

CHARLOTTE COUNTY
VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020**

COUNTY OF CHARLOTTE, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

COUNTY OF CHARLOTTE, VIRGINIA

Financial Report
For the Year Ended June 30, 2020

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COUNTY OF CHARLOTTE, VIRGINIA

Board of Supervisors

Garland H. Hamlett, Jr., Chairman
Gary D. Walker, Vice-Chairman

Kay M. Pierantoni
Will Garnett

Anthony Reeves

Donna Fore
Robert L. Shook, Jr.

School Board

Gloria Talbott, Chairman
R.B. "Jay" George, Vice-Chairman

Teresa Dunnaway
Angela Cook

Robert M. Johnson

Scotty Hamlett
JonPaul Berkley

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
Kay M. Pierantoni

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
Royal S. Freeman
Robbie Mason
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, 2020, 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, 2020, 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.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2020, County of Charlotte, Virginia restated beginning balance of the blended component unit School Board related to the capital lease beginning balance.

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, 80-81 and 82-95 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)

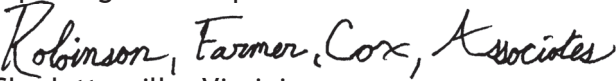
Supplementary and Other Information (continued)

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 December 7, 2020, 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
December 7, 2020

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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, 2020.

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 \$10,218,850 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues in excess of expenditures and other financing sources of \$4,536,466 (Exhibit 5) after making contributions totaling \$3,648,395 to the School Board.

- As of the close of the current fiscal year; the County's funds reported ending fund balances of \$12,723,777, an increase of \$4,536,466 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,880,881, or 54% of total general fund expenditures.
- Our combined long-term obligations increased \$3,283,701 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 \$10,218,850 at the close of the most recent fiscal year.

County of Charlotte, Virginia's Net Position			
	Governmental Activities		
	2020	2019	
Current and other assets	\$ 15,047,716	\$ 10,004,686	
Capital assets	22,090,026	24,492,080	
Total assets	\$ 37,137,742	\$ 34,496,766	
Deferred outflows of resources	\$ 1,167,399	\$ 618,952	
Current liabilities	\$ 1,835,279	\$ 1,270,476	
Long-term liabilities outstanding	25,548,466	22,264,765	
Total liabilities	\$ 27,383,745	\$ 23,535,241	
Deferred inflows of resources	\$ 702,546	\$ 722,664	
Net position:			
Net investment in capital assets	\$ 6,278,203	\$ 6,246,202	
Restricted for Library	321,473	320,906	
Unrestricted	3,619,174	4,290,705	
Total net position	\$ 10,218,850	\$ 10,857,813	

At the end of the current fiscal year, the County's net investment in capital assets is \$6,278,203. The County's net position restricted for Library use is \$321,473. The remaining \$3,619,174 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 \$638,963.

<u>County of Charlotte, Virginia's Change in Net Position</u>		
	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 877,512	\$ 805,034
Operating grants and contributions	6,387,721	6,560,594
General revenues:		
Property taxes	10,817,608	9,009,416
Other local taxes	1,409,243	1,296,251
Grants and other contributions unrestricted	1,080,006	995,199
Other	881,577	863,260
Total revenues	<u>\$ 21,453,667</u>	<u>\$ 19,529,754</u>
Expenses:		
General government administration	\$ 1,560,917	\$ 1,624,064
Judicial administration	1,122,896	833,675
Public safety	4,479,057	4,695,731
Public works	1,415,261	1,604,848
Health and welfare	5,156,000	4,855,427
Education	7,031,039	8,316,036
Parks, recreation and culture	355,679	275,779
Community development	270,920	266,351
Interest	700,861	677,788
Total expenses	<u>\$ 22,092,630</u>	<u>\$ 23,149,699</u>
Increases (decrease) in net position	\$ (638,963)	\$ (3,619,945)
Net position-beginning	<u>10,857,813</u>	<u>14,477,758</u>
Net position-ending	<u>\$ 10,218,850</u>	<u>\$ 10,857,813</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 \$12,723,777, an increase of \$4,536,466 in comparison with the prior year. Approximately 97% 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, 2020 amounts to \$22,090,026 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

<u>County of Charlotte, Virginia's Capital Assets</u>			
	<u>Governmental Activities</u>		
	<u>2020</u>	<u>2019</u>	
Land	\$ 250,555	\$ 250,555	
Buildings and improvements	22,196,483	22,196,483	
Equipment	3,512,592	3,221,300	
Tenancy in common	2,583,361	2,663,361	
Construction in progress	<u>1,068,062</u>	<u>2,651,210</u>	
Total	\$ 29,611,053	\$ 30,982,909	
Less accumulated depreciation	<u>(7,521,027)</u>	<u>(6,490,829)</u>	
Net capital assets	<u>\$ 22,090,026</u>	<u>\$ 24,492,080</u>	

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 \$17,462,000 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	
	2020	2019
General obligation bond	\$ 880,000	\$ 960,000
Revenue bond	11,225,000	11,315,000
Lease revenue bonds	5,357,000	5,733,000
Premium on bonds	646,712	671,586
Capital leases	3,413,724	-
Compensated absences	410,764	359,655
Net OPEB liabilities	829,648	763,529
Net pension liability	1,303,488	924,380
Landfill closure liability	1,482,130	1,537,615
Total	<u>\$ 25,548,466</u>	<u>\$ 22,264,765</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 increased by \$3,283,701 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 7.1 percent, which is greater than 3.8 percent as reported in the previous year. This compares favorably to the state's average unemployment rate of 8.5 percent, and slightly favorably to the national average rate of 11.2 percent.

Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the County's budget for the 2021 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, 2020

	Primary Government	Component Unit
	Governmental Activities	School Board
ASSETS		
Cash and cash equivalents	\$ 8,874,484	\$ 941,593
Receivables (net of allowance for uncollectibles):		
Taxes receivable	1,028,489	-
Accounts receivable	346,952	28,852
Inventory	-	26,603
Due from component unit	843,918	-
Due from other governmental units	989,477	1,035,160
Prepaid items	50,195	19,596
Restricted assets:		
Cash and cash equivalents	2,592,728	-
Investments	221,473	-
Permanently restricted:		
Investments	100,000	-
Net pension asset	-	277,122
Capital assets (net of accumulated depreciation):		
Land	250,555	65,745
Buildings and improvements	19,933,250	12,187,438
Machinery and equipment	838,159	89,420
Construction in progress	1,068,062	85,988
Total assets	<u>\$ 37,137,742</u>	<u>\$ 14,757,517</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 932,958	\$ 3,579,044
OPEB related items	234,441	525,268
Total deferred outflows of resources	<u>\$ 1,167,399</u>	<u>\$ 4,104,312</u>
LIABILITIES		
Accounts payable	\$ 531,053	\$ 252,599
Contracts payable	121,555	-
Accrued liabilities	-	901,342
Unearned revenue	967,927	-
Accrued interest payable	214,744	-
Due to primary government	-	843,918
Long-term liabilities:		
Due within one year	826,207	97,810
Due in more than one year	24,722,259	22,089,063
Total liabilities	<u>\$ 27,383,745</u>	<u>\$ 24,184,732</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 642,915	\$ 2,749,435
OPEB related items	27,442	418,957
Deferred revenue-property taxes	32,189	-
Total deferred inflows of resources	<u>\$ 702,546</u>	<u>\$ 3,168,392</u>
NET POSITION		
Net investment in capital assets	\$ 6,278,203	\$ 11,790,964
Restricted:		
Library		
Expendable	221,473	-
Nonexpendable	100,000	-
Unrestricted	3,619,174	(20,282,259)
Total net position	<u>\$ 10,218,850</u>	<u>\$ (8,491,295)</u>

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

Statement of Activities
For the Year Ended June 30, 2020

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	\$ 1,560,917	\$ 96,893	\$ 253,828	\$ -	\$ (1,210,196)	\$ -
Judicial administration	1,122,896	51,919	382,559	-	(688,418)	-
Public safety	4,479,057	691,096	1,719,638	-	(2,068,323)	-
Public works	1,415,261	37,604	15,127	-	(1,362,530)	-
Health and welfare	5,156,000	-	3,942,151	-	(1,213,849)	-
Education	7,031,039	-	-	-	(7,031,039)	-
Parks, recreation, and cultural	355,679	-	53,754	-	(301,925)	-
Community development	270,920	-	20,664	-	(250,256)	-
Interest on long-term debt	700,861	-	-	-	(700,861)	-
Total governmental activities	\$ 22,092,630	\$ 877,512	\$ 6,387,721	\$ -	\$ (14,827,397)	\$ -
Total primary government	\$ 22,092,630	\$ 877,512	\$ 6,387,721	\$ -	\$ (14,827,397)	\$ -
Component Unit:						
School Board	\$ 17,734,151	\$ 143,599	\$ 16,468,836	\$ -	\$ -	\$ (1,121,716)
Total component unit	\$ 17,734,151	\$ 143,599	\$ 16,468,836	\$ -	\$ -	\$ (1,121,716)
General revenues:						
General property taxes					\$ 10,817,608	\$ -
Other local taxes:						
Local sales and use taxes					753,317	-
Consumer utility taxes					233,157	-
Motor vehicle licenses					325,653	-
Other local taxes					97,116	-
Unrestricted revenues from use of money and property					324,275	703
Miscellaneous					557,302	510,936
Grants and contributions not restricted to specific programs					1,080,006	-
Contributions from Charlotte County					-	3,648,395
Total general revenues					\$ 14,188,434	\$ 4,160,034
Change in net position					\$ (638,963)	\$ 3,038,318
Net position - beginning, as restated					10,857,813	(11,529,613)
Net position - ending					\$ 10,218,850	\$ (8,491,295)

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, 2020

	General	Capital Projects Fund	CARES Act Fund	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 7,901,339	\$ -	\$ 973,090	\$ 55	\$ 8,874,484
Receivables (net of allowance for uncollectibles):					
Taxes receivable	1,028,489	-	-	-	1,028,489
Accounts receivable	346,952	-	-	-	346,952
Prepaid items	50,195	-	-	-	50,195
Due from component unit	843,918	-	-	-	843,918
Due from other funds	-	-	-	6,183	6,183
Due from other governmental units	989,477	-	-	-	989,477
Restricted assets:					
Cash and cash equivalents	-	2,592,728	-	-	2,592,728
Investments	-	-	-	221,473	221,473
Permanently restricted:					
Investments	-	-	-	100,000	100,000
Total assets	<u>\$ 11,160,370</u>	<u>\$ 2,592,728</u>	<u>\$ 973,090</u>	<u>\$ 327,711</u>	<u>\$ 15,053,899</u>
LIABILITIES					
Accounts payable	\$ 519,707	\$ -	\$ 5,163	\$ 6,183	\$ 531,053
Contracts payable	-	121,555	-	-	121,555
Unearned revenue	-	-	967,927	-	967,927
Due to other funds	6,183	-	-	-	6,183
Total liabilities	<u>\$ 525,890</u>	<u>\$ 121,555</u>	<u>\$ 973,090</u>	<u>\$ 6,183</u>	<u>\$ 1,626,718</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	<u>\$ 703,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,404</u>
FUND BALANCE					
Nonspendable:					
Permanent fund corpus	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
Prepaid items	50,195	-	-	-	50,195
Restricted:					
Library operations	-	-	-	221,473	221,473
Assigned:					
Library operations	-	-	-	55	55
Unassigned	9,880,881	2,471,173	-	-	12,352,054
Total fund balances	<u>\$ 9,931,076</u>	<u>\$ 2,471,173</u>	<u>\$ -</u>	<u>\$ 321,528</u>	<u>\$ 12,723,777</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,160,370</u>	<u>\$ 2,592,728</u>	<u>\$ 973,090</u>	<u>\$ 327,711</u>	<u>\$ 15,053,899</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	12,723,777
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	29,611,053	
Accumulated depreciation		<u>(7,521,027)</u>	22,090,026
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes			671,215
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	\$	932,958	
Deferred outflows - OPEB related items		<u>234,441</u>	1,167,399
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	\$	(12,105,000)	
Lease revenue bonds		(5,357,000)	
Premium on bond payable		(646,712)	
Capital lease		(3,413,724)	
Accrued interest payable		(214,744)	
Net OPEB liabilities		(829,648)	
Net pension liability		(1,303,488)	
Compensated absences		(410,764)	
Landfill postclosure and corrective action liability		<u>(1,482,130)</u>	(25,763,210)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Deferred inflows - pension related items	\$	(642,915)	
Deferred inflows - OPEB related items		<u>(27,442)</u>	(670,357)
Net position of governmental activities			<u>\$ 10,218,850</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, 2020

