

Comprehensive Annual Financial Report

Ending June 30, 2020



COUNTY OF CAROLINE, VIRGINIA

Charles M. Culley, Jr., County Administrator
Alan L. Partin, Deputy County Administrator
Tomeka C. Smith, Director of Finance

INTRODUCTORY SECTION

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COUNTY OF CAROLINE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared By:
Department of Finance

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

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COUNTY OF CAROLINE, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2020

BOARD OF SUPERVISORS
Jeffery M. Sili, Chairperson

Jeffrey S. Black
Clayton T. Forehand

Nancy L Long
Floyd W. Thomas

Reginald L. Underwood

CONSTITUTIONAL OFFICERS

Honorable Sarah L. Deneke Judge of the Circuit Court
Susan W. Minarchi Clerk of the Circuit Court
Mark R. Bissoon..... Commissioner of the Revenue
John L. Mahoney Commonwealth's Attorney
Anthony "Tony" Lippa Jr.. Sheriff
Elizabeth B. Curran..... Treasurer
Honorable Robert Eric Reibach Judge of the General District Court
Honorable Frank G. Uvanni..... Judge of the Juvenile and Domestic Relations Court
Honorable Georgia Sutton Judge of the Juvenile and Domestic Relations Court

COUNTY ADMINISTRATIVE OFFICERS

Charles M. Culley, Jr. County Administrator
Alan L. Partin Deputy County Administrator
Benjamin Emerson County Attorney
Vacant. Finance Director
Jason Loftus Fire - EMS Chief
Donnell Howard Recreation Director
Joseph C. Schiebel..... Public Works / Public Utilities Director
Wendy Sneed Social Services Director
Gary R. Wilson..... Economic Development and Tourism Director
Michael Finchum Planning and Community Development Director
Megan Upshaw..... Library Director

SCHOOL BOARD

Dr. JoWanda Rollins-Fells, Chairperson

George L. Spaulding, Jr.
Nancy G. Carson

Calvin Taylor
Shawn M. Kelley

John I. Copeland

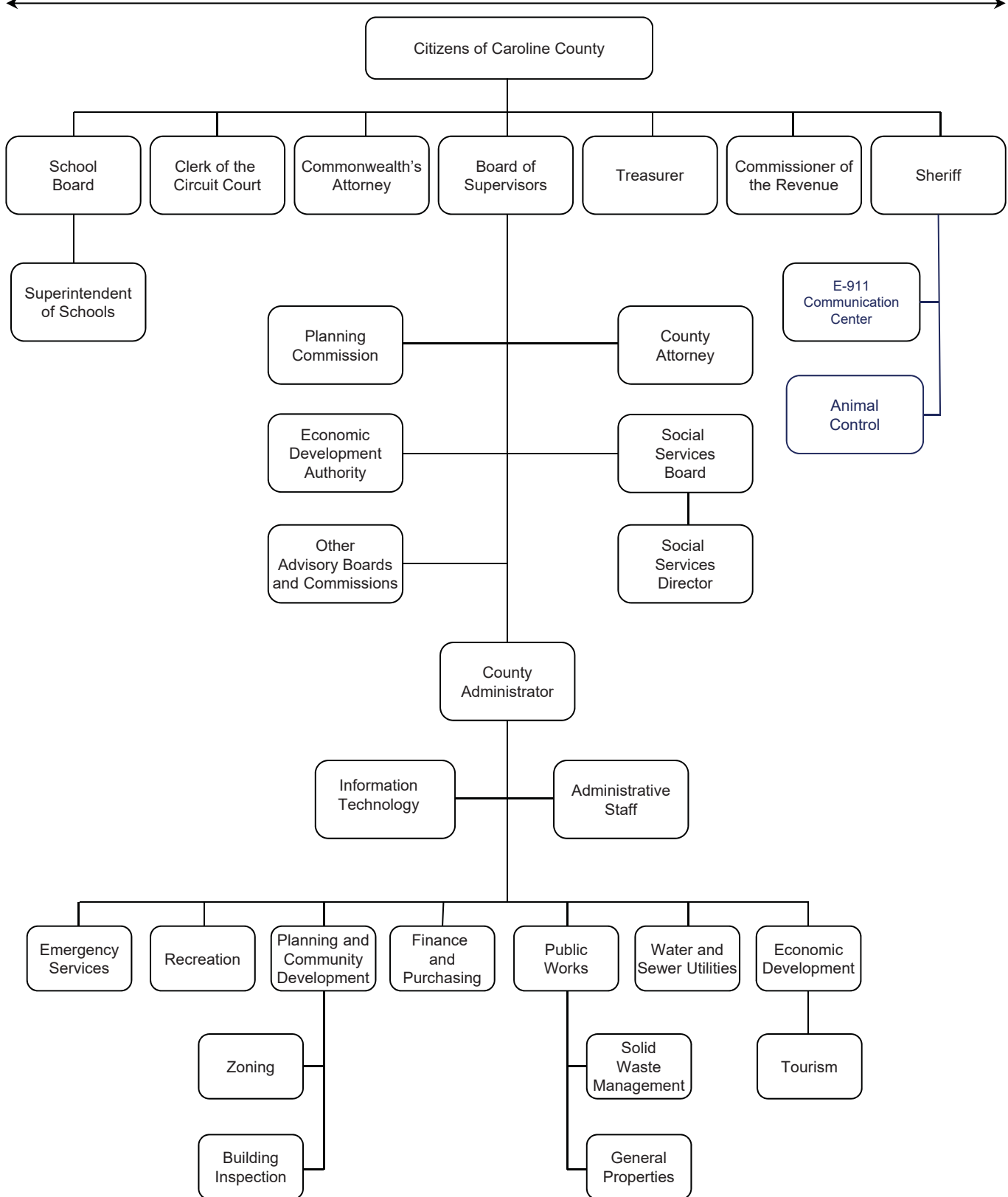
SCHOOL BOARD ADMINISTRATIVE OFFICERS

Dr. Sarah B. Calveric Superintendent
Marcia Stevens Finance Manager, Schools

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COUNTY OF CAROLINE, VIRGINIA

ORGANIZATION CHART



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Jeffrey S. Black
Western Caroline District

Clayton T. Forehand
Madison District

Nancy L. Long
Port Royal District

Jeffery M. Sili
Bowling Green District

Floyd W. Thomas
Mattaponi District

Reginald L. Underwood
Reedy Church District

Charles M. Culley, Jr.
County Administrator

Caroline County, Virginia

Board of Supervisors



Caroline County, VA



December 9, 2020

To the Honorable Members of the Board of Supervisors and the Citizens of Caroline County, Virginia

The Comprehensive Annual Financial Report of the County of Caroline, Virginia as of and for the fiscal year ended June 30, 2020 is herewith submitted. Section 15.2-2511 of the *Code of Virginia* essentially requires all localities to produce an independently audited financial report and this Comprehensive Annual Financial Report is provided to meet that requirement. It has been prepared by the County Department of Finance to conform with standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), and the Commonwealth of Virginia Auditor of Public Accounts.

