766,502 | | 9,042,315 | 100.48% | | 893,352 | | 9.93% | |

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

(3) Includes Commonwealth of Virginia PPTRA reimbursement.

COUNTY OF CHARLOTTE, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years (1)

| Fiscal Year | Real Estate | Personal Property | Machinery and Tools | | | Merchants' Capital | Public Service | Total |
|----------------|----------------|----------------------|---------------------------|--------------|------------|-----------------------|-------------------|-------|
| | | | Mobile Homes | | | | | |
| 2009-10 | \$ 961,990,800 | \$ 67,884,109 | \$ 6,877,367 | \$ 5,755,896 | \$ 771,449 | \$ 54,534,257 | \$ 1,097,813,878 | |
| 2010-11 | 970,876,650 | 77,910,392 | 6,805,157 | 5,699,916 | 786,073 | 54,191,406 | 1,116,269,594 | |
| 2011-12 | 977,029,100 | 84,524,978 | 6,903,429 | 5,072,447 | 810,656 | 63,793,637 | 1,138,134,247 | |
| 2012-13 | 982,544,351 | 87,611,014 | 6,867,313 | 5,718,422 | 835,149 | 71,330,319 | 1,154,906,568 | |
| 2013-14 | 910,302,065 | 86,196,036 | 5,770,563 | 6,428,450 | 817,174 | 63,909,257 | 1,073,423,545 | |
| 2014-15 | 914,675,911 | 90,291,046 | 6,038,431 | 7,327,130 | 943,444 | 65,005,310 | 1,084,281,272 | |
| 2015-16 | 918,211,760 | 90,948,657 | 6,136,918 | 7,635,331 | 935,525 | 79,478,190 | 1,103,346,381 | |
| 2016-17 | 921,926,484 | 95,220,649 | 6,347,614 | 11,119,083 | 937,876 | 89,162,041 | 1,124,713,747 | |
| 2017-18 | 925,156,500 | 97,106,146 | 6,504,781 | 11,844,083 | 950,457 | 95,059,396 | 1,136,621,363 | |
| 2018-19 | 931,964,828 | 99,670,743 | 6,460,738 | 16,214,741 | 889,622 | 94,596,884 | 1,149,797,556 | |

(1) 100% of fair market value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

| Fiscal Year | Real Estate | | Personal Property | | Mobile Homes | | Machinery and Tools | | Merchant's Capital | |
|----------------|-------------|------|----------------------|------|-----------------|------|---------------------------|------|-----------------------|------|
| | | | | | | | | | | |
| 2009-10 | \$ | 0.42 | \$ | 3.00 | \$ | 0.42 | \$ | 3.00 | \$ | 3.20 |
| 2010-11 | | 0.42 | | 3.00 | | 0.42 | | 3.00 | | 3.20 |
| 2011-12 | | 0.42 | | 3.00 | | 0.42 | | 3.00 | | 3.20 |
| 2012-13 | | 0.42 | | 3.00 | | 0.42 | | 3.00 | | 3.20 |
| 2013-14 | | 0.48 | | 3.75 | | 0.48 | | 3.75 | | 3.20 |
| 2014-15 | | 0.48 | | 3.75 | | 0.48 | | 3.75 | | 3.20 |
| 2015-16 | | 0.53 | | 3.75 | | 0.53 | | 3.00 | | 3.20 |
| 2016-17 | | 0.53 | | 3.75 | | 0.53 | | 3.00 | | 3.20 |
| 2017-18 | | 0.53 | | 3.75 | | 0.53 | | 3.00 | | 3.20 |
| 2018-19 | | 0.53 | | 3.75 | | 0.53 | | 3.00 | | 3.20 |

(1) Per \$100 of assessed value.