	General	Capital Projects Fund	CARES Act Fund	Other Govern- mental Funds	Total
REVENUES					
General property taxes	\$ 10,834,650	\$ -	\$ -	\$ -	\$ 10,834,650
Other local taxes	1,409,243	-	-	-	1,409,243
Permits, privilege fees, and regulatory licenses	110,096	-	-	-	110,096
Fines and forfeitures	232,630	-	-	-	232,630
Revenue from the use of money and property	317,021	1,566	-	5,688	324,275
Charges for services	534,786	-	-	-	534,786
Miscellaneous	557,122	-	-	180	557,302
Intergovernmental:					
Commonwealth	4,801,943	-	-	53,754	4,855,697
Federal	2,543,473	-	68,557	-	2,612,030
Total revenues	\$ 21,340,964	\$ 1,566	\$ 68,557	\$ 59,622	\$ 21,470,709
EXPENDITURES					
Current:					
General government administration	\$ 1,341,634	\$ -	\$ 4,523	\$ -	\$ 1,346,157
Judicial administration	585,961	-	3,591	-	589,552
Public safety	4,436,105	-	57,478	-	4,493,583
Public works	1,587,537	-	1,401	-	1,588,938
Health and welfare	5,086,631	-	847	-	5,087,478
Education	3,654,370	-	-	-	3,654,370
Parks, recreation, and cultural	88,783	-	717	271,461	360,961
Community development	273,267	-	-	-	273,267
Nondepartmental	85,844	-	-	-	85,844
Capital projects	-	1,627,853	-	-	1,627,853
Debt service:					
Principal retirement	546,000	-	-	-	546,000
Interest and other fiscal charges	693,964	-	-	-	693,964
Total expenditures	\$ 18,380,096	\$ 1,627,853	\$ 68,557	\$ 271,461	\$ 20,347,967
Excess (deficiency) of revenues over (under) expenditures	\$ 2,960,868	\$ (1,626,287)	\$ -	\$ (211,839)	\$ 1,122,742
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 1,003,796	\$ -	\$ 212,406	\$ 1,216,202
Transfers (out)	(1,216,202)	-	-	-	(1,216,202)
Issuance of lease revenue notes		3,413,724	-	-	3,413,724
Total other financing sources (uses)	\$ (1,216,202)	\$ 4,417,520	\$ -	\$ 212,406	\$ 3,413,724
Net change in fund balances	\$ 1,744,666	\$ 2,791,233	\$ -	\$ 567	\$ 4,536,466
Fund balances - beginning	8,186,410	(320,060)	-	320,961	8,187,311
Fund balances - ending	\$ 9,931,076	\$ 2,471,173	\$ -	\$ 321,528	\$ 12,723,777

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds	\$ 4,536,466
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Capital outlay	\$ 1,969,251	
Transfer of joint assets	(3,275,500)	
Depreciation expense	<u>(1,095,805)</u>	(2,402,054)

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

Property taxes	(17,042)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Change in landfill closure and post-closure liability	\$ 55,485	
Amortization of premium on bond	24,874	
Capital lease	(3,413,724)	
Principal payments	<u>546,000</u>	(2,787,365)

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	\$ (31,771)	
Pension expense	145,272	
OPEB expense	(31,360)	
Change in compensated absences	<u>(51,109)</u>	31,032

Change in net position of governmental activities	<u>\$ (638,963)</u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,503,777
Accounts receivable	514,462
Total assets	<u>\$ 3,018,239</u>
LIABILITIES	
Amounts held for social services clients	\$ 31,935
Accounts payable	158,051
Amounts held for others	2,828,253
Total liabilities	<u>\$ 3,018,239</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, 2020

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, 2020 (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, 2020.

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, 2020.

C. Other Related Organizations

Included in the County's Financial Report

None

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020, the County contributed \$73,000 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 \$189,374 for solid waste transferred to the Authority in fiscal year 2020.

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

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, 2020 (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, 2020 (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, 2020 the County had restricted cash in the following amounts:

- \$100,000 held in perpetuity, earnings from which are used to fund library operations
- \$221,473 of earnings on library investments restricted for library operations
- \$2,592,728 held for the capital projects

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 \$125,747 at June 30, 2020 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, 2020 (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);

COUNTY OF CHARLOTTE, VIRGINIA

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

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

M. Fund Equity: (Continued)

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

P. Net Position

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

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

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

Q. 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, 2020 (Continued)

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

R. 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.

S. 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.

Note 2 - Deposits and Investments: (Continued)

Investments

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2 - Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2020 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	\$ 1,598,843	\$ -	\$ -
U.S. Government Money Market	-	-	321,472
Virginia Investment Pool - Liquid General	2,324,090	-	-
Virginia State Non-Arbitrage Program	83,578	-	-
Total	\$ 4,006,511	\$ -	\$ 321,472

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	\$ 1,598,843	\$ 1,598,843
U.S. Government Money Market	321,472	321,472
Virginia Investment Pool - Liquid General	2,324,090	2,324,090
Virginia State Non-Arbitrage Program	83,578	83,578
Total	\$ 4,327,983	\$ 4,327,983

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 2 - Deposits and Investments: (Continued)

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
- 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, 2020:

<u>Investment</u>	<u>6/30/2020</u>	<u>Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
U.S. Government Money Market Fund	\$ 321,472	\$ 321,472
Total Investments measured at fair value	<u>\$ 321,472</u>	
Investments measured at net asset value (NAV)		
Virginia Investment Pool - Liquid General	\$ 2,324,090	
Total Investments measured at NAV	<u>\$ 2,324,090</u>	

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020 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	\$ 150,330	\$ 264,514
Communication tax	17,471	-
Technology Initiative	-	180,000
Rolling stock	72,570	-
Public assistance	55,872	-
Comprehensive services	219,661	-
Mobile home titling tax	1,185	-
Recordation tax	2,084	-
E-911 wireless	7,610	-
Commonwealth's Attorney	15,079	-
Sheriff	107,874	-
Clerk of the Circuit Court	16,246	-
Commissioner of Revenue	6,857	-
Treasurer	7,725	-
Workforce Investment Board	16,782	-
Other state funds	8,633	-
Federal Government:		
School funds	-	590,646
Public assistance	109,235	-
Other federal funds	9,101	-
Workforce Investment Board	165,162	-
Total	\$ <u>989,477</u>	\$ <u>1,035,160</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4 - Capital Assets:

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

Primary Government:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 250,555	\$ -	\$ -	\$ 250,555
Construction in progress	<u>2,651,210</u>	<u>1,627,852</u>	<u>3,211,000</u>	<u>1,068,062</u>
Total capital assets not being depreciated	<u>\$ 2,901,765</u>	<u>\$ 1,627,852</u>	<u>\$ 3,211,000</u>	<u>\$ 1,318,617</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 22,196,483	\$ -	\$ -	\$ 22,196,483
Equipment	<u>3,221,300</u>	<u>341,399</u>	<u>50,107</u>	<u>3,512,592</u>
Jointly owned assets	<u>2,663,361</u>	<u>-</u>	<u>80,000</u>	<u>2,583,361</u>
Total capital assets being depreciated	<u>\$ 28,081,144</u>	<u>\$ 341,399</u>	<u>\$ 130,107</u>	<u>\$ 28,292,436</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,610,604	\$ 664,331	\$ -	\$ 4,274,935
Equipment	<u>2,480,235</u>	<u>244,305</u>	<u>50,107</u>	<u>2,674,433</u>
Jointly owned assets	<u>399,990</u>	<u>187,169</u>	<u>15,500</u>	<u>571,659</u>
Total accumulated depreciation	<u>\$ 6,490,829</u>	<u>\$ 1,095,805</u>	<u>\$ 65,607</u>	<u>\$ 7,521,027</u>
Total capital assets being depreciated, net	<u>\$ 21,590,315</u>	<u>\$ (754,406)</u>	<u>\$ 64,500</u>	<u>\$ 20,771,409</u>
Governmental activities capital assets, net	<u><u>\$ 24,492,080</u></u>	<u><u>\$ 873,446</u></u>	<u><u>\$ 3,275,500</u></u>	<u><u>\$ 22,090,026</u></u>

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 4 - Capital Assets: (Continued)

Discretely Presented Component Unit-School Board:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 65,745	\$ -	\$ -	\$ 65,745
Construction in progress	-	85,988	-	85,988
Total capital assets not being depreciated	\$ 65,745	\$ 85,988	\$ -	\$ 151,733
Capital assets being depreciated:				
Buildings and improvements	\$ 15,475,044	\$ 3,211,000	\$ -	\$ 18,686,044
Equipment	5,099,232	57,811	-	5,157,043
Jointly owned assets	3,135,321	80,000	-	3,215,321
Total capital assets being depreciated	\$ 23,709,597	\$ 3,348,811	\$ -	\$ 27,058,408
Accumulated depreciation:				
Buildings and improvements	\$ 7,781,199	\$ 554,550	\$ -	\$ 8,335,749
Equipment	4,659,096	408,527	-	5,067,623
Jointly owned assets	1,362,678	15,500	-	1,378,178
Total accumulated depreciation	\$ 13,802,973	\$ 978,577	\$ -	\$ 14,781,550
Total capital assets being depreciated, net	\$ 9,906,624	\$ 2,370,234	\$ -	\$ 12,276,858
Governmental activities capital assets, net	\$ 9,972,369	\$ 2,456,222	\$ -	\$ 12,428,591

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

Governmental activities:

General government administration	\$ 55,794
Judicial administration	539,871
Public safety	177,176
Public works	103,579
Health and welfare	27,411
Education	187,169
Parks, recreation and cultural	4,805
Total	\$ 1,095,805
Component Unit-School Board	\$ 978,577

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	\$ 410,764
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COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6 - Long-Term Obligations:

The following is summary of long-term obligation transactions of the County for the year ended June 30, 2020:

	<u>Balance at July 1, 2019</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>
Primary Government:					
Direct Borrowings or Placements:					
General obligation bond	\$ 11,315,000	\$ -	\$ 90,000	\$ 11,225,000	\$ 95,000
Revenue bond	960,000	-	80,000	880,000	80,000
Lease revenue bond	5,733,000	-	376,000	5,357,000	386,000
Premium on bonds	671,586	-	24,874	646,712	24,874
Capital leases	-	3,413,724	-	3,413,724	199,257
Compensated absences	359,655	51,109	-	410,764	41,076
Net OPEB liabilities	763,529	141,153	75,034	829,648	-
Net pension liability	924,380	2,951,118	2,572,010	1,303,488	-
Landfill postclosure and corrective action liability	1,537,615	24,775	80,260	1,482,130	-
Total Primary Government	<u>\$ 22,264,765</u>	<u>\$ 6,581,879</u>	<u>\$ 3,298,178</u>	<u>\$ 25,548,466</u>	<u>\$ 826,207</u>

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
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	80,000	-	125,000	457,709	428,000	97,526
2026-2030	400,000	-	1,255,000	2,136,822	2,312,000	314,886
2031-2035	80,000	-	2,245,000	1,800,244	1,011,000	39,598
2036-2040	-	-	2,850,000	1,300,750	-	-
2041-2045	-	-	3,530,000	625,181	-	-
2046	-	-	810,000	19,256	-	-
Total	<u>\$ 880,000</u>	<u>\$ -</u>	<u>\$ 11,225,000</u>	<u>\$ 8,222,494</u>	<u>\$ 5,357,000</u>	<u>\$ 947,856</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 6 - Long-Term Obligations: (Continued)

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% \$ 880,000

Premium on bonds 646,712

Total General Obligation Bonds \$ 1,526,712

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% \$ 11,225,000

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% \$ 5,357,000

Capital Leases:

\$3,413,724 issued January 9, 2020 for the lease/purchase of communication system
due in annual installments of principal and interest through January 9, 2035, open to
prepayment, interest at 2.33% \$ 3,413,724

Compensated Absences \$ 410,764

Net OPEB liabilities \$ 829,648

Net pension liability \$ 1,303,488

Landfill postclosure and corrective action liability \$ 1,482,130

Total Primary Government \$ 25,548,466

COUNTY OF CHARLOTTE, VIRGINIA

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

	<u>Restated Balance at July 1, 2019</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Deletions</u>	<u>Balance at June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Capital Lease	\$ 724,947	\$ -	\$ 87,320	\$ 637,627	\$ 98,317
Net OPEB liabilities	3,976,979	611,786	606,245	3,982,520	-
Net pension liability	16,719,000	5,506,106	4,658,380	17,566,726	-
	<u>\$ 21,420,926</u>	<u>\$ 6,117,892</u>	<u>\$ 5,351,945</u>	<u>\$ 22,186,873</u>	<u>\$ 98,317</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>(737,500)</u>	<u>(16,652)</u>	<u>(754,152)</u>
Net book value of Capital Assets	<u>\$ 762,500</u>	<u>\$ 8,327</u>	<u>\$ 770,827</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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
2021	\$ 110,842	\$ 9,122	\$ 119,964
2022	110,842	-	110,842
2023	110,842	-	110,842
2024	110,842	-	110,842
2025	110,842	-	110,842
2026	110,842	-	110,842
2027	38,557	-	38,557
Total minimum lease payments	\$ 703,609	\$ 9,122	\$ 712,731
Less: amount representing interest	(74,285)	(820)	(75,105)
Present value of future minimum lease payments	<u>\$ 629,324</u>	<u>\$ 8,302</u>	<u>\$ 637,626</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%

\$ 629,324

\$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%

8,302

Total Capital Leases

\$ 637,626

Net OPEB liabilities

\$ 3,982,520

Net pension liability

\$ 17,566,726

Total Component Unit - School Board

\$ 22,186,872

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 8 - Litigation:

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

Note 9 - Interfund Obligations:

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

<u>Fund</u>	<u>Due from Component Unit School Board</u>	<u>Due to Primary Government</u>
General School	\$ 843,918 -	\$ - 843,918
Total	\$ 843,918	\$ 843,918

<u>Fund</u>	<u>Due from General Fund</u>	<u>Due to Special Revenue Fund - Library</u>
Library General	\$ 6,183 -	\$ - 6,183
Total	\$ 6,183	\$ 6,183

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.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	56	37
Inactive members:		
Vested inactive members	11	-
Non-vested inactive members	8	11
Inactive members active elsewhere in VRS	38	6
Total inactive members	57	17
Active members	97	27
Total covered employees	210	81

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020 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 \$415,026 and \$413,712 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 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 \$16,817 and \$18,186 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

COUNTY OF CHARLOTTE, VIRGINIA

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 24,539,701	\$ 23,615,321	\$ 924,380
Changes for the year:			
Service cost	\$ 521,323	\$ -	\$ 521,323
Interest	1,674,926	-	1,674,926
Changes of assumptions	738,328	-	738,328
Differences between expected and actual experience	(386,303)	-	(386,303)
Contributions - employer	-	413,711	(413,711)
Contributions - employee	-	222,493	(222,493)
Net investment income	-	1,549,503	(1,549,503)
Benefit payments, including refunds of employee contributions	(1,224,374)	(1,224,374)	-
Administrative expenses	-	(15,561)	15,561
Other changes	-	(980)	980
Net changes	\$ 1,323,900	\$ 944,792	\$ 379,108
Balances at June 30, 2019	\$ 25,863,601	\$ 24,560,113	\$ 1,303,488

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2018	\$ 3,347,459	\$ 3,666,221	\$ (318,762)
Changes for the year:			
Service cost	\$ 63,516	\$ -	\$ 63,516
Interest	226,390	-	226,390
Changes of assumptions	73,881	-	73,881
Differences between expected and actual experience	(41,670)	-	(41,670)
Contributions - employer	-	18,186	(18,186)
Contributions - employee	-	27,529	(27,529)
Net investment income	-	237,401	(237,401)
Benefit payments, including refunds of employee contributions	(226,619)	(226,619)	-
Administrative expenses	-	(2,490)	2,490
Other changes	-	(149)	149
Net changes	\$ 95,498	\$ 53,858	\$ 41,640
Balances at June 30, 2019	\$ 3,442,957	\$ 3,720,079	\$ (277,122)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 4,602,922	\$ 1,303,488	\$ (1,344,479)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 46,454	\$ (277,122)	\$ (539,707)

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$269,753 and \$6,679, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 419,511	\$ -	\$ 24,410
Change of assumptions	517,932	16,366	36,378	-
Net difference between projected and actual earnings on pension plan investments	-	207,038	-	30,658
Employer contributions subsequent to the measurement date	415,026	-	16,817	-
Total	<u>\$ 932,958</u>	<u>\$ 642,915</u>	<u>\$ 53,195</u>	<u>\$ 55,068</u>

\$415,026 and \$16,817 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2021	\$ (36,895)	\$ 14,068
2022	(138,048)	(34,683)
2023	33,480	(637)
2024	16,480	2,562
2025	-	-
Thereafter	-	-

COUNTY OF CHARLOTTE, VIRGINIA

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,744,225 and \$1,710,602 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$17,566,726 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .13348% as compared to .14217% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$1,325,482. 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, 2020 (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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,124,872
Change of assumptions	1,739,518	-
Net difference between projected and actual earnings on pension plan investments	-	385,724
Changes in proportion and differences between employer contributions and proportionate share of contributions	42,106	1,183,771
Employer contributions subsequent to the measurement date	<u>1,744,225</u>	<u>-</u>
Total	<u>\$ 3,525,849</u>	<u>\$ 2,694,367</u>

\$1,744,225 was reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2021	\$ (331,093)
2022	(631,715)
2023	(90,462)
2024	90,904
2025	49,623

COUNTY OF CHARLOTTE, VIRGINIA

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 10 - Pension Plans: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 26,445,555	\$ 17,566,726	\$ 10,225,580

Pension Plan Fiduciary Net Position

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

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	\$ 932,958	\$ 642,915	\$ 1,303,488	\$ 269,753
Totals	<u>\$ 932,958</u>	<u>\$ 642,915</u>	<u>\$ 1,303,488</u>	<u>\$ 269,753</u>
Component Unit School Board				
School Board Nonprofessional	\$ 53,195	\$ 55,068	\$ (277,122)	\$ 6,679
School Board Professional	3,525,849	2,694,367	17,566,726	1,325,482
Totals	<u>\$ 3,579,044</u>	<u>\$ 2,749,435</u>	<u>\$ 17,289,604</u>	<u>\$ 1,332,161</u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 \$703,404 is comprised of the following:

- A. Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$671,215.
- B. Prepaid Property Taxes - Property taxes due subsequent to June 30, 2020, but paid in advance by the taxpayers totaled \$32,190 at June 30, 2020.

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
Royal S. Freeman, Sheriff	30,000
The above constitutional officer's employees- blanket bond	50,000
Nationwide Insurance Agency- Surety	
Robbie Mason, 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
Garland H. Hamlett, Jr., Chairman	1,000
Gary D. Walker, Vice Chairman	1,000
Robert L. Shook, Jr., Supervisor	1,000
Donna Fore, Supervisor	1,000
Will Garnett, Supervisor	1,000
Anthony Reeves, 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, 2020 (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, 2020:

	<u>Receipts</u>	<u>Disbursements</u>	<u>Excess of Receipts over (under) Disbursements</u>
Commissary (Operating) Account	\$ 3,488	\$ 1,736	\$ 1,752
Inmate Trust Accounts	338,836	347,403	(8,567)
Inmate Accounts	41,078	27,207	13,871
Jail Telephone Commissions	<u>25,559</u>	<u>23,553</u>	<u>2,006</u>
Totals	<u>\$ 408,961</u>	<u>\$ 399,899</u>	<u>\$ 9,062</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 \$1,482,130 reported as landfill postclosure care and corrective action liability at June 30, 2020, represents \$1,048,169 for postclosure care liability and \$433,961 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, 2020 (Continued)

Note 16 - Other Postemployment Benefits Program:

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$23,618 and \$23,456 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$3,001 and \$3,119 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional); and \$58,912 and \$57,663 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (professional).