Responsibility for the completeness and reliability of all of the information presented in this report rests with Caroline County management. In order to take meaningful responsibility, County management must have reasonable assurance the underlying financial information on which the report is based is also accurate and reliable. To that end, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

It would be irresponsible for any financial statement user to rely on management's representations in the financial statements without some objective review and confirmation. To provide that objective confirmation, Caroline County's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial

Committed To Service, Dedicated To The People"

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statements of the County for the fiscal year ended June 30, 2020 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Caroline County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available at the back of this Comprehensive Annual Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Caroline County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Caroline County was formed in 1728 by action of the Virginia House of Burgesses and is currently one of 95 counties in the Commonwealth of Virginia. Policy-making and legislative authority are vested in a six member Board of Supervisors which is elected by District. The Board of Supervisors is responsible, among other things, for providing overall policy direction for the County government, passing ordinances, adopting the budget, appointing committees, and hiring both a County Administrator and County Attorney. The County Administrator is responsible for carrying out the policies and ordinances of the governing Board, for overseeing the day-to-day operations of the government, and for appointing heads of the various departments. Other officials who play a major role in the County government's operation or in providing services are separately elected. These officials are: Clerk of the Circuit Court - court clerk and custodian of legal records; Commissioner of the Revenue - the tax assessment officer of the County; Commonwealth Attorney - criminal prosecution attorney for the County; Sheriff - chief law enforcement officer; and Treasurer - recipient and custodian of County funds.

This Comprehensive Annual Financial Report includes all funds and activities of Caroline County. The County is the primary provider of all local government services within its boundaries and provides a full range of those services. This includes law enforcement, fire protection and emergency medical response; the construction and maintenance of public buildings and other infrastructure; solid waste collection and disposal; recreation; and community and economic development.

Public education in the County is provided by the Caroline County School Board. Caroline County Public Schools is a separate legal entity from the County and the School Board is separately elected. However, the School Board has no independent revenue raising authority and must depend on the County for the local contribution required by the Virginia Constitution for the support of the public schools. As a result of this financial dependency, the funds and activities of the Caroline County School Board have been included in this financial report in order to provide a comprehensive view of the County's financial status and activities. Information on the School Board has been presented in discrete columns in the financial statements to emphasize its separate legal identity.

Local Economy

Caroline County is located in east central Virginia and encompasses approximately 549 square miles with an estimated July 1, 2020 population of 30,318. The County seat, the Town of Bowling Green, is located approximately 35 miles north of the State capitol of Richmond and approximately 20 miles south of the City of Fredericksburg.

Historically, Caroline County has remained relatively insulated from the dramatic growth seen in the nearby northern Virginia area and remained primarily rural and residential. Its economy has been agriculturally based with a handful of small to medium size industrial businesses and limited commercial development focused along major highway corridors. Fort A. P. Hill, a 77,000 acre undeveloped military training installation, entirely within the County's borders, also dominates the landscape. The County's population density of 55 persons per square mile compared to densities of well over 200 per square mile in counties just to the north and south and the Virginia average of 179 confirm this perspective.

In past years, its location along Interstate 95, the primary north-south transportation artery on the east coast, and increasing congestion in neighboring counties brought extensive development interest to the County. Three mixed use development projects continue to be underway to add nearly 10,000 new homes to the County over a 25-year period along with a variety of commercial, recreational and other uses. The growth in population is expected to bring with it an expansion in retail and other non-residential development.

The decision by the State Fair of Virginia to relocate to Caroline County in 2009 helped raise the County's profile. McKesson Corporation built a large distribution center in Caroline County and the announcement of a distribution center by Harris Teeter has further raised the County's profile. In 2020, M.C. Dean, an electronics fabricator in Carmel Church, expanded their operations by 90,000 sf and added dozens of technology jobs and have advanced the planning for an additional 84,000 sf building that will result in more investment and hired in late 2021.

A retail development has successfully been recruited and rezoned on North Rt. 639. The six-acre development is a beginning for what may be significant growth along Ladysmith Road in anticipation of the widening of that road into a commercial corridor. A retail development on the South side of Rt. 639 is mobilizing for site development in 2021.

Tractor Supply was recruited in 2020 to be located on Rt. 1, North of the intersection with Rt. 639. The County facilitated the investment with utility extensions that not only facilitated Tractor Supply, but also opened up an additional 40 acres for future site development.

Caroline County Economic Development Authority received CARES Act grant funds at the cusp of the fiscal year. These funds would be used to employ 55 grants, totaling \$330,000 to local businesses to help keep them solvent during the COVID-19 pandemic, applications were requested in fiscal year 2020 and payments would be submitted in fiscal year 2021.

Major Projects/Initiatives

Building upgrades for Caroline County Public Schools to include CMS gym floor replacement, CMS and CHS stage lighting, 12 vehicles, and replacement of aging equipment totaling \$1,068,314.

The expenditure of \$239,547 for Utilities to replace aging equipment.

The expenditure of \$996,786 for Fire protective equipment to replace aging units.

The expenditure of \$207,433 for an ambulance and \$651,724 for a fire engine to replace aging units.

Due to the COVID-19 pandemic of 2020, most major projects were halted for COVID-19 preparedness and mitigation. The County's priority shifted to that the safety of the County's citizens and employees.

Other Information

The following is provided to supplement the information provided in the financial statements and to assist those with an interest in the financial affairs of the County.

Risk Management: An active risk management program is essential for the County to protect itself from the many risks of loss it faces in providing services to the public. Risks of property damage, general and auto liability, and workers' injury compensation are covered through premium contributions to an insurance pool operated by the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP). The County works extensively with representatives of VACORP to identify loss trends and take corrective action to reduce claims. The County has also strengthened its emergency response planning to protect County resources and the public in the event of natural or man-made disasters.


Pension and Other Employment Benefits: Pension benefits for County employees are provided through participation in the Virginia Retirement System (VRS), a State-wide pension system for government employees. Bi-annually, VRS actuaries prepare contribution calculations for each local government participating in the system. The County fully funds its required contributions.

The County provides and makes contributions toward a self-funded group health insurance plan for its employees. Premium rates are negotiated annually with a third party insurance administrator and County contribution policies are set based on claims history and to a lesser extent, percentage of premiums contributed by surrounding counties. Retired employees are given the option of continuing

their coverage under the County's group plan following termination, but the County makes no contribution toward their premiums.

In closing, we would like to thank the many members of the County staff who assisted in the preparation of this report. Finally, and most particularly, we would like to thank the Board of Supervisors for their interest in and commitment to keeping the County on a solid financial foundation.

Respectfully submitted,

A handwritten signature in blue ink, reading "C. M. Culley, Jr." in a cursive style.

CHARLES M. CULLEY, JR.
County Administrator

A handwritten signature in blue ink, reading "Tomeka C. Smith" in a cursive style.

TOMEKA C. SMITH
Finance Director

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FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balance

As described in Note 20 to the financial statements, in 2020, the County restated beginning balances to reclassify debt and to recognize certain revenue that were deferred in prior years. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-12, and 100-102, and 103-120 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 County of Caroline, Virginia's basic financial statements. The introductory section, other supplementary information, 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.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplementary and Other Information (Continued)

The introductory section and other statistical information have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2020, on our consideration of County of Caroline, 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 Caroline, 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 County of Caroline, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 27, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caroline County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Caroline County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-Wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$38,730,220 (Total Net Position). The County is reporting a surplus in investment in capital assets, net of related debt of \$8,095,465. A surplus in the investment in capital assets, net of related debt of \$455,769 is in Governmental Activities.
- The County's total net position increased by \$3,869,320, or 11.4%, in the fiscal year ended June 30, 2020.
- The County's total outstanding long-term debt reflects a net decrease of \$4,860,088 to \$117,592,264 during the fiscal year ended June 30, 2020.