COUNTY OF CHARLOTTE, VIRGINIA

Table 8

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

| Fiscal Year | Population (1) | Assessed Value (2) | Gross Bonded Debt (3) | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt per Capita |
|----------------|-------------------|-----------------------|--------------------------------|--|-------------------------------------|
| 2009-10 | 12,672 | \$ 1,097,813,878 | \$ 1,345,795 | 0.12% | \$ 106 |
| 2010-11 | 12,586 | 1,116,269,594 | 1,099,064 | 0.10% | 87 |
| 2011-12 | 12,565 | 1,138,134,247 | 2,341,990 | 0.21% | 186 |
| 2012-13 | 12,560 | 1,154,906,568 | 1,998,708 | 0.17% | 159 |
| 2013-14 | 12,305 | 1,073,423,545 | 1,643,320 | 0.15% | 134 |
| 2014-15 | 12,641 | 1,084,281,272 | 1,275,000 | 0.12% | 101 |
| 2015-16 | 12,454 | 1,103,346,381 | 12,770,000 | 1.16% | 1,025 |
| 2016-17 | 12,316 | 1,124,713,747 | 12,605,000 | 1.12% | 1,023 |
| 2017-18 | 12,231 | 1,136,621,363 | 18,535,000 | 1.63% | 1,515 |
| 2018-19 | 12,021 | 1,149,797,556 | 18,008,000 | 1.57% | 1,498 |

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and Literary Fund Loans.
Excludes capital leases, premiums on bonds, net OPEB liabilities
net pension liability, landfill postclosure and corrective action liability,

COUNTY OF CHARLOTTE, VIRGINIA

Table 9

Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

| Fiscal Year | Principal | Interest | Total Debt Service | Total General Governmental Expenditures(2) | Ratio of Debt Service to General Governmental Expenditures |
|----------------|------------|------------|--------------------------|---|--|
| 2009-10 | \$ 731,161 | \$ 151,013 | \$ 882,174 | \$ 36,676,651 | 2.41% |
| 2010-11 | 665,023 | 109,887 | 774,910 | 33,740,810 | 2.30% |
| 2011-12 | 1,573,160 | 178,150 | 1,751,310 | 34,525,904 | 5.07% |
| 2012-13 | 523,075 | 159,622 | 682,697 | 34,733,040 | 1.97% |
| 2013-14 | 520,631 | 130,362 | 650,993 | 33,836,313 | 1.92% |
| 2014-15 | 446,265 | 111,452 | 557,717 | 33,728,208 | 1.65% |
| 2015-16 | 173,031 | 687,299 | 860,330 | 34,257,098 | 2.51% |
| 2016-17 | 269,973 | 504,655 | 774,628 | 38,716,220 | 2.00% |
| 2017-18 | 274,229 | 746,967 | 1,021,196 | 48,785,622 | 2.09% |
| 2018-19 | 641,766 | 732,382 | 1,374,148 | 39,717,236 | 3.46% |

(1) Includes General and Permanent funds of the Primary Government and Special Revenue funds
of the Discretely Presented Component Unit - School Board.

(2) Excludes capital projects and nondepartmental.

- Compliance -

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

To the Honorable Members of
the Board of Supervisors
County of Charlotte, 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Charlotte, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Charlotte, Virginia's basic financial statements and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

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

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

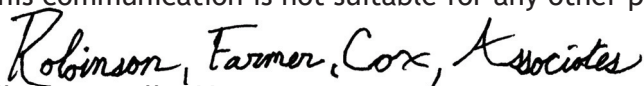
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


Charlottesville, Virginia
November 25, 2019

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

To the Honorable Members of
the Board of Supervisors
County of Charlotte, Virginia

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

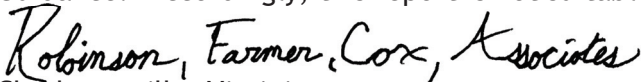
Report on Internal Control over Compliance