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

At June 30, 2020, the entity reported a liability of \$374,434, \$49,794 and \$920,545 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, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .02301%, .00306%, and .05657% for the County, School Board (Professional), and School Board (Nonprofessional), respectively, as compared to .02328%, .00354%, and .06002% for the County, School Board (Nonprofessional), and School Board (Professional), respectively, at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$8,551, \$625, and \$9,083 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, 2020 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 24,902	\$ 4,857
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,691
Change in assumptions	23,640	11,291
Changes in proportion	2,442	3,603
Employer contributions subsequent to the measurement date	23,618	-
Total Primary Government	<u>\$ 74,602</u>	<u>\$ 27,442</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 3,312	\$ 646
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,023
Change in assumptions	3,144	1,502
Changes in proportion	2,326	6,404
Employer contributions subsequent to the measurement date	3,001	-
Total Component Unit School Board (nonprofessional)	<u>\$ 11,783</u>	<u>\$ 9,575</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 61,222	\$ 11,941
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,909
Change in assumptions	58,118	27,758
Changes in proportion	-	58,430
Employer contributions subsequent to the measurement date	58,912	-
Total Component Unit School Board (professional)	<u>\$ 178,252</u>	<u>\$ 117,038</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

\$23,618, \$3,001, and \$58,912 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2021	\$ 1,223	\$ (350)	\$ (8,933)
2022	1,224	(350)	(8,932)
2023	4,481	84	(924)
2024	7,454	109	8,365
2025	7,238	(177)	10,306
Thereafter	1,922	(109)	2,420

Actuarial Assumptions

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

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

Post-Disablement:

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

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

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

NET GLI OPEB Liability

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

NET GLI OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Discount Rate

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 491,902	\$ 374,434	\$ 279,170
School Board(nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 65,416	\$ 49,794	\$ 37,126
School Board(professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 1,209,341	\$ 920,545	\$ 686,339

GLI Plan Fiduciary Net Position

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$135,898 and \$132,973 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$1,729,448 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Plan OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Plan OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Program was .13211% as compared to .14065% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$120,540. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Plan Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,796
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	109	-
Change in assumptions	40,252	12,017
Change in proportion	-	128,230
Employer contributions subsequent to the measurement date	<u>135,898</u>	<u>-</u>
Total	<u>\$ 176,259</u>	<u>\$ 150,043</u>

\$135,898 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (20,157)
2022	(20,159)
2023	(19,401)
2024	(19,655)
2025	(16,181)
Thereafter	(14,129)

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,935,547	\$ 1,729,448	\$ 1,554,368

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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.

Plan Membership

At June 30, 2019 (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, 2020 was \$8,620.

Total OPEB Liability

The County’s total OPEB liability was measured as of June 30, 2019. 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, 2020 (Continued)

Note 16 - Other Postemployment Benefits Program: (Continued)

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

County: (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2019
Salary Increases	3.00% per year for general salary inflations as of June 30, 2019
Discount Rate	3.13% for accounting and funding disclosures as of June 30, 2019
Investment Rate of Return	6.75% as of June 30, 2019

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 3.13% 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, 2019	\$	409,529
Changes for the year:		
Service cost		14,716
Interest		14,771
Changes in assumptions		19,131
Benefit payments		(2,933)
Net changes	\$	<u>45,685</u>
Balances at June 30, 2020	\$	<u><u>455,214</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (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 Discount Rate

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 504,337	\$ 455,214	\$ 411,309

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%)
\$ 418,609	\$ 455,214	\$ 492,935

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$59,183. At June 30, 2020, 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	\$ 22,858	\$ -
Changes in assumptions	128,361	-
Employer contributions subsequent to the measurement date	8,620	-
Total	\$ 159,839	\$ -

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

County: (Continued)

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

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

<u>Year Ended June 30</u>	
2021	\$ 29,696
2022	29,696
2023	29,696
2024	29,696
2025	29,702
Thereafter	2,733

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.

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, 2019 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$ 279
Total retirees with coverage	<u>12</u>
Total	<u><u>\$ 291</u></u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$90,202.

Total OPEB Liability

The School Board's total OPEB liability was measured as of June 30, 2019. 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, 2019
Salary Increases	3.00% per year for general salary inflations as of June 30, 2019
Discount Rate	3.13% for accounting and funding disclosures as of June 30, 2019
Investment Rate of Return	6.75% as of June 30, 2019

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 3.13% 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, 2019	\$	1,224,979
Changes for the year:		
Service cost		49,689
Interest		42,818
Changes in assumptions		49,548
Benefit payments		(84,301)
Net changes		57,754
Balances at June 30, 2020	\$	<u>1,282,733</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 16 - Other Postemployment Benefits Program: (Continued)

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

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate:

Rate		
1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
\$ 1,409,361	\$ 1,282,733	\$ 1,172,538

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%)
\$ 1,198,162	\$ 1,282,733	\$ 1,362,939

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 \$83,836. At June 30, 2020, the School Board 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	\$ 23,728	\$ -
Changes in assumptions	45,044	142,301
Employer contributions subsequent to the measurement date	90,202	-
Total	<u>\$ 158,974</u>	<u>\$ 142,301</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

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

<u>Year Ended June 30</u>	
2021	\$ (8,671)
2022	(8,671)
2023	(8,671)
2024	(8,671)
2025	(8,671)
Thereafter	(30,174)

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.

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	\$ 74,602	\$ 27,442	\$ 374,434	\$ 8,551
County Stand-Alone Plan (Note 16)	159,839	-	455,214	59,183
Totals	<u>\$ 234,441</u>	<u>\$ 27,442</u>	<u>\$ 829,648</u>	<u>\$ 67,734</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program (Note 16):				
School Board Nonprofessional	\$ 11,783	\$ 9,575	\$ 49,794	\$ 625
School Board Professional	178,252	117,038	920,545	9,083
Teacher Health Insurance Credit Program (Note 16)	176,259	150,043	1,729,448	120,540
School Stand-Alone Plan (Note 16)	158,974	142,301	1,282,733	83,836
Totals	<u>\$ 525,268</u>	<u>\$ 418,957</u>	<u>\$ 3,982,520</u>	<u>\$ 214,084</u>

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 17 - Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,216,202
Capital Projects Fund	1,003,796	-
Library Fund	212,406	-
Total	<u>\$ 1,216,202</u>	<u>\$ 1,216,202</u>

Note 18 - Restatement of Beginning Net Position:

The component unit School Board is restating the correct beginning balance of the capital lease it holds for equipment purchases. The beginning balance restatement of net position is noted below:

	<u>Component Unit School Board</u>
Net Position as reported at June 30, 2019	\$ (11,444,607)
Adjustment of beginning capital lease	<u>(85,006)</u>
Net Position as restated at June 30, 2019	<u>\$ (11,529,613)</u>

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, 2019.

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

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

COUNTY OF CHARLOTTE, VIRGINIA

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

Note 19 - Upcoming Pronouncements: (Continued)

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

Note 20-COVID - 19 Pandemic Subsequent Event:

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

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Charlotte, Virginia, received the second round of CRF funds in the amount of \$1,036,484 on August 17, 2020.

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

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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.

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General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 10,125,000	\$ 10,125,000	\$ 10,834,650	\$ 709,650
Other local taxes	1,238,355	1,238,355	1,409,243	170,888
Permits, privilege fees, and regulatory licenses	69,500	69,500	110,096	40,596
Fines and forfeitures	172,000	172,000	232,630	60,630
Revenue from the use of money and property	252,505	252,505	317,021	64,516
Charges for services	475,233	475,233	534,786	59,553
Miscellaneous	508,979	508,979	557,122	48,143
Intergovernmental:				
Commonwealth	6,230,432	6,230,432	4,801,943	(1,428,489)
Federal	2,681,191	2,683,853	2,543,473	(140,380)
Total revenues	\$ 21,753,195	\$ 21,755,857	\$ 21,340,964	\$ (414,893)
EXPENDITURES				
Current:				
General government administration	\$ 1,509,849	\$ 1,509,849	\$ 1,341,634	\$ 168,215
Judicial administration	608,969	608,969	585,961	23,008
Public safety	5,171,215	5,171,215	4,436,105	735,110
Public works	1,749,683	1,749,683	1,587,537	162,146
Health and welfare	6,722,236	6,722,236	5,086,631	1,635,605
Education	3,923,614	3,923,614	3,654,370	269,244
Parks, recreation, and cultural	114,323	114,323	88,783	25,540
Community development	472,807	472,807	273,267	199,540
Nondepartmental	160,920	160,920	85,844	75,076
Debt service:				
Principal retirement	376,000	376,000	546,000	(170,000)
Interest and other fiscal charges	149,058	149,058	693,964	(544,906)
Total expenditures	\$ 20,958,674	\$ 20,958,674	\$ 18,380,096	\$ 2,578,578
Excess (deficiency) of revenues over (under) expenditures	\$ 794,521	\$ 797,183	\$ 2,960,868	\$ 2,163,685
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 795,678	\$ 795,678	\$ -	\$ (795,678)
Transfers (out)	(2,438,999)	(2,438,999)	(1,216,202)	1,222,797
Total other financing sources (uses)	\$ (1,643,321)	\$ (1,643,321)	\$ (1,216,202)	\$ 427,119
Net change in fund balances	\$ (848,800)	\$ (846,138)	\$ 1,744,666	\$ 2,590,804
Fund balances - beginning	848,800	846,138	8,186,410	7,340,272
Fund balances - ending	\$ -	\$ -	\$ 9,931,076	\$ 9,931,076