Fund Financial Statements

- Total fund balance of the County's Governmental Funds, reporting on a current financial resources basis, amounted to \$27,077,845 at June 30, 2020. This was a net decrease of \$952,452 over the prior year. The General Fund decreased 7.0%, (\$1,722,354) and the Capital Projects Fund increased 125.9%, \$1,186,991. The increase for the Capital Projects Fund is due to transfers made that were put on hold due to the COVID-19 pandemic. The decrease in the General Fund is due to the increase in transfers out for Capital Projects Fund with funds received in prior fiscal years.
- During the fiscal year ended June 30, 2020, the unassigned fund balance in the General Fund decreased by \$2,692 to \$17,080,971. This fund balance represents 31.7% of total General Fund expenditures and operating transfers, an increase of 1.2% over the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Caroline County's basic financial statements. The Caroline County's basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of Caroline County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Caroline County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases

or decreases in net position may serve as a useful indicator of whether the financial position of Caroline County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government'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 this 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 Caroline 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 Caroline County include general government, judicial support, public safety, sanitation, public facility maintenance, social services, education, community development, and culture and recreation. The business-type activities of Caroline County include the Caroline County Utility Fund, a public water and sewer utility, and the Dawn Wastewater System Fund, a public sewer utility.

The government-wide financial statements include not only Caroline County itself (known as the primary government), but also two legally separate component units, the school division for which Caroline County is financially accountable and the Economic Development Authority. Financial information for these component units are reported separately from the financial information presented 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. Caroline County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Caroline County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions, reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information can be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Caroline County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, the Social Services Fund and the Proffers Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Caroline County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided as part of the Required Supplementary Information in the Financial Section of this report to demonstrate compliance with this budget. Budgetary comparison statements for other governmental funds are also provided as Other Supplementary Information in the Financial Section of this report.

Proprietary funds. Caroline County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Caroline County uses enterprise funds to account for its Water and Sewer Utility and for the Dawn Wastewater System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Caroline County's various functions. Caroline County uses internal service funds to account for vehicle maintenance services and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, the Dawn Wastewater System, the Vehicle Maintenance Internal Service Fund and the Self-Insurance Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Caroline County's own programs.

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. Following the basic financial statements and accompanying notes, this report also presents the combining financial statements referred to earlier in connection with non-major governmental funds and individual budgetary comparison statements for governmental funds except the General Fund. Combining financial statements and fund

budgetary comparisons are also presented for the discretely presented Caroline County School Division and the Economic Development Authority. The School Division and the EDA do not issue separate annual financial reports.

Government-Wide Financial Analysis

As noted earlier, net position indicates the amount by which the County's total assets exceed its short and long term obligations and is a useful indicator of the County's overall financial condition at the time of measurement. In total, the County's net position for all governmental and business-type activities amounted to \$38,730,220 at June 30, 2020. The following table summarizes the County's Statement of Net Assets:

County of Caroline, Virginia Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$59,145,966	\$56,817,554	\$2,290,254	\$2,157,590	\$61,436,220	\$58,975,144
Capital assets	<u>74,729,231</u>	<u>76,239,142</u>	<u>42,832,790</u>	<u>43,669,782</u>	<u>117,562,021</u>	<u>119,908,924</u>
Total assets	\$133,875,197	\$133,056,696	\$45,123,044	\$45,827,372	\$178,998,241	\$178,884,068
Deferred outflows of resources	<u>\$2,907,020</u>	<u>\$1,650,587</u>	<u>\$1,110,663</u>	<u>\$1,321,469</u>	<u>\$4,017,683</u>	<u>\$2,972,056</u>
Current liabilities	\$6,516,539	\$3,414,133	\$697,812	\$666,357	\$7,214,351	\$4,080,490
Long-term liabilities outstanding	<u>81,193,478</u>	<u>84,263,832</u>	<u>36,398,786</u>	<u>38,188,520</u>	<u>117,592,264</u>	<u>122,452,352</u>
Total liabilities	\$87,710,017	\$87,677,965	\$37,096,598	\$38,854,877	\$124,806,615	\$126,532,842
Deferred inflow of resources	<u>\$19,403,143</u>	<u>\$20,419,736</u>	<u>\$75,946</u>	<u>\$144,646</u>	<u>\$19,479,089</u>	<u>\$20,564,382</u>
Net position:						
Net investment in						
capital assets	\$455,769	(\$1,765,894)	\$7,639,696	\$6,934,568	\$8,095,465	\$5,168,674
Restricted	5,547,780	4,268,655	1,665,793	1,709,668	7,213,573	5,978,323
Unrestricted	<u>23,665,508</u>	<u>24,106,821</u>	<u>(244,326)</u>	<u>(494,918)</u>	<u>23,421,182</u>	<u>23,611,903</u>
Total Net Position	\$29,669,057	\$26,609,582	\$9,061,163	\$8,149,318	\$38,730,220	\$34,758,900

The County is reporting a decrease in the balance of unrestricted net position primarily due to the increase in capital assets and the reduction long term debt. A portion of the County's assets, \$7,213,573 are subject to external restrictions on their use. These assets are primarily cash held for the payment of debt service or ongoing construction projects. Restricted cash and investments held for the construction of capital assets are offset by related long term debt liabilities in calculating the County's net position.

The County's total balance of working capital, current and other assets minus current liabilities, decreased from \$54,894,654 at June 30, 2019 to \$54,221,869. The County's

investment in capital assets increased by \$2,926,791 and its long term liabilities decreased by \$4,860,088 over the same period.

As previously indicated, the County's net position increased \$3,869,320. Net position of governmental activities increased by \$2,957,475 and those of business-type activities, the County's water and sewer utility operations, increased \$911,845. The following table summarizes the change in the County's net position as shown in the Statement of Activities:

County of Caroline, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services	\$2,842,835	\$3,065,819	\$2,652,442	\$2,764,671	\$5,495,277	\$5,830,490
Operating Grants and Contributions	6,770,446	7,043,657	20,600	352,383	6,791,046	7,396,040
Capital Grants and Contributions	-	-	712,903	637,770	712,903	637,770
Total Program Revenues	<u>\$9,613,281</u>	<u>\$10,109,476</u>	<u>\$3,385,945</u>	<u>\$3,754,824</u>	<u>\$12,999,226</u>	<u>\$13,864,300</u>
General Revenues:						
General Property Taxes	\$37,932,539	\$36,870,630			\$37,932,539	\$36,870,630
Local Sales and Use Taxes	2,855,615	2,233,473			2,855,615	2,233,473
Consumers Utility Taxes	86,655	91,167			86,655	91,367
Motor Vehicle Licenses	1,050,059	1,155,454			1,050,059	1,155,454
Other Local Taxes	3,239,298	3,281,594			3,239,298	3,281,594
Intergovernmental Revenues-State	4,304,765	3,219,370			4,304,765	3,219,370
Use of Money and Property	488,630	698,912	25,668	36,461	514,298	735,373
Miscellaneous	613,810	467,201	329,242	328,443	943,052	795,644
Transfers	<u>(2,593,776)</u>	<u>(2,267,705)</u>	<u>2,593,776</u>	<u>2,267,705</u>	<u>-</u>	<u>-</u>
Total General Revenues	<u>\$47,977,595</u>	<u>\$45,750,096</u>	<u>\$2,948,686</u>	<u>\$2,632,609</u>	<u>\$50,926,281</u>	<u>\$48,382,705</u>
Expenses:						
General Government						
Administration	\$3,502,255	\$3,693,835			\$3,502,255	\$3,693,835
Judicial Administration	1,572,855	1,457,236			1,572,855	1,457,236
Public Safety	15,897,121	14,116,709			15,897,121	14,116,709
Public Works	5,738,632	5,933,547			5,738,632	5,933,547
Health and Welfare	4,738,640	4,748,908			4,738,640	4,748,908
Education	17,947,984	16,802,131			17,947,984	16,802,131
Parks, Recreation, and Cultural	1,041,192	940,443			1,041,192	940,443
Community Development	1,380,500	1,335,556			1,380,500	1,335,556
Interest and Other Fiscal Charges	2,814,222	3,071,552			2,814,222	3,071,552
Water and Sewer Utilities	-	-	5,422,786	5,864,572	5,422,786	5,864,572
Total Expenses	<u>\$54,633,401</u>	<u>\$52,099,917</u>	<u>\$5,422,786</u>	<u>\$5,864,572</u>	<u>\$60,056,187</u>	<u>\$57,964,489</u>
Change in Net Position	\$2,957,475	\$3,759,655	\$911,845	\$522,861	\$3,869,320	\$4,282,516
Net Position, Beginning, restated	<u>26,711,582</u>	<u>22,849,927</u>	<u>8,149,318</u>	<u>7,626,457</u>	<u>34,860,900</u>	<u>30,476,384</u>
Net Position, Ending	<u>\$29,669,057</u>	<u>\$26,609,582</u>	<u>\$9,061,163</u>	<u>\$8,149,318</u>	<u>\$38,730,220</u>	<u>\$34,758,900</u>

Expenditures in the County's governmental activities increased 4.9% over the prior year with expenditures increasing in most functions except General Government Administration, Public Works, and Parks, Recreation and Cultural Programs. Education again consumed the largest share of the total combined expenditures of the primary County government and its component units during the fiscal year ended June 30, 2020 at 32.9% of the total, more than the previous year. Public safety spending represents 29.1% of the total. Program revenues, which include fees, charges and special purpose grants and contributions, funded 17.6% of total functional expenditures in fiscal year 2020, a slightly decreased level as compared to fiscal year 2019. General property tax revenues increased 2.9% over the prior year and total general revenues for the County's governmental activities increased 4.9%. In the County's business type activities, expenditures decreased 7.5% and program revenues decreased 9.8% from the prior year. The County's water and sewer utility operations realized a loss in the current fiscal year and is continuing to prepare for a period of moderate growth sometime in the future. It should again be noted that these expenses are on a full accrual basis and, therefore, include depreciation expense on capital assets.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. By analyzing the sources and uses of funds, the differences between the two, and changes in balances over time, such information can be useful in assessing the County's financial needs. In particular, unreserved fund balance is important as a measure of the net resources available for financing future expenditures.

In total, governmental funds reported fund balances of \$27,077,845 at June 30, 2020, \$5,547,780 of that balance is reserved by external restrictions, \$4,541,350 is nonspendable, committed or assigned and the remaining \$16,988,715 is unassigned. Fund balances in the governmental funds decreased \$952,452 during the fiscal year ended June 30, 2020. Fund balance in the General Fund decreased by \$1,722,354. An increase of \$1,186,991 was realized in the fund balance of the Capital Projects Fund due to transfer to support projects funded from prior years.

In the General Fund, fund balance decreased to \$23,000,249, a 7.0% decrease over the prior year. While revenues have decreased from \$55,202,988 to \$52,129,022, general property taxes remain the primary revenue source in the General Fund contributing 72.0% of the total revenues during fiscal year 2020, higher than the prior year. Intergovernmental revenue from the Commonwealth of Virginia increased slightly to 10.8%, from 10.3% and the share added by other local taxes increased from 10.3% to 8.7% compared to last year. Education accounted for largest share of the General Fund's expenditures (36.5%). Public Safety (34.5%) and Public Works (9.4%) also accounted for substantial shares of the expenditures in the Fund.

Proprietary Funds. The proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements, but in more detail.

The largest of the County's enterprise operations, the County Public Utility Fund had a net position of \$5,956,684 at June 30, 2020, an increase over the previous year. The County has made significant investments in the utility system over the last ten plus years that have not yet been fully recovered through revenues in the fund. The County's main utility fund reported a net operating loss for the fiscal year ended June 30, 2020 of \$913,180, a 35.4% increase over last fiscal year due to a 3.7% decrease in revenues. The Dawn Wastewater System reported a net operating loss of \$215,504, a 28.8% increase from last fiscal year. This year was the twelfth full year of operation for the Dawn system and the eleventh full year of depreciation.

General Fund Budgetary Highlights

The original adopted budget of the General Fund was increased by 3.2% or \$1,546,914. Following is a partial summary of these increases/reductions by function:

- \$ 278,966 for General Government Administration
- \$ 36,791 for Judicial Administration
- \$ 773,626 for Public Safety
- \$ 487,537 for Public Works
- \$ (62,956) for Health and Welfare
- \$ 79,113 for Parks, Recreation and Cultural
- \$ 42,77 for Community Development
- \$ (1,132,757) for Transfers out to Other Funds

Actual revenue collections were \$1,663,818 greater than the final budget estimates. Increased collection efforts contributed to the increase in general property taxes.

Actual expenditures totaled \$1,502,838 less than the amended budget appropriations, a variance of 3.4%.

Capital Assets and Debt Administration

Capital Assets. The County's total investment in capital assets for governmental and business-type activities amounted to \$117,562,020 as of June 30, 2020, net of accumulated depreciation. This investment in capital assets includes land, buildings, property improvements, machinery and equipment, vehicles and utility improvements. It should be noted that this investment value is based on historical cost and is not reflective of the current market value of these assets.

Major capital improvement projects for the year included:

- \$ 333,600 for acquisition of land and building of Frog Level Rescue
- \$ 996,786 for SCBA masks for Fire/Rescue
- \$ 239,547 for CAT Loader equipment
- \$ 171,403 for replacement vehicles for aging units

- \$ 859,157 for replacement rescue engine and ambulance

Long-Term Debt. At June 30, 2020, the County's total long-term debt amounted to \$117,592,264. This total is comprised of:

- \$23,354,217 in lease revenue bonds issued through the County's Economic Development Authority for a variety of general government, school and business-type activity improvements and equipment acquisitions.
- \$33,050,375 in utility system revenue bonds for the improvement and expansion of the County's utility enterprise operations and landfill closure.
- \$37,955,252 in general obligation bonds issued for the construction and improvement of County public schools.
- \$10,011,836 in capital lease obligations for general government and business type radio and motor vehicle equipment.
- \$3,292,190 as the County's liability for closure and post-closure care of the former County Sanitary Landfill.
- \$9,928,394 in unamortized premiums, net OPEB liabilities, and compensated absences for general government and business-type activities.