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

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

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

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


Charlottesville, Virginia
November 25, 2019

COUNTY OF CHARLOTTE, VIRGINIA

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

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|---------------------------|--|-------------------------|
| Department of Health and Human Services: | | | |
| Pass-Through Payments: | | | |
| Department of Social Services: | | | |
| Promoting Safe and Stable Families | 93.556 | 950118 | \$ 1,088 |
| Temporary Assistance for Needy Families (TANF Cluster) | 93.558 | 0400118 / 0400119 | 287,019 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 0500118 / 0500119 | 90 |
| Low-Income Home Energy Assistance | 93.568 | 0600418 / 0600419 | 25,997 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster) | 93.596 | 0760118 / 0760119 | 28,517 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900118 / 0900119 | 186 |
| Foster Care - Title IV-E | 93.658 | 1100118 / 1100119 | 148,820 |
| Adoption Assistance | 93.659 | 1120118 / 1120119 | 175,034 |
| Social Services Block Grant | 93.667 | 1000118 / 1000119 | 151,733 |
| Chafee Foster Care Independence Program | 93.674 | 9150118 / 9150119 | 1,278 |
| Children's Health Insurance Program (CHIP) | 93.767 | 0540118 / 0540119 | 4,931 |
| Medical Assistance Program (Medicaid Cluster) | 93.778 | 1200118 / 1200119 | 235,987 |
| Total Department of Health and Human Services | | | \$ 1,060,680 |
| Department of Agriculture: | | | |
| Pass-Through Payments: | | | |
| Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| Department of Agriculture: | | | |
| Summer Food Service Program for Children | 10.559 | Unknown | \$ 21,837 |
| National School Lunch Program - Food Distribution | 10.555 | Unknown | \$ 58,340 |
| Department of Education: | | | |
| National School Lunch Program | 10.555 | 402540 | 395,657 |
| School Breakfast Program | 10.553 | 402530 | 181,985 |
| Total Child Nutrition Cluster | | | \$ 657,819 |
| Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) | 10.561 | 0040118 / 0040119 | 211,361 |
| Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP | 10.596 | Unknown | 4,112 |
| Total Department of Agriculture | | | \$ 873,292 |
| Department of Justice: | | | |
| Pass-Through Payments: | | | |
| Department of Criminal Justice Services: | | | |
| Crime Victim Assistance | 16.575 | Unknown | \$ 40,258 |
| Total Department of Justice | | | \$ 40,258 |

COUNTY OF CHARLOTTE, VIRGINIA

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

| Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---------------------------|--|-------------------------|
| Department of Labor: | | | |
| Pass-Through Payments: | | | |
| Virginia Community College System: | | | |
| Workforce Innovation Fund | 17.283 | Unknown | \$ 118,644 |
| WIOA Cluster: | | | |
| WIA/WIOA Adult Program | 17.258 | Unknown | 466,626 |
| WIA/WIOA Youth Activities | 17.259 | Unknown | 480,912 |
| WIA/WIOA Dislocated Worker Formula Grants | 17.278 | Unknown | 320,341 |
| Total WIOA Cluster | | | \$ 1,267,879 |
| Total Department of Labor | | | \$ 1,386,523 |
| Department of Homeland Security | | | |
| Pass-Through Payments: | | | |
| Department of Emergency Management: | | | |
| Emergency Management Performance Grants | 97.042 | Unknown | \$ 7,500 |
| Total Department of Homeland Security | | | \$ 7,500 |
| Department of Transportation: | | | |
| Pass-Through Payments: | | | |
| Department of Motor Vehicles: | | | |
| Alcohol Open Container Requirements | 20.607 | 184AL201513004240 | \$ 7,461 |
| Total Department of Transportation | | | \$ 7,461 |
| Department of Education: | | | |
| Pass-Through Payments: | | | |
| Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | S010A170046 | \$ 569,178 |
| Special Education Cluster (IDEA): | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | H027A180107 | 429,553 |
| Special Education - Preschool Grants (IDEA, Preschool) | 84.173 | H173A180112 | 18,310 |
| Total Special Education Cluster (IDEA) | | | \$ 447,863 |
| Career and Technical Education - Basic Grants to States (Perkins IV) | 84.048 | V048A180046 | 12,347 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334 | Unknown | 23,043 |
| Supporting Effective Instruction State Grant | 84.367 | S367A180044 | 103,048 |
| Twenty-First Century Community Learning Centers | 84.287 | S287C180047 | 219,914 |
| Rural Education | 84.358 | S358B170046 | 57,746 |
| Student Support and Academic Enrichment Program | 84.424 | S424A180048 | 27,081 |
| Total Department of Education | | | \$ 1,460,220 |
| Total Expenditures of Federal Awards | | | \$ 4,835,934 |

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 1 - Basis of Presentation

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

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 | \$ 2,789,221 |
| Less: Payments in lieu of taxes | (9,552) |
| Less: BAB Subsidy | (61,774) |
| Total General Fund | \$ 2,717,895 |
| Total primary government | \$ 2,717,895 |

Component Unit School Board:

| | |
|-----------------------------------|--------------|
| School Operating Fund | \$ 1,480,329 |
| School Cafeteria Fund | 637,710 |
| Total component unit School Board | \$ 2,118,039 |

| | |
|---|--------------|
| Total federal expenditures per basic financial statements | \$ 4,835,934 |
|---|--------------|

| | |
|---|--------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ 4,835,934 |
|---|--------------|

COUNTY OF CHARLOTTE, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditors' report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |

Identification of major programs:

| <u>CFDA #</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------|---|
| 17.258/17.259/17.278 | WIOA Cluster |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings

There are no findings from the prior year.