CARES Act Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Federal	\$ 518,242	\$ 518,242	\$ 68,557	\$ (449,685)
Total revenues	\$ 518,242	\$ 518,242	\$ 68,557	\$ (449,685)
EXPENDITURES				
Current:				
General government administration	\$ 22,500	\$ 22,500	\$ 4,523	\$ 17,977
Judicial administration	30,579	30,579	3,591	26,988
Public safety	99,099	99,099	57,478	41,621
Public works	22,500	22,500	1,401	21,099
Health and welfare	22,500	22,500	847	21,653
Education	22,500	22,500	-	22,500
Parks, recreation, and cultural	22,500	22,500	717	21,783
Community development	100,000	100,000	-	100,000
Nondepartmental	176,064	176,064	-	176,064
Total expenditures	\$ 518,242	\$ 518,242	\$ 68,557	\$ 449,685
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 521,323	\$ 496,713	\$ 499,908	\$ 501,753	\$ 504,280	\$ 517,448
Interest	1,674,926	1,621,726	1,560,574	1,494,782	1,415,451	1,333,403
Differences between expected and actual experience	(386,303)	(324,168)	(215,983)	(363,963)	(138,453)	-
Changes in assumptions	738,328	-	(180,040)	-	-	-
Benefit payments, including refunds of employee contributions	(1,224,374)	(844,175)	(737,526)	(647,871)	(648,085)	(709,385)
Net change in total pension liability	\$ 1,323,900	\$ 950,096	\$ 926,933	\$ 984,701	\$ 1,133,193	\$ 1,141,466
Total pension liability - beginning	24,539,701	23,589,605	22,662,672	21,677,971	20,544,778	19,403,312
Total pension liability - ending (a)	\$ 25,863,601	\$ 24,539,701	\$ 23,589,605	\$ 22,662,672	\$ 21,677,971	\$ 20,544,778
Plan fiduciary net position						
Contributions - employer	\$ 413,711	\$ 429,689	\$ 413,671	\$ 517,045	\$ 508,216	\$ 536,281
Contributions - employee	222,493	218,822	210,021	204,950	202,851	206,474
Net investment income	1,549,503	1,644,260	2,430,144	347,483	857,967	2,533,826
Benefit payments, including refunds of employee contributions	(1,224,374)	(844,175)	(737,526)	(647,871)	(648,085)	(709,385)
Administrative expense	(15,561)	(14,104)	(13,876)	(11,980)	(11,513)	(13,495)
Other	(980)	(1,466)	(2,168)	(146)	(182)	134
Net change in plan fiduciary net position	\$ 944,792	\$ 1,433,026	\$ 2,300,266	\$ 409,481	\$ 909,254	\$ 2,553,835
Plan fiduciary net position - beginning	23,615,321	22,182,295	19,882,029	19,472,548	18,563,294	16,009,459
Plan fiduciary net position - ending (b)	\$ 24,560,113	\$ 23,615,321	\$ 22,182,295	\$ 19,882,029	\$ 19,472,548	\$ 18,563,294
County's net pension liability - ending (a) - (b)	\$ 1,303,488	\$ 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	94.96%	96.23%	94.03%	87.73%	89.83%	90.36%
Covered payroll	\$ 4,510,811	\$ 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	28.90%	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, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 63,516	\$ 65,113	\$ 60,843	\$ 50,901	\$ 42,332	\$ 40,341
Interest	226,390	228,185	227,017	213,445	215,657	211,225
Differences between expected and actual experience	(41,670)	(90,382)	(37,709)	185,909	(50,746)	-
Changes in assumptions	73,881	-	(3,475)	-	-	-
Benefit payments, including refunds of employee contributions	(226,619)	(230,491)	(229,487)	(283,260)	(194,427)	(182,060)
Net change in total pension liability	\$ 95,498	\$ (27,575)	\$ 17,189	\$ 166,995	\$ 12,816	\$ 69,506
Total pension liability - beginning	3,347,459	3,375,034	3,357,845	3,190,850	3,178,034	3,108,528
Total pension liability - ending (a)	<u>\$ 3,442,957</u>	<u>\$ 3,347,459</u>	<u>\$ 3,375,034</u>	<u>\$ 3,357,845</u>	<u>\$ 3,190,850</u>	<u>\$ 3,178,034</u>
Plan fiduciary net position						
Contributions - employer	\$ 18,186	\$ 21,728	\$ 20,699	\$ 34,751	\$ 30,279	\$ 22,365
Contributions - employee	27,529	30,988	30,970	28,231	24,557	18,302
Net investment income	237,401	260,691	399,604	55,649	157,937	490,086
Benefit payments, including refunds of employee contributions	(226,619)	(230,491)	(229,487)	(283,260)	(194,427)	(182,060)
Administrative expense	(2,490)	(2,352)	(2,432)	(2,304)	(2,269)	(2,736)
Other	(149)	(228)	(350)	(25)	(31)	26
Net change in plan fiduciary net position	\$ 53,858	\$ 80,336	\$ 219,004	\$ (166,958)	\$ 16,046	\$ 345,983
Plan fiduciary net position - beginning	3,666,221	3,585,885	3,366,881	3,533,839	3,517,793	3,171,810
Plan fiduciary net position - ending (b)	<u>\$ 3,720,079</u>	<u>\$ 3,666,221</u>	<u>\$ 3,585,885</u>	<u>\$ 3,366,881</u>	<u>\$ 3,533,839</u>	<u>\$ 3,517,793</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (277,122)	\$ (318,762)	\$ (210,851)	\$ (9,036)	\$ (342,989)	\$ (339,759)
Plan fiduciary net position as a percentage of the total pension liability	108.05%	109.52%	106.25%	100.27%	110.75%	110.69%
Covered payroll	\$ 595,775	\$ 672,919	\$ 678,586	\$ 612,329	\$ 533,394	\$ 377,136
School Division's net pension liability (asset) as a percentage of covered payroll	-46.51%	-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, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.13%	0.14%	0.14%	0.15%	0.15%	0.15%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,566,726	\$ 16,719,000	\$ 17,424,000	\$ 20,293,000	\$ 18,417,000	\$ 17,891,000
Employer's Covered Payroll	11,081,090	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	158.53%	130.25%	157.14%	184.32%	169.20%	173.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	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, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 415,026	\$ 415,026	\$ -	\$ 4,536,603	9.15%
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%
Component Unit School Board (nonprofessional)					
2020	\$ 16,817	\$ 16,817	\$ -	\$ 577,123	2.91%
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%
Component Unit School Board (professional)					
2020	\$ 1,744,225	\$ 1,744,225	\$ -	\$ 11,324,836	15.40%
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%

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

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.02301%	\$ 374,434	\$ 4,510,811	8.30%	52.00%
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)					
2019	0.00306%	\$ 49,794	\$ 599,742	8.30%	52.00%
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)					
2019	0.05657%	\$ 920,545	\$ 11,088,946	8.30%	52.00%
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 (GLI) Plan

For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 23,618	\$ 23,618	\$ -	\$ 4,541,968	0.52%
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)					
2020	\$ 3,001	\$ 3,001	\$ -	\$ 577,123	0.52%
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)					
2020	\$ 58,912	\$ 58,912	\$ -	\$ 11,329,284	0.52%
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 (GLI) Plan
 For the Year Ended June 30, 2020

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

Component Unit School Board

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2019	0.13211% \$	1,729,448 \$	11,081,090	15.61%	8.97%
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) Plan
Component Unit School Board
For the Years Ended June 30, 2017 through June 30, 2020

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 135,898	\$ 135,898	\$ -	\$ 11,324,836	1.20%
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) Plan
 Component Unit School Board
 For the Year Ended June 30, 2020

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 14,716	\$ 14,287	\$ 7,400
Interest	14,771	7,160	6,900
Plan changes	-	2,639	-
Differences between expected and actual experience	-	32,000	-
Change of assumptions	19,131	156,747	-
Benefit payments	(2,933)	(2,204)	(2,800)
Net change in total OPEB liability	\$ 45,685	\$ 210,629	\$ 11,500
Total OPEB liability - beginning	409,429	198,800	187,400
Total OPEB liability - ending	\$ 455,114	\$ 409,429	\$ 198,900
 Covered payroll	 \$ 4,637,076	 \$ 4,267,000	 \$ 4,071,300
 County's total OPEB liability (asset) as a percentage of covered payroll	 9.81%	 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, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 49,689	\$ 50,204	\$ 85,700
Interest	42,818	42,484	47,500
Changes in assumptions	49,548	(173,923)	-
Differences between expected and actual experience	-	29,000	-
Benefit payments	(84,301)	(78,786)	(50,700)
Net change in total OPEB liability	\$ 57,754	\$ (131,021)	\$ 82,500
Total OPEB liability - beginning	1,224,979	1,356,000	1,273,500
Total OPEB liability - ending	\$ 1,282,733	\$ 1,224,979	\$ 1,356,000
 Covered payroll	 \$ 11,647,480	 \$ 11,308,233	 \$ 10,484,900
 County's total OPEB liability (asset) as a percentage of covered payroll	 11.01%	 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, 2020

County and Component Unit School Board:

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.13% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2019
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, 2020

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 55	\$ -	\$ 55
Due from other funds	6,183	-	6,183
Restricted assets:			
Investments	-	221,473	221,473
Permanently restricted:			
Investments	-	100,000	100,000
Total assets	<u>\$ 6,238</u>	<u>\$ 321,473</u>	<u>\$ 327,711</u>
LIABILITIES			
Accounts payable	\$ 6,183	\$ -	\$ 6,183
Total liabilities	<u>\$ 6,183</u>	<u>\$ -</u>	<u>\$ 6,183</u>
FUND BALANCES			
Nonspendable:			
Permanent fund corpus	\$ -	\$ 100,000	\$ 100,000
Restricted:			
Library operations	-	221,473	221,473
Assigned:			
Library operations	55	-	55
Total fund balances	<u>\$ 55</u>	<u>\$ 321,473</u>	<u>\$ 321,528</u>
Total liabilities and fund balances	<u>\$ 6,238</u>	<u>\$ 321,473</u>	<u>\$ 327,711</u>

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

	Special Revenue Fund	Permanent Fund	Total Nonmajor Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 5,688	\$ 5,688
Miscellaneous	-	180	180
Intergovernmental:			
Commonwealth	53,754	-	53,754
Total revenues	<u>\$ 53,754</u>	<u>\$ 5,868</u>	<u>\$ 59,622</u>
EXPENDITURES			
Current:			
Parks, recreation, and cultural	\$ 266,160	\$ 5,301	\$ 271,461
Total expenditures	<u>\$ 266,160</u>	<u>\$ 5,301</u>	<u>\$ 271,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (212,406)</u>	<u>\$ 567</u>	<u>\$ (211,839)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>\$ 212,406</u>	<u>\$ -</u>	<u>\$ 212,406</u>
Net change in fund balances	\$ -	\$ 567	\$ 567
Fund balances - beginning	55	320,906	320,961
Fund balances - ending	<u><u>\$ 55</u></u>	<u><u>\$ 321,473</u></u>	<u><u>\$ 321,528</u></u>

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

	Library Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ 53,754	\$ 53,754	\$ 53,754	\$ -
Total revenues	\$ 53,754	\$ 53,754	\$ 53,754	\$ -
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 274,974	\$ 274,974	\$ 266,160	\$ 8,814
Total expenditures	\$ 274,974	\$ 274,974	\$ 266,160	\$ 8,814
Excess (deficiency) of revenues over (under) expenditures	\$ (221,220)	\$ (221,220)	\$ (212,406)	\$ 8,814
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 221,220	\$ 221,220	\$ 212,406	\$ (8,814)
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, 2020

	Agency Funds			
	Special Welfare	Virtual Virginia	Sheriff	Total
ASSETS				
Cash and cash equivalents	\$ 31,935	\$ 2,392,851	\$ 78,991	\$ 2,503,777
Due from other governments	-	514,462	-	514,462
Total assets	<u>\$ 31,935</u>	<u>\$ 2,907,313</u>	<u>\$ 78,991</u>	<u>\$ 3,018,239</u>
LIABILITIES				
Amounts held for social services clients	\$ 31,935	-	-	\$ 31,935
Accounts payable	-	158,051	-	158,051
Amounts held for others	-	2,749,262	78,991	2,828,253
Total liabilities	<u>\$ 31,935</u>	<u>\$ 2,907,313</u>	<u>\$ 78,991</u>	<u>\$ 3,018,239</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 32,383	\$ 34,530	\$ 34,978	\$ 31,935
Liabilities:				
Amounts held for social services clients	\$ 32,383	\$ 34,530	\$ 34,978	\$ 31,935
Virtual Virginia Fund:				
Assets:				
Cash and cash equivalents	\$ 1,447,357	\$ 4,628,782	\$ 3,683,288	\$ 2,392,851
Due from other governments	334,729	514,462	334,729	514,462
Total assets	\$ 1,782,086	\$ 5,143,244	\$ 4,018,017	\$ 2,907,313
Liabilities:				
Accounts payable	\$ 173,456	\$ 158,051	\$ 173,456	\$ 158,051
Amounts held for others	1,608,630	4,985,193	3,844,561	2,749,262
Total liabilities	\$ 1,782,086	\$ 5,143,244	\$ 4,018,017	\$ 2,907,313
Sheriff Fund:				
Assets:				
Cash and cash equivalents	\$ 69,929	\$ 408,961	\$ 399,899	\$ 78,991
Liabilities:				
Amounts held for others	\$ 69,929	\$ 408,961	\$ 399,899	\$ 78,991
Totals -- All agency funds:				
Assets:				
Cash and cash equivalents	\$ 1,549,669	\$ 5,072,273	\$ 4,118,165	\$ 2,503,777
Due from other governments	334,729	514,462	334,729	514,462
Total assets	1,884,398	5,586,735	4,452,894	3,018,239
Liabilities:				
Amounts held for social services clients	\$ 32,383	\$ 34,530	\$ 34,978	\$ 31,935
Accounts payable	173,456	158,051	173,456	158,051
Amounts held for others	1,678,559	5,394,154	4,244,460	2,828,253
Total liabilities	\$ 1,884,398	\$ 5,586,735	\$ 4,452,894	\$ 3,018,239