Economic Factors and Next Year's Budget and Tax Rates

- The population of Caroline County, based on the 2010 census has grown 6.8% since the April 2010 census to an estimated 30,318.
- The County completed a real property reassessment to be effective January 2016 to be sure its values for tax purposes are in line with market values. Growth had pushed assessed values up for the January 2008 reassessment to almost \$3 billion, but the housing market crash had dropped values for 2011 by an estimated 18%. Growth in the County continues to be low.
- The unemployment rate for the County increased from 3.4% to 8.8% due to the nation's COVID-19 pandemic.
- The burst of population growth the County had experienced several years ago has slowed dramatically as the nation-wide turnaround in real estate markets and recession has had an impact. After issuing a total of 318 residential building permits in the fiscal year ended June 30, 2007, the County building inspection division issued 140 in the fiscal year ended June 30, 2020 which is an increase of 39 permits over the fiscal year ended June 30, 2019. The County issued 3 commercial development permits in fiscal year June 30, 2020, the same as the previous year.

These and many other factors were considered in preparing the County's budget for fiscal year 2021. The total adopted General Fund budget for FY2021 is \$55,500,500, a \$2,219,199 or 4.17% increase over the FY2020 budget. The General Fund is the primary fund for most County operations. The increase in the General Fund includes \$2,450,000 for the final payment to VDOT for the County's share of the cost of the Route 639 (Ladysmith Road) Widening Project. Without this payment, the General Fund would be at \$53,050,500, a decrease of \$230,801 from the previous fiscal year. The adopted real estate rate for calendar year 2021 remained the same at \$0.83 per hundred dollars of assessed value. Personal property tax rates remained at \$3.80.

Requests for Information

This financial report is designed to provide a general overview of the County of Caroline, Virginia's finances for all those who may have an interest in the County's financial condition and prospects. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Caroline County, Post Office Box 447, 212 N. Main Street, Bowling Green, Virginia 22427.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 23,650,591	\$ 199,210	\$ 23,849,801	\$ 6,380,690	\$ 72,721
Receivables (net of allowance for uncollectibles):					
Taxes receivable	23,945,289	-	23,945,289	-	-
Accounts receivable	509,894	312,874	822,768	-	-
Due from other governmental units	2,679,120	4,420	2,683,540	1,222,890	-
Inventories	6,052	-	6,052	-	-
Restricted cash and investments	6,739,419	1,665,793	8,405,212	-	-
Net pension asset	1,615,601	107,957	1,723,558	140,266	-
Capital assets (net of accumulated depreciation):					
Land	1,296,783	711,986	2,008,769	849,553	-
Buildings	57,653,554	952,366	58,605,920	3,220,050	-
Improvements other than buildings	5,245,220	39,842,687	45,087,907	464,013	-
Equipment	10,025,683	543,330	10,569,013	3,579,590	-
Intangibles	27,937	-	27,937	-	-
Construction in progress	480,054	782,420	1,262,474	86,356	-
Total assets	\$ 133,875,197	\$ 45,123,043	\$ 178,998,240	\$ 15,943,408	\$ 72,721
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 67,900	\$ 906,963	\$ 974,863	\$ -	\$ -
Pension related items	2,019,706	137,764	2,157,470	6,963,733	-
OPEB related items	819,414	65,936	885,350	2,957,359	-
Total deferred outflows of resources	\$ 2,907,020	\$ 1,110,663	\$ 4,017,683	\$ 9,921,092	\$ -
LIABILITIES					
Accounts payable	\$ 1,611,405	\$ 145,376	\$ 1,756,781	\$ 671,719	\$ -
Accrued payroll	391,092	19,162	410,254	2,865,862	-
Other accrued liabilities	134,864	13,262	148,126	-	-
Customer deposits	-	178,982	178,982	-	-
Accrued interest payable	993,306	341,029	1,334,335	22,840	-
Insurance and benefits claims	434,935	-	434,935	-	-
Unearned revenue	2,950,937	-	2,950,937	-	-
Long-term liabilities:					
Due within one year	5,994,798	1,489,407	7,484,205	313,843	-
Due in more than one year	75,198,680	34,909,379	110,108,059	50,899,082	-
Total liabilities	\$ 87,710,017	\$ 37,096,597	\$ 124,806,614	\$ 54,773,346	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 18,156,396	\$ -	\$ 18,156,396	\$ -	\$ -
Pension related items	1,090,342	64,428	1,154,770	3,478,339	-
OPEB related items	156,405	11,518	167,923	363,864	-
Total deferred inflows of resources	\$ 19,403,143	\$ 75,946	\$ 19,479,089	\$ 3,842,203	\$ -

Statement of Net Position

June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
NET POSITION					
Net investment in capital assets	\$ 455,769	\$ 7,639,696	\$ 8,095,465	\$ 6,944,226	\$ -
Restricted:					
Capital projects	2,129,817	1,665,793	3,795,610	-	-
Debt service	1,847,361	-	1,847,361	-	-
Social services	32,803	-	32,803	-	-
Law enforcement	176,570	-	176,570	-	-
Public safety grants	120,649	-	120,649	-	-
Fire/rescue	2,000	-	2,000	-	-
Fire/rescue grants	150,433	-	150,433	-	-
Housing	19,985	-	19,985	-	-
Courthouse maintenance	48,254	-	48,254	-	-
Law library	3,369	-	3,369	-	-
Tourism	106,958	-	106,958	-	-
Ladysmith Commons road improvements	37,499	-	37,499	-	-
Ladysmith library	365,327	-	365,327	-	-
Ladysmith recreation	163,606	-	163,606	-	-
Dawn library	5,412	-	5,412	-	-
Route 639 construction	275,000	-	275,000	-	-
Children's services	62,737	-	62,737	-	-
Unrestricted	23,665,508	(244,326)	23,421,182	(39,695,275)	72,721
Total net position	\$ 29,669,057	\$ 9,061,163	\$ 38,730,220	\$ (32,751,049)	\$ 72,721