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 878,700	\$ 62,893	\$ 941,593
Receivables (net of allowance for uncollectibles):			
Accounts receivable	28,852	-	28,852
Due from primary government	-	-	-
School food inventory	-	26,603	26,603
Due from other governmental units	1,035,160	-	1,035,160
Prepaid items	19,596	-	19,596
Total assets	<u>\$ 1,962,308</u>	<u>\$ 89,496</u>	<u>\$ 2,051,804</u>
LIABILITIES			
Accounts payable	\$ 252,599	\$ -	\$ 252,599
Accrued liabilities	865,791	35,551	901,342
Due to primary government	843,918	-	843,918
Total liabilities	<u>\$ 1,962,308</u>	<u>\$ 35,551</u>	<u>\$ 1,997,859</u>
FUND BALANCE			
Nonspendable:			
Inventory	\$ -	\$ 26,603	\$ 26,603
Prepaid items	19,596	-	19,596
Assigned to:			
Cafeteria operations	-	27,342	27,342
Unassigned	(19,596)	-	(19,596)
Total fund balances	<u>\$ -</u>	<u>\$ 53,945</u>	<u>\$ 53,945</u>
Total liabilities and fund balances	<u>\$ 1,962,308</u>	<u>\$ 89,496</u>	<u>\$ 2,051,804</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above	\$ 53,945
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$ 27,210,141	
Accumulated depreciation	(14,781,550)	12,428,591

The net pension asset is not an available resource and, therefore, is not reported in the funds	277,122
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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	\$ 3,579,044	
OPEB related items	525,268	4,104,312

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	\$ (3,982,520)	
Net pension liability	(17,566,726)	
Capital leases	(637,627)	
Deferred inflows of resources:		
Pension related items	(2,749,435)	
OPEB related items	(418,957)	(25,355,265)

Net position of governmental activities	\$ (8,491,295)
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2020

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 703	\$ 703
Charges for services	-	143,599	143,599
Miscellaneous	510,936	-	510,936
Intergovernmental:			
Local government	3,648,395	-	3,648,395
Commonwealth	13,618,426	13,020	13,631,446
Federal	2,197,050	640,340	2,837,390
Total revenues	<u>\$ 19,974,807</u>	<u>\$ 797,662</u>	<u>\$ 20,772,469</u>
EXPENDITURES			
Current:			
Education	\$ 19,862,212	\$ 889,941	\$ 20,752,153
Debt service:			
Principal retirement	87,320	-	87,320
Interest and other fiscal charges	25,275	-	25,275
Total expenditures	<u>\$ 19,974,807</u>	<u>\$ 889,941</u>	<u>\$ 20,864,748</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (92,279)	\$ (92,279)
Net change in fund balances	\$ -	\$ (92,279)	\$ (92,279)
Fund balances - beginning	-	146,224	146,224
Fund balances - ending	<u>\$ -</u>	<u>\$ 53,945</u>	<u>\$ 53,945</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (92,279)

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	\$ 143,799	
Depreciation expense	(963,077)	
Joint assets - net	<u>3,275,500</u>	2,456,222

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.

Principal payments 87,320

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	\$ 428,292	
OPEB expense	<u>158,763</u>	587,055
Change in net position of governmental activities		<u>\$ 3,038,318</u>

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, 2020

	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	554,500	554,500	510,936	(43,564)
Intergovernmental:				
Local government	3,917,639	3,917,639	3,648,395	(269,244)
Commonwealth	13,732,779	13,732,779	13,618,426	(114,353)
Federal	2,475,772	2,475,772	2,197,050	(278,722)
Total revenues	\$ 20,680,690	\$ 20,680,690	\$ 19,974,807	\$ (705,883)
EXPENDITURES				
Current:				
Education	\$ 20,788,671	\$ 20,788,671	\$ 19,862,212	\$ 926,459
Debt service:				
Principal retirement	80,000	80,000	87,320	(7,320)
Interest and other fiscal charges	63,750	63,750	25,275	38,475
Total expenditures	\$ 20,932,421	\$ 20,932,421	\$ 19,974,807	\$ 957,614
Excess (deficiency) of revenues over (under) expenditures	\$ (251,731)	\$ (251,731)	\$ -	\$ 251,731
Net change in fund balances	\$ (251,731)	\$ (251,731)	\$ -	\$ 251,731
Fund balances - beginning	251,731	251,731	-	(251,731)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 600	\$ 600	\$ 703	\$ 103
170,000	170,000	143,599	(26,401)
-	-	-	-
-	-	-	-
13,311	13,311	13,020	(291)
596,800	596,800	640,340	43,540
<u>\$ 780,711</u>	<u>\$ 780,711</u>	<u>\$ 797,662</u>	<u>\$ 16,951</u>
\$ 820,799	\$ 820,799	\$ 889,941	\$ (69,142)
-	-	-	-
-	-	-	-
<u>\$ 820,799</u>	<u>\$ 820,799</u>	<u>\$ 889,941</u>	<u>\$ (69,142)</u>
<u>\$ (40,088)</u>	<u>\$ (40,088)</u>	<u>\$ (92,279)</u>	<u>\$ (52,191)</u>
\$ (40,088)	\$ (40,088)	\$ (92,279)	\$ (52,191)
40,088	40,088	146,224	106,136
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,945</u>	<u>\$ 53,945</u>

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- Supporting Schedules -

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,015,000	\$ 6,015,000	\$ 6,242,953	\$ 227,953
Real and personal public service corporation taxes	508,000	508,000	584,519	76,519
Personal property taxes	3,042,500	3,042,500	3,235,024	192,524
Mobile home taxes	34,500	34,500	27,580	(6,920)
Machinery and tools taxes	330,000	330,000	542,575	212,575
Merchant's capital taxes	30,000	30,000	30,265	265
Penalties	100,000	100,000	113,924	13,924
Interest	65,000	65,000	57,810	(7,190)
Total general property taxes	\$ 10,125,000	\$ 10,125,000	\$ 10,834,650	\$ 709,650
Other local taxes:				
Local sales and use taxes	\$ 625,855	\$ 625,855	\$ 753,317	\$ 127,462
Consumer utility taxes	222,000	222,000	233,157	11,157
Motor vehicle licenses	310,000	310,000	325,653	15,653
Taxes on recordation and wills	50,500	50,500	64,679	14,179
Utility consumption taxes	30,000	30,000	32,165	2,165
Other local taxes	-	-	272	272
Total other local taxes	\$ 1,238,355	\$ 1,238,355	\$ 1,409,243	\$ 170,888
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,500	\$ 7,500	\$ 13,203	\$ 5,703
Transfer fees	400	400	462	62
Permits and other licenses	61,600	61,600	96,431	34,831
Total permits, privilege fees, and regulatory licenses	\$ 69,500	\$ 69,500	\$ 110,096	\$ 40,596
Fines and forfeitures:				
Court fines and forfeitures	\$ 172,000	\$ 172,000	\$ 232,630	\$ 60,630
Revenue from use of money and property:				
Revenue from use of money	\$ 54,500	\$ 54,500	\$ 109,496	\$ 54,996
Revenue from use of property	198,005	198,005	207,525	9,520
Total revenue from use of money and property	\$ 252,505	\$ 252,505	\$ 317,021	\$ 64,516
Charges for services:				
Charges for work release/inmate fees	\$ 102,133	\$ 102,133	\$ 85,045	\$ (17,088)
Charges for law enforcement and traffic control	8,000	8,000	10,141	2,141
Jail bed days - other localities	100,000	100,000	218,280	118,280
Law library fees	1,100	1,100	931	(169)
Courthouse security fees	36,000	36,000	31,995	(4,005)
Courthouse maintenance fees	20,000	20,000	17,891	(2,109)
Charges for Commonwealth's Attorney	1,000	1,000	1,102	102
School charges for sheriff	180,000	180,000	131,797	(48,203)
Charges for sanitation and waste removal	27,000	27,000	37,604	10,604
Total charges for services	\$ 475,233	\$ 475,233	\$ 534,786	\$ 59,553

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 508,979	\$ 508,979	\$ 557,122	\$ 48,143
Total revenue from local sources	\$ 12,841,572	\$ 12,841,572	\$ 13,995,548	\$ 1,153,976
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carrier tax	\$ 74,500	\$ 74,500	\$ 72,570	\$ (1,930)
Mobile home titling tax	6,000	6,000	34,865	28,865
Tax on deeds (grantor tax)	31,830	31,830	37,774	5,944
Auto rental tax	1,300	1,300	987	(313)
Communication sales and use tax	110,000	110,000	106,482	(3,518)
Personal property tax relief funds	686,900	686,900	686,910	10
Total noncategorical aid	\$ 910,530	\$ 910,530	\$ 939,588	\$ 29,058
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 160,961	\$ 160,961	\$ 180,609	\$ 19,648
Sheriff	1,465,092	1,465,092	1,251,458	(213,634)
Commissioner of revenue	79,080	79,080	79,146	66
Treasurer	94,363	94,363	94,404	41
Registrar/electoral board	37,400	37,400	48,257	10,857
DMV license agent	28,000	28,000	32,021	4,021
Clerk of the Circuit Court	201,621	201,621	201,950	329
Total shared expenses	\$ 2,066,517	\$ 2,066,517	\$ 1,887,845	\$ (178,672)
Other categorical aid:				
Litter control	\$ 10,600	\$ 10,600	\$ 8,967	\$ (1,633)
Fire programs funds	38,079	38,079	38,079	-
Prisoner days	-	-	217,792	217,792
VJCCCA grant	63,474	63,474	61,540	(1,934)
WIB fiscal agent fees	20,000	20,000	20,000	-
Victim witness	17,332	17,332	13,257	(4,075)
E911 wireless	102,500	102,500	62,656	(39,844)
Public assistance and welfare administration	2,001,618	2,001,618	730,417	(1,271,201)
Comprehensive services act funds	948,400	948,400	801,138	(147,262)
Emergency services	12,600	12,600	-	(12,600)
Other categorical aid	38,782	38,782	20,664	(18,118)
Total other categorical aid	\$ 3,253,385	\$ 3,253,385	\$ 1,974,510	\$ (1,278,875)
Total categorical aid	\$ 5,319,902	\$ 5,319,902	\$ 3,862,355	\$ (1,457,547)
Total revenue from the Commonwealth	\$ 6,230,432	\$ 6,230,432	\$ 4,801,943	\$ (1,428,489)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
BAB subsidy	\$ 63,750	\$ 63,750	\$ 62,104	\$ (1,646)
Payments in lieu of taxes	3,000	3,000	9,757	6,757
Total noncategorical aid	<u>\$ 66,750</u>	<u>\$ 66,750</u>	<u>\$ 71,861</u>	<u>\$ 5,111</u>
Categorical aid:				
Emergency services	\$ 7,500	\$ 7,500	\$ 2,901	\$ (4,599)
Disaster recovery grant	-	2,662	12,185	9,523
Victim witness	51,995	51,995	39,770	(12,225)
Welfare administration and assistance	40,300	40,300	1,237,206	1,196,906
Workforce investment act	2,504,046	2,504,046	1,173,390	(1,330,656)
Ground transportation grant	10,600	10,600	6,160	(4,440)
Total categorical aid	<u>\$ 2,614,441</u>	<u>\$ 2,617,103</u>	<u>\$ 2,471,612</u>	<u>\$ (145,491)</u>
Total revenue from the federal government	<u>\$ 2,681,191</u>	<u>\$ 2,683,853</u>	<u>\$ 2,543,473</u>	<u>\$ (140,380)</u>
Total General Fund	<u>\$ 21,753,195</u>	<u>\$ 21,755,857</u>	<u>\$ 21,340,964</u>	<u>\$ (414,893)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,565	\$ 1,565
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,565</u>	<u>\$ 1,565</u>
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act funds	\$ 518,242	\$ 518,242	\$ 68,557	\$ (449,685)
Total CARES Act Fund	<u>\$ 518,242</u>	<u>\$ 518,242</u>	<u>\$ 68,557</u>	<u>\$ (449,685)</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State library funds	\$ 53,754	\$ 53,754	\$ 53,754	\$ -
Total Library Fund	<u>\$ 53,754</u>	<u>\$ 53,754</u>	<u>\$ 53,754</u>	<u>\$ -</u>
Permanent Fund:				
Library Trust Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,688	\$ 5,688
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,688</u>	<u>\$ 5,688</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,688</u>	<u>\$ 5,688</u>