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

COUNTY OF CAROLINE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,502,256	\$ -	\$ 840,911	\$ -
Judicial administration	1,572,855	458,514	668,127	-
Public safety	15,897,122	2,276,453	2,872,629	-
Public works	5,738,631	43,563	15,021	-
Health and welfare	4,738,640	-	3,289,333	-
Education	17,947,984	-	-	-
Parks, recreation, and cultural	1,041,192	64,180	-	-
Community development	1,380,499	125	116,786	-
Interest on long-term debt	2,814,222	-	-	-
Total governmental activities	\$ 54,633,401	\$ 2,842,835	\$ 7,802,807	\$ -
Business-type activities:				
Public utilities	\$ 5,422,786	\$ 2,652,442	\$ 20,600	\$ 712,903
Total business-type activities	\$ 5,422,786	\$ 2,652,442	\$ 20,600	\$ 712,903
Total primary government	\$ 60,056,187	\$ 5,495,277	\$ 7,823,407	\$ 712,903
COMPONENT UNITS:				
School Board	\$ 47,503,688	\$ 623,110	\$ 31,092,967	\$ -
Economic Development Authority	780	-	-	-
Total component units	\$ 47,504,468	\$ 623,110	\$ 31,092,967	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility				
Motor vehicle licenses and registration fees				
Business license taxes				
Meals tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Caroline County				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (2,661,345)	\$ -	\$ (2,661,345)	\$ -	\$ -
(446,214)	-	(446,214)	-	-
(10,748,040)	-	(10,748,040)	-	-
(5,680,047)	-	(5,680,047)	-	-
(1,449,307)	-	(1,449,307)	-	-
(17,947,984)	-	(17,947,984)	-	-
(977,012)	-	(977,012)	-	-
(1,263,588)	-	(1,263,588)	-	-
(2,814,222)	-	(2,814,222)	-	-
<u>\$ (43,987,759)</u>	<u>\$ -</u>	<u>\$ (43,987,759)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (2,036,841)</u>	<u>\$ (2,036,841)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (2,036,841)</u>	<u>\$ (2,036,841)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (43,987,759)</u>	<u>\$ (2,036,841)</u>	<u>\$ (46,024,600)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (15,787,611)	\$ -
-	-	-	-	(780)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,787,611)</u>	<u>\$ (780)</u>
\$ 37,932,539	\$ -	\$ 37,932,539	\$ -	\$ -
2,855,615	-	2,855,615	-	-
86,655	-	86,655	-	-
1,050,059	-	1,050,059	-	-
890,641	-	890,641	-	-
1,192,417	-	1,192,417	-	-
1,156,240	-	1,156,240	-	-
488,630	25,668	514,298	35,250	565
613,810	329,242	943,052	674,885	174
3,272,404	-	3,272,404	-	-
-	-	-	15,925,868	-
(2,593,776)	2,593,776	-	-	-
<u>\$ 46,945,234</u>	<u>\$ 2,948,686</u>	<u>\$ 49,893,920</u>	<u>\$ 16,636,003</u>	<u>\$ 739</u>
<u>\$ 2,957,475</u>	<u>\$ 911,845</u>	<u>\$ 3,869,320</u>	<u>\$ 848,392</u>	<u>\$ (41)</u>
<u>26,711,582</u>	<u>8,149,318</u>	<u>34,860,900</u>	<u>(33,599,441)</u>	<u>72,762</u>
<u>\$ 29,669,057</u>	<u>\$ 9,061,163</u>	<u>\$ 38,730,220</u>	<u>\$ (32,751,049)</u>	<u>\$ 72,721</u>

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FUND FINANCIAL STATEMENTS

COUNTY OF CAROLINE, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	County Capital Projects
ASSETS			
Cash and cash equivalents	\$ 17,224,821	\$ 433,964	\$ 193,440
Receivables (net of allowance for uncollectibles):			
Taxes receivable	23,945,289	-	-
Accounts receivable	267,722	181,571	-
Due from other governmental units	2,342,053	-	-
Due from other funds	3,010,993	-	-
Prepaid expense	-	6,052	-
Restricted cash and investments	1,682,532	-	5,056,887
Total assets	<u>\$ 48,473,410</u>	<u>\$ 621,587</u>	<u>\$ 5,250,327</u>
LIABILITIES			
Accounts payable	\$ 762,804	\$ 467,827	\$ 111,064
Accrued payroll	326,932	-	-
Other accrued liabilities	118,909	-	-
Due to other funds	-	-	3,009,446
Unearned revenue	500,000	-	-
Total liabilities	<u>\$ 1,708,645</u>	<u>\$ 467,827</u>	<u>\$ 3,120,510</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 23,764,516	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 23,764,516</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 6,052	\$ -
Restricted	1,847,361	-	2,129,817
Committed	1,064,913	-	-
Assigned	3,007,004	147,708	-
Unassigned	17,080,971	-	-
Total fund balances	<u>\$ 23,000,249</u>	<u>\$ 153,760</u>	<u>\$ 2,129,817</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,473,410</u>	<u>\$ 621,587</u>	<u>\$ 5,250,327</u>

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

Exhibit 3

<u>Proffers</u>	<u>Virginia Public Assistance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 757,588	\$ -	\$ 3,439,525	\$ 22,049,338
-	-	-	23,945,289
-	-	60,601	509,894
-	201,228	135,839	2,679,120
-	-	-	3,010,993
-	-	-	6,052
-	-	-	6,739,419
<u>\$ 757,588</u>	<u>\$ 201,228</u>	<u>\$ 3,635,965</u>	<u>\$ 58,940,105</u>
\$ -	\$ 19,759	\$ 249,951	\$ 1,611,405
-	61,356	2,804	391,092
-	15,740	215	134,864
-	-	-	3,009,446
-	-	2,450,937	2,950,937
<u>\$ -</u>	<u>\$ 96,855</u>	<u>\$ 2,703,907</u>	<u>\$ 8,097,744</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,764,516</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,764,516</u>
\$ -	\$ -	\$ -	6,052
757,588	32,803	687,955	5,455,524
-	-	244,103	1,309,016
-	71,570	-	3,226,282
-	-	-	17,080,971
<u>\$ 757,588</u>	<u>\$ 104,373</u>	<u>\$ 932,058</u>	<u>\$ 27,077,845</u>
<u>\$ 757,588</u>	<u>\$ 201,228</u>	<u>\$ 3,635,965</u>	<u>\$ 58,940,105</u>

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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	\$	27,077,845
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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	\$	119,820,352	
Accumulated depreciation		<u>(45,091,121)</u>	74,729,231

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

Unavailable revenue - property taxes	\$	5,608,120	
Net pension asset		<u>1,615,601</u>	7,223,721

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

Deferred charge on refunding	\$	67,900	
Pension related items		2,019,706	
OPEB related items		<u>819,414</u>	2,907,020

Internal service funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

1,164,771

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

Bonds payable, including unamortized premiums	\$	(64,329,526)	
Capital leases		(10,011,836)	
Landfill postclosure cost		(3,292,190)	
Accrued interest payable		(993,306)	
Net OPEB liabilities		(2,711,273)	
Compensated absences		<u>(848,653)</u>	(82,186,784)

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

Pension related items	\$	(1,090,342)	
OPEB related items		<u>(156,405)</u>	(1,246,747)

Net position of governmental activities	\$	<u><u>29,669,057</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

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

	General	Debt Service	County Capital Projects
REVENUES			
General property taxes	\$ 37,544,110	\$ -	\$ -
Other local taxes	5,351,686	1,739,506	-
Permits, privilege fees, and regulatory licenses	507,986	-	-
Fines and forfeitures	318,804	-	-
Revenue from the use of money and property	322,595	111,869	39,359
Charges for services	1,257,520	-	-
Miscellaneous	457,453	-	9,742
Recovered costs	566,474	-	32,380
Intergovernmental:			
Commonwealth	5,622,178	282,381	-
Federal	180,216	324,466	-
Total revenues	<u>\$ 52,129,022</u>	<u>\$ 2,458,222</u>	<u>\$ 81,481</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,912,901	\$ -	\$ -
Judicial administration	1,415,987	-	-
Public safety	14,712,193	-	-
Public works	4,002,202	-	-
Health and welfare	549,616	-	-
Education	15,578,605	-	-
Parks, recreation, and cultural	951,445	-	-
Community development	1,554,923	-	-
Capital outlay	-	-	3,197,942
Debt service:			
Principal retirement	-	9,520,249	-
Interest and other fiscal charges	-	3,184,101	-
Total expenditures	<u>\$ 42,677,872</u>	<u>\$ 12,704,350</u>	<u>\$ 3,197,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,451,150</u>	<u>\$ (10,246,128)</u>	<u>\$ (3,116,461)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 6,117,315	\$ 2,224,873
Transfers out	(11,173,504)	-	(41,420)
Issuance of refunding bond	-	3,525,000	-
Issuance of capital lease	-	-	2,120,000
Bond issuance premium	-	600,259	-
Total other financing sources (uses)	<u>\$ (11,173,504)</u>	<u>\$ 10,242,574</u>	<u>\$ 4,303,453</u>
Net change in fund balances	\$ (1,722,354)	\$ (3,554)	\$ 1,186,992
Fund balances - beginning	24,722,603	157,314	942,825
Fund balances - ending	<u>\$ 23,000,249</u>	<u>\$ 153,760</u>	<u>\$ 2,129,817</u>

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

Proffers	Virginia Public Assistance	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 37,544,110
-	-	140,435	7,231,627
-	-	-	507,986
-	-	-	318,804
1,568	-	13,239	488,630
-	-	758,525	2,016,045
125,934	5,069	15,612	613,810
-	-	-	598,854
-	764,322	1,080,023	7,748,904
-	1,654,665	1,166,960	3,326,307
\$ 127,502	\$ 2,424,056	\$ 3,174,794	\$ 60,395,077
\$ -	\$ -	\$ 1,698	\$ 3,914,599
-	-	7,345	1,423,332
-	-	1,389,697	16,101,890
-	-	114,904	4,117,106
-	2,956,218	1,403,316	4,909,150
-	-	354,500	15,933,105
-	-	-	951,445
-	-	191,169	1,746,092
-	-	-	3,197,942
-	-	-	9,520,249
-	-	-	3,184,101
\$ -	\$ 2,956,218	\$ 3,462,629	\$ 64,999,011
\$ 127,502	\$ (532,162)	\$ (287,835)	\$ (4,603,934)
\$ -	\$ 524,720	\$ 455,241	\$ 9,322,149
-	-	(701,000)	(11,915,924)
-	-	-	3,525,000
-	-	-	2,120,000
-	-	-	600,259
\$ -	\$ 524,720	\$ (245,759)	\$ 3,651,484
\$ 127,502	\$ (7,442)	\$ (533,594)	\$ (952,450)
630,086	111,815	1,465,652	28,030,295
\$ 757,588	\$ 104,373	\$ 932,058	\$ 27,077,845

Reconciliation of the 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	\$	(952,450)
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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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	3,316,550	
Depreciation expense		<u>(4,826,461)</u>	(1,509,911)

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

Property taxes	388,429
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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.

Issuance of long-term debt	\$	(5,645,000)	
Issuance of bond premium		(600,259)	
Change in long-term liability payable to Utility Fund		158,234	
Principal payments		9,520,249	
Change in landfill postclosure liability		(15,315)	
Amortization of bond premium		<u>201,200</u>	3,619,109

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 compensated absences	\$	(20,202)	
Change in pension related items		1,233,902	
Change in OPEB related items		(112,167)	
Amortization of deferred charges on refunding		(4,850)	
Change in accrued interest payable		<u>15,295</u>	1,111,978

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

	<u>300,320</u>
Change in net position of governmental activities	\$ <u><u>2,957,475</u></u>

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

Statement of Net Position

Proprietary Funds

June 30, 2020

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 199,210	\$ -	\$ 199,210	\$ 1,601,253
Accounts receivable, net	301,457	11,417	312,874	-
Internal balances	11,711	(11,711)	-	-
Due from other governmental units	4,420	-	4,420	-
Total current assets	<u>\$ 516,798</u>	<u>\$ (294)</u>	<u>\$ 516,504</u>	<u>\$ 1,601,253</u>
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 1,665,793	\$ -	\$ 1,665,793	\$ -
Net pension asset	107,957	-	107,957	-
Capital assets:				
Land	561,986	150,000	711,986	-
Buildings	1,389,536	-	1,389,536	412,315
Improvements other than buildings	50,712,596	5,660,499	56,373,095	68,551
Equipment	1,917,163	-	1,917,163	-
Construction in progress	782,420	-	782,420	-
Accumulated depreciation	(16,847,698)	(1,493,713)	(18,341,411)	(480,866)
Total capital assets	<u>\$ 38,516,003</u>	<u>\$ 4,316,786</u>	<u>\$ 42,832,789</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 40,289,753</u>	<u>\$ 4,316,786</u>	<u>\$ 44,606,539</u>	<u>\$ -</u>
Total assets	<u>\$ 40,806,551</u>	<u>\$ 4,316,492</u>	<u>\$ 45,123,043</u>	<u>\$ 1,601,253</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	\$ 906,963	\$ -	\$ 906,963	\$ -
Pension related items	137,764	-	137,764	-
OPEB related items	65,936	-	65,936	-
Total deferred outflows of resources	<u>\$ 1,110,663</u>	<u>\$ -</u>	<u>\$ 1,110,663</u>	<u>\$ -</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 128,210	\$ 17,166	\$ 145,376	\$ -
Accrued payroll	19,162	-	19,162	-
Other accrued liabilities	13,262	-	13,262	-
Customer deposits	171,856	7,126	178,982	-
Accrued interest payable	341,029	-	341,029	-
Due to other funds	-	-	-	1,547
Insurance and benefit claims	-	-	-	434,935
Bonds payable - current portion	1,310,000	169,674	1,479,674	-
Compensated absences - current portion	9,733	-	9,733	-
Total current liabilities	<u>\$ 1,993,252</u>	<u>\$ 193,966</u>	<u>\$ 2,187,218</u>	<u>\$ 436,482</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 33,602,335	\$ 1,018,047	\$ 34,620,382	\$ -
Net OPEB liabilities	201,398	-	201,398	-
Compensated absences - net of current portion	87,599	-	87,599	-
Total noncurrent liabilities	<u>\$ 33,891,332</u>	<u>\$ 1,018,047</u>	<u>\$ 34,909,379</u>	<u>\$ -</u>
Total liabilities	<u>\$ 35,884,584</u>	<u>\$ 1,212,013</u>	<u>\$ 37,096,597</u>	<u>\$ 436,482</u>

Statement of Net Position

Proprietary Funds

June 30, 2020

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 64,428	\$ -	\$ 64,428	\$ -
OPEB related items	11,518	-	11,518	-
Total deferred inflows of resources	<u>\$ 75,946</u>	<u>\$ -</u>	<u>\$ 75,946</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 4,510,631	\$ 3,129,065	\$ 7,639,696	\$ -
Restricted	1,665,793	-	1,665,793	-
Unrestricted	(219,740)	(24,586)	(244,326)	1,164,771
Total net position	<u>\$ 5,956,684</u>	<u>\$ 3,104,479</u>	<u>\$ 9,061,163</u>	<u>\$ 1,164,771</u>

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

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 885,351	\$ -	\$ 885,351	\$ -
Sewer	1,692,120	74,971	1,767,091	-
Risk management	-	-	-	4,665,919
Other revenue	329,242	-	329,242	-
Total operating revenues	<u>\$ 2,906,713</u>	<u>\$ 74,971</u>	<u>\$ 2,981,684</u>	<u>\$ 4,665,919</u>
OPERATING EXPENSES				
Personnel services	\$ 870,534	\$ 12,454	\$ 882,988	\$ -
Fringe benefits	295,038	1,485	296,523	-
Contractual services	339,691	40,008	379,699	-
Risk financing and benefit payments	-	-	-	4,365,599
Other charges	1,014,983	95,015	1,109,998	-
Depreciation	1,299,647	141,513	1,441,160	-
Total operating expenses	<u>\$ 3,819,893</u>	<u>\$ 290,475</u>	<u>\$ 4,110,368</u>	<u>\$ 4,365,599</u>
Operating income (loss)	<u>\$ (913,180)</u>	<u>\$ (215,504)</u>	<u>\$ (1,128,684)</u>	<u>\$ 300,320</u>
NONOPERATING REVENUES (EXPENSES)				
Connection availability fees	\$ 696,768	\$ 16,135	\$ 712,903	\$ -
Interest revenue	25,668	-	25,668	-
Federal revenue - BABs subsidy	20,600	-	20,600	-
Interest expense	(1,312,418)	-	(1,312,418)	-
Total nonoperating revenues (expenses)	<u>\$ (569,382)</u>	<u>\$ 16,135</u>	<u>\$ (553,247)</u>	<u>\$ -</u>
Income (loss) before transfers	<u>\$ (1,482,562)</u>	<u>\$ (199,369)</u>	<u>\$ (1,681,931)</u>	<u>\$ 300,320</u>
Transfers in	2,394,077	199,699	2,593,776	-
Change in net position	<u>\$ 911,515</u>	<u>\$ 330</u>	<u>\$ 911,845</u>	<u>\$ 300,320</u>
Total net position - beginning	5,045,169	3,104,149	8,149,318	864,451
Total net position - ending	<u>\$ 5,956,684</u>	<u>\$ 3,104,479</u>	<u>\$ 9,061,163</u>	<u>\$ 1,164,771</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,925,215	\$ 75,042	\$ 3,000,257	\$ 4,665,919
Claims and benefits paid	-	-	-	(4,188,796)
Payments to suppliers for goods and services	(1,387,871)	(107,263)	(1,495,134)	(128,032)
Payments to employees for services	(1,249,484)	(13,939)	(1,263,423)	-
Net cash provided by (used for) operating activities	\$ 287,860	\$ (46,160)	\$ 241,700	\$ 349,091
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	\$ 2,394,077	\$ 199,699	\$ 2,593,776	\$ -
Net cash provided by (used for) noncapital financing activities	\$ 2,394,077	\$ 199,699	\$ 2,593,776	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant revenue	\$ 17,093	\$ -	\$ 17,093	\$ -
Connection availability fees	696,768	16,135	712,903	-
Cash received from bond refunding	2,695,000	-	2,695,000	-
Principal paid on bonds	(4,390,001)	(169,674)	(4,559,675)	-
Interest and other fiscal charges	(966,963)	-	(966,963)	-
Acquisition and construction of capital assets	(604,167)	-	(604,167)	-
Net cash provided by (used for) capital and related financing activities	\$ (2,552,270)	\$ (153,539)	\$ (2,705,809)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investment securities	\$ 25,668	\$ -	\$ 25,668	\$ -
Net cash provided by (used for) investing activities	\$ 25,668	\$ -	\$ 25,668	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 155,335	\$ -	\$ 155,335	\$ 349,091
Cash and cash equivalents - beginning, including restricted	1,709,668	-	1,709,668	1,252,162
Cash and cash equivalents - ending, including restricted	\$ 1,865,003	\$ -	\$ 1,865,003	\$ 1,601,253
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (913,180)	\$ (215,504)	\$ (1,128,684)	\$ 300,320
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 1,299,647	\$ 141,513	\$ 1,441,160	\$ -
(Increase) decrease in accounts receivable	6,034	(450)	5,584	-
(Increase) decrease in interfund balances	(11,711)	11,711	-	-
(Increase) decrease in pension related deferred outflows of resources	(65,448)	-	(65,448)	-
(Increase) decrease in OPEB related deferred outflows of resources	(44,953)	-	(44,953)	-
Increase (decrease) in accounts payable	(21,063)	16,049	(5,014)	(129,579)
Increase (decrease) in accrued payroll	1,001	-	1,001	-
Increase (decrease) in other accrued liabilities	(423)	-	(423)	-
Increase (decrease) in customer deposits	12,468	521	12,989	-
Increase (decrease) in insurance and benefit claims	-	-	-	176,803
Increase (decrease) in pension related deferred inflows of resources	(73,695)	-	(73,695)	-
Increase (decrease) in OPEB related deferred inflows of resources	4,995	-	4,995	-
Increase (decrease) in net pension liability	20,594	-	20,594	-
Increase (decrease) in net OPEB liabilities	71,048	-	71,048	-
Increase (decrease) in compensated absences	2,546	-	2,546	-
Increase (decrease) in due to other funds	-	-	-	1,547
Total adjustments	\$ 1,201,040	\$ 169,344	\$ 1,370,384	\$ 48,771
Net cash provided by (used for) operating activities	\$ 287,860	\$ (46,160)	\$ 241,700	\$ 349,091

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	\$ 1,275,160
Total assets	<u>\$ 1,275,160</u>
LIABILITIES	
Amounts held for social services clients	\$ 41,155
Amounts held for consortium	38,704
Refundable escrow deposits payable	<u>1,195,301</u>
Total liabilities	<u>\$ 1,275,160</u>

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Caroline, Virginia (the "County") is governed by an elected six-member Board of Supervisors. The County provides a full range of services for its citizens. These services include law enforcement and volunteer and paid fire protection and rescue services; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Caroline, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board, and the specifications promulgated by 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 units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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 the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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 comparison 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 the basic 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 Caroline (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2020.

Discretely Presented Component Unit

The School Board members are elected by the citizens of Caroline County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2020.

The Caroline County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2020. The Authority does not issue a separate financial report.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the “Center”) serving the eighteen member jurisdictions of which the County Administrator serves as the County’s representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. The County made per diem contributions totaling \$150,266 in fiscal year 2020. Separate audited financial statements for the Commission can be obtained from the fiscal agent’s office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

Pamunkey Regional Jail Authority

The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The board formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. The County made per diem contributions totaling \$1,364,922 in fiscal year 2020. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

Included in the County's Financial Report

None

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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 45 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 principal and interest expenditures on general long-term debt, 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 and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

In the fund financial statements, financial transactions and accounts of the County are organized on a basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting, 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 - are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, County Capital Projects Fund, Proffers Fund and Virginia Public Assistance Fund as major governmental funds.

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and 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 is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for fund reporting purposes.

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County's and School Board's general long-term debt financing is provided by appropriations from the General Fund.

County Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The County reports the following major special revenue funds: Virginia Public Assistance Fund and Proffers Fund. These funds have been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users. The County reports the following nonmajor funds:

Nonmajor Special Revenue Funds - account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Nonmajor Special Revenue Funds consist of the following funds: Children's Services, Law Library, Courthouse Maintenance, Tourism, Confiscated Asset, Housing, Sheriff, Fire/Rescue Grant, Detention Facility, and CARES Act.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

2. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Major Enterprise Funds consist of the Caroline County Utility Fund and Dawn Wastewater System Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system.

Internal Service Funds - account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government, on a cost reimbursement basis. The County's internal service funds include the Vehicle Maintenance Fund and the Self-Insurance Fund.

3. 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 Private Purpose Trust and Agency Funds. Private Purpose Trust and Agency Funds utilize the accrual basis of accounting, but do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Agency Funds include amounts held for others in a fiduciary capacity, which includes social services clients, technology education consortium program, and refundable escrow deposits.

E. Cash and Cash