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Nonmajor Funds: (Continued)				
Permanent Fund: (Continued)				
Library Trust Fund: (Continued)				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 180	\$ 180
Total Library Trust Fund	\$ -	\$ -	\$ 5,868	\$ 5,868
Total Nonmajor funds	\$ 53,754	\$ 53,754	\$ 59,622	\$ 5,868
Total Primary Government	\$ 22,325,191	\$ 22,327,853	\$ 21,470,708	\$ (857,145)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Miscellaneous:				
Other miscellaneous	\$ 554,500	\$ 554,500	\$ 510,936	\$ (43,564)
Total revenue from local sources	\$ 554,500	\$ 554,500	\$ 510,936	\$ (43,564)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Charlotte, Virginia	\$ 3,917,639	\$ 3,917,639	\$ 3,648,395	\$ (269,244)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,134,848	\$ 2,134,848	\$ 2,177,559	\$ 42,711
Basic school aid	6,586,576	6,586,576	6,323,655	(262,921)
Remedial education	259,301	259,301	252,256	(7,045)
GED	8,355	8,355	8,387	32
Gifted and talented	64,171	64,171	62,427	(1,744)
Remedial summer education	44,994	44,994	37,236	(7,758)
Special education	983,512	983,512	956,790	(26,722)
Textbook payment	178,864	178,864	128,281	(50,583)
Vocational education	283,947	283,947	268,401	(15,546)
Fringe Benefits	1,352,821	1,352,821	1,583,005	230,184
Homebound	25,699	25,699	30,151	4,452
Class size reduction	339,835	339,835	324,276	(15,559)
English as a second language	10,173	10,173	13,226	3,053
Algebra readiness	30,727	30,727	28,699	(2,028)
Regional programs	31,059	31,059	-	(31,059)
Technology	180,000	180,000	180,000	-
Workplace	-	-	693	693
At risk	542,771	542,771	542,870	99
Early reading	37,910	37,910	37,910	-
Other state funds	637,216	637,216	662,604	25,388
Total categorical aid	\$ 13,732,779	\$ 13,732,779	\$ 13,618,426	\$ (114,353)
Total revenue from the Commonwealth	\$ 13,732,779	\$ 13,732,779	\$ 13,618,426	\$ (114,353)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
CARES act funds	\$ -	\$ -	\$ 137,424	\$ 137,424
Categorical aid:				
Title I	\$ 1,138,029	\$ 1,138,029	\$ 854,151	\$ (283,878)
Title VI-B, special education flow-through	498,065	498,065	471,067	(26,998)
Vocational education	83,531	83,531	72,904	(10,627)
Title VI-B, special education pre-school	18,546	18,546	18,546	-
EESA - Title II	98,645	98,645	88,030	(10,615)
Education technology	52,500	52,500	70,356	17,856
Rural schools	44,011	44,011	33,709	(10,302)
Title IV Part B	522,445	522,445	336,244	(186,201)
Summer food service	20,000	20,000	114,619	94,619
Total categorical aid	\$ 2,475,772	\$ 2,475,772	\$ 2,059,626	\$ (416,146)
Total revenue from the federal government	2,475,772	2,475,772	2,197,050	(278,722)
Total School Operating Fund	\$ 20,680,690	\$ 20,680,690	\$ 19,974,807	\$ (705,883)
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 600	\$ 600	\$ 703	\$ 103
Charges for services:				
Cafeteria sales	\$ 170,000	\$ 170,000	\$ 143,599	\$ (26,401)
Total revenue from local sources	\$ 170,600	\$ 170,600	\$ 144,302	\$ (26,298)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,311	\$ 13,311	\$ 13,020	\$ (291)
Total revenue from the Commonwealth	13,311	13,311	13,020	(291)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 596,800	\$ 596,800	\$ 640,340	\$ 43,540
Total revenue from the federal government	596,800	596,800	640,340	43,540
Total intergovernmental	\$ 610,111	\$ 610,111	\$ 653,360	\$ 43,249
Total School Cafeteria Fund	\$ 780,711	\$ 780,711	\$ 797,662	\$ 16,951
Total Discretely Presented Component Unit - School Board	\$ 21,461,401	\$ 21,461,401	\$ 20,772,469	\$ (688,932)

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 161,710	\$ 161,710	\$ 143,332	\$ 18,378
General and financial administration:				
County administrator	\$ 459,318	\$ 459,318	\$ 395,764	\$ 63,554
Professional services	63,700	63,700	61,824	1,876
Commissioner of revenue	256,938	256,938	220,450	36,488
Reassessment	41,015	41,015	31,259	9,756
Treasurer	307,551	307,551	285,405	22,146
County attorney	71,300	71,300	68,799	2,501
Total general and financial administration	\$ 1,199,822	\$ 1,199,822	\$ 1,063,501	\$ 136,321
Board of elections:				
Electoral board and officials	\$ 45,157	\$ 45,157	\$ 38,048	\$ 7,109
Registrar	103,160	103,160	96,753	6,407
Total board of elections	\$ 148,317	\$ 148,317	\$ 134,801	\$ 13,516
Total general government administration	\$ 1,509,849	\$ 1,509,849	\$ 1,341,634	\$ 168,215
Judicial administration:				
Courts:				
Circuit court	\$ 7,575	\$ 7,575	\$ 6,844	\$ 731
General district court	4,400	4,400	4,512	(112)
Juvenile and domestic relations court	4,650	4,650	4,933	(283)
Special magistrates	1,800	1,800	1,355	445
Clerk of the circuit court	350,729	350,729	338,591	12,138
Total courts	\$ 369,154	\$ 369,154	\$ 356,235	\$ 12,919
Commonwealth's attorney:				
Commonwealth's attorney	\$ 239,815	\$ 239,815	\$ 229,726	\$ 10,089
Total judicial administration	\$ 608,969	\$ 608,969	\$ 585,961	\$ 23,008
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,368,917	\$ 2,368,917	\$ 1,960,756	\$ 408,161
Witness assistance	69,327	69,327	53,070	16,257
Dare	14,273	14,273	3,141	11,132
Asset forfeiture	13,868	13,868	1,288	12,580
E-911 system	245,276	245,276	201,272	44,004
Total law enforcement and traffic control	\$ 2,711,661	\$ 2,711,661	\$ 2,219,527	\$ 492,134

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire services	\$ 425,204	\$ 425,204	\$ 425,224	\$ (20)
Rescue squad	122,015	122,015	108,542	13,473
Division of forestry	20,123	20,123	20,123	-
Total fire and rescue services	<u>\$ 567,342</u>	<u>\$ 567,342</u>	<u>\$ 553,889</u>	<u>\$ 13,453</u>
Correction and detention:				
Sheriff	\$ 1,599,596	\$ 1,599,596	\$ 1,522,201	\$ 77,395
VJCCA	195,874	195,874	47,282	148,592
Total correction and detention	<u>\$ 1,795,470</u>	<u>\$ 1,795,470</u>	<u>\$ 1,569,483</u>	<u>\$ 225,987</u>
Inspections:				
Building	<u>\$ 71,923</u>	<u>\$ 71,923</u>	<u>\$ 70,976</u>	<u>\$ 947</u>
Other protection:				
Animal control	\$ 24,569	\$ 24,569	\$ 22,030	\$ 2,539
Medical examiner	250	250	200	50
Total other protection	<u>\$ 24,819</u>	<u>\$ 24,819</u>	<u>\$ 22,230</u>	<u>\$ 2,589</u>
Total public safety	<u>\$ 5,171,215</u>	<u>\$ 5,171,215</u>	<u>\$ 4,436,105</u>	<u>\$ 735,110</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	<u>\$ 887,309</u>	<u>\$ 887,309</u>	<u>\$ 846,800</u>	<u>\$ 40,509</u>
Maintenance of general buildings and grounds:				
General properties	\$ 861,374	\$ 861,374	\$ 740,737	\$ 120,637
Canneries	1,000	1,000	-	1,000
Total maintenance of general buildings and grounds	<u>\$ 862,374</u>	<u>\$ 862,374</u>	<u>\$ 740,737</u>	<u>\$ 121,637</u>
Total public works	<u>\$ 1,749,683</u>	<u>\$ 1,749,683</u>	<u>\$ 1,587,537</u>	<u>\$ 162,146</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 124,726</u>	<u>\$ 124,726</u>	<u>\$ 124,726</u>	<u>\$ -</u>
Mental health and mental retardation:				
Crossroads Board	<u>\$ 73,000</u>	<u>\$ 73,000</u>	<u>\$ 73,000</u>	<u>\$ -</u>
Welfare:				
Public assistance	\$ 2,744,864	\$ 2,744,864	\$ 2,502,944	\$ 241,920
Workforce investment	2,504,046	2,504,046	1,290,986	1,213,060
Comprehensive services act	1,275,600	1,275,600	1,094,975	180,625
Total welfare	<u>\$ 6,524,510</u>	<u>\$ 6,524,510</u>	<u>\$ 4,888,905</u>	<u>\$ 1,635,605</u>
Total health and welfare	<u>\$ 6,722,236</u>	<u>\$ 6,722,236</u>	<u>\$ 5,086,631</u>	<u>\$ 1,635,605</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 5,975	\$ 5,975	\$ 5,975	\$ -
Contribution to County school board	3,917,639	3,917,639	3,697,223	220,416
Total education	<u>\$ 3,923,614</u>	<u>\$ 3,923,614</u>	<u>\$ 3,703,198</u>	<u>\$ 220,416</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 24,500	\$ 24,500	\$ 9,335	\$ 15,165
Cultural enrichment:				
Red hill shrine	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Adult programs	87,323	87,323	76,948	10,375
Total cultural enrichment	<u>\$ 89,823</u>	<u>\$ 89,823</u>	<u>\$ 79,448</u>	<u>\$ 10,375</u>
Total parks, recreation, and cultural	<u>\$ 114,323</u>	<u>\$ 114,323</u>	<u>\$ 88,783</u>	<u>\$ 25,540</u>
Community development:				
Planning and community development:				
Planning	\$ 27,576	\$ 27,576	\$ 29,720	\$ (2,144)
Zoning appeals board	1,600	1,600	300	1,300
Economic development	192,009	192,009	23,511	168,498
Total planning and community development	<u>\$ 221,185</u>	<u>\$ 221,185</u>	<u>\$ 53,531</u>	<u>\$ 167,654</u>
Environmental management:				
Contribution to soil and water district	\$ 191,302	\$ 191,302	\$ 161,838	\$ 29,464
Cooperative extension program:				
Extension office	\$ 60,320	\$ 60,320	\$ 57,898	\$ 2,422
Total community development	<u>\$ 472,807</u>	<u>\$ 472,807</u>	<u>\$ 273,267</u>	<u>\$ 199,540</u>
Nondepartmental:				
Fixed charges	\$ 160,920	\$ 160,920	\$ 85,844	\$ 75,076
Total nondepartmental	<u>\$ 160,920</u>	<u>\$ 160,920</u>	<u>\$ 85,844</u>	<u>\$ 75,076</u>
Debt service:				
Principal retirement	\$ 376,000	\$ 376,000	\$ 546,000	\$ (170,000)
Interest and other fiscal charges	149,058	149,058	693,964	(544,906)
Total debt service	<u>\$ 525,058</u>	<u>\$ 525,058</u>	<u>\$ 1,239,964</u>	<u>\$ (714,906)</u>
Total General Fund	<u>\$ 20,958,674</u>	<u>\$ 20,958,674</u>	<u>\$ 18,428,924</u>	<u>\$ 2,529,750</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
CARES Act Fund:				
General government administration	\$ 22,500	\$ 22,500	\$ 4,523	\$ 17,977
Judicial administration	30,579	30,579	3,591	26,988
Public safety	99,099	99,099	57,478	41,621
Public works	22,500	22,500	1,401	21,099
Health and welfare	22,500	22,500	847	21,653
Education	22,500	22,500	-	22,500
Parks, recreation, and cultural	22,500	22,500	717	21,783
Community development	100,000	100,000	-	100,000
Nondepartmental	176,064	176,064	-	176,064
Total CARES Act Fund	<u>\$ 518,242</u>	<u>\$ 518,242</u>	<u>\$ 68,557</u>	<u>\$ 449,685</u>
Capital Projects Fund:				
Capital projects:				
New courthouse project	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
New communications system	3,413,723	3,413,723	904,743	2,508,980
School renovations	1,278,351	1,278,351	717,110	561,241
Total Capital Projects Fund	<u>\$ 4,698,074</u>	<u>\$ 4,698,074</u>	<u>\$ 1,627,853</u>	<u>\$ 3,070,221</u>
Nonmajor Funds:				
Special Revenue Fund:				
Library Fund				
Parks, recreation, and cultural:				
Library	\$ 274,974	\$ 274,974	\$ 266,160	\$ 8,814
Total Library Fund	<u>\$ 274,974</u>	<u>\$ 274,974</u>	<u>\$ 266,160</u>	<u>\$ 8,814</u>
Permanent Fund:				
Library Trust Fund				
Parks, recreation, and cultural:				
Library	\$ -	\$ -	\$ 5,301	\$ (5,301)
Total Library Trust Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,301</u>	<u>\$ (5,301)</u>
Total Nonmajor funds	<u>\$ 274,974</u>	<u>\$ 274,974</u>	<u>\$ 271,461</u>	<u>\$ 3,513</u>
Total Primary Government	<u>\$ 26,449,964</u>	<u>\$ 26,449,964</u>	<u>\$ 20,396,795</u>	<u>\$ 6,053,169</u>

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

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Education costs:				
Elementary and secondary schools	\$ 15,807,470	\$ 15,807,470	\$ 15,235,649	\$ 571,821
Administration attendance and health services	1,328,818	1,328,818	1,250,914	77,904
Pupil transportation	1,529,928	1,529,928	1,425,151	104,777
Operation and maintenance of school plant	2,122,455	2,122,455	1,950,498	171,957
Total education	<u>\$ 20,788,671</u>	<u>\$ 20,788,671</u>	<u>\$ 19,862,212</u>	<u>\$ 926,459</u>
Debt service:				
Principal retirement	\$ 80,000	\$ 80,000	\$ 87,320	\$ (7,320)
Interest and other fiscal charges	63,750	63,750	25,275	38,475
Total debt service	<u>\$ 143,750</u>	<u>\$ 143,750</u>	<u>\$ 112,595</u>	<u>\$ 31,155</u>
Total School Operating Fund	<u>\$ 20,932,421</u>	<u>\$ 20,932,421</u>	<u>\$ 19,974,807</u>	<u>\$ 957,614</u>
Special revenue fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 820,799	\$ 820,799	\$ 889,941	\$ (69,142)
Total School Cafeteria Fund	<u>\$ 820,799</u>	<u>\$ 820,799</u>	<u>\$ 889,941</u>	<u>\$ (69,142)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,753,220</u>	<u>\$ 21,753,220</u>	<u>\$ 20,864,748</u>	<u>\$ 888,472</u>

- Other Statistical Information -

COUNTY OF CHARLOTTE, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Judicial Admini- stration	Public		Health and Welfare	Parks, Recreation, and Cultural		Community Development	Interest on Long- on Term	
	Admini- stration			Safety	Works		Education			Debt	Total
2010-11	\$ 1,239,455	\$ 569,155	\$ 3,588,708	\$ 1,392,987	\$ 5,443,673	\$ 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	5,184,311	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	5,455,050	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	5,231,004	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	5,344,807	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	5,311,449	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	5,650,959	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	5,332,595	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	4,855,427	8,316,036	275,779	266,351	677,788	23,149,699	
2019-20	1,560,917	1,122,896	4,479,057	1,415,261	5,156,000	7,079,867	355,679	270,920	700,861	22,141,458	

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 Property Taxes		Other Local Taxes		Unrestricted Investment Earnings		Grants and Contributions Not Restricted to Specific Programs		Total
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			
2019-20	877,512	6,387,721	-	10,817,608	1,409,243	324,275	557,302	1,080,006	21,453,667			

COUNTY OF CHARLOTTE, VIRGINIA

Table 3

General Governmental Expenditures by Function (1) (2)
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-Departmental	Capital Projects	Debt Service	Total
	Administration	Government											
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	4,137,433	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	13,751,603	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	3,374,797	1,374,148	39,717,236
2019-20	1,346,157		589,552	4,493,583	1,588,938	5,087,478	20,758,128	360,961	273,267	85,844	1,627,853	1,352,559	37,564,320

(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		Miscellaneous		Recovered Costs		Inter-governmental (3)		Total	
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
2019-20		11,521,560		1,409,243		110,096		232,630		324,978		678,385		1,068,238		-		23,249,653		38,594,783

(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 Levy (1)	Current Tax (1), (3) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
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%
2019-20	10,822,521	9,945,690	91.90%	888,960	10,834,650	100.11%	2,359,096	21.80%

(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	Mobile Homes	Machinery and Tools		Merchants' Capital	Public Service	Total
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	
2019-20	1,009,946,924	104,112,957	4,194,137	18,039,253	946,620	94,277,236	1,231,517,127	

(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	
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
2019-20		0.62		3.95		0.62		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	
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	
2019-20	11,928	1,231,517,127	17,462,000	1.42%	1,464	

(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
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%
2019-20	633,320	719,239	1,352,559	37,564,320	3.60%

(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, 2020, 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 December 7, 2020.

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

Purpose of this Report

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

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
December 7, 2020

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

To the Honorable Members of
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, 2020. 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, 2020.

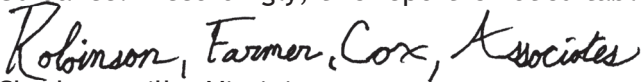
Report on Internal Control over Compliance

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
December 7, 2020

COUNTY OF CHARLOTTE, VIRGINIA

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950119	\$ 5,918
Temporary Assistance for Needy Families (TANF)	93.558	0400120 / 0400119	173,585
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500120 / 0500119	234
Low-Income Home Energy Assistance	93.568	0600420 / 0600419	27,785
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120 / 0760119	27,095
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120 / 0900119	330
Foster Care - Title IV-E	93.658	1100120 / 1100119	190,455
Adoption Assistance	93.659	1120120 / 1120119	187,708
Social Services Block Grant	93.667	1000120 / 1000119	172,616
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120 / 9150119	1,888
Children's Health Insurance Program (CHIP)	93.767	0540120 / 0540119	3,598
Medical Assistance Program (Medicaid Cluster)	93.778	1200120 / 1200119	226,622
Total Department of Health and Human Services			\$ 1,017,834
Department of Agriculture:			
Pass-Through Payments:			
Department of Agriculture:			
Department of Agriculture:			
Child Nutrition Discretionary Grants Limited Availability	10.579	Unknown	\$ 20,088
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	195,658
National School Lunch Program - Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 53,156
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	402540	326,940
School Breakfast Program (Child Nutrition Cluster)	10.553	402530	159,117
Total Child Nutrition Cluster			\$ 734,871
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0040120 / 0040119	219,373
Total Department of Agriculture			\$ 974,332
Department of Justice:			
Pass-Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 39,770
Total Department of Justice			\$ 39,770

COUNTY OF CHARLOTTE, VIRGINIA

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

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Labor:			
Pass-Through Payments:			
Virginia Community College System:			
WIOA Cluster:			
WIA/WIOA Adult Program	17.258	Unknown	\$ 491,080
WIA/WIOA Youth Activities	17.259	Unknown	361,958
WIA/WIOA Dislocated Worker Formula Grants	17.278	Unknown	320,351
Total WIOA Cluster			\$ 1,173,389
Total Department of Labor			\$ 1,173,389
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID 19-Coronavirus Relief Fund	21.019	SLT0022	\$ 68,557
Department of Homeland Security			
Pass-Through Payments:			
Department of Emergency Management:			
Disaster Grants - Public Assistance (Publicly Declared Disasters)	97.036	Unknown	\$ 12,185
Emergency Management Performance Grants	97.042	Unknown	2,901
Total Department of Homeland Security			\$ 15,086
Department of Transportation:			
Pass-Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	184AL201513004240	\$ 6,160
Department of Education:			
Pass-Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A170046	\$ 854,151
Special Education - Grants to States (IDEA, Part B) Special Education Cluster (IDEA)	84.027	H027A180107	471,067
Special Education - Preschool Grants (IDEA, Preschool) Special Education Cluster (IDEA)	84.173	H173A180112	18,546
Total Special Education Cluster (IDEA)			\$ 489,613
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A180046	72,904
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Unknown	70,356
Supporting Effective Instruction State Grants	84.367	S367A180044	88,030
Twenty-First Century Community Learning Centers	84.287	S287C180047	258,661
Rural Education	84.358	S358B170046	33,709
Student Support and Academic Enrichment Program	84.424	S424A180048	77,583
COVID-19-Education Stabilization Fund	84.425	Unknown	137,424
Total Department of Education			\$ 2,082,431
Total Expenditures of Federal Awards			\$ 5,377,559

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, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Charlotte, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of 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	\$ 2,543,473
CARES Act Fund	68,557
Less: Payments in lieu of taxes	(9,757)
Less: BAB Subsidy	(62,104)
Total primary government	\$ 2,540,169

Component Unit School Board:

School Operating Fund	\$ 2,197,050
School Cafeteria Fund	640,340
Total component unit School Board	\$ 2,837,390

Total federal expenditures per basic financial statements	\$ 5,377,559
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 5,377,559
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COUNTY OF CHARLOTTE, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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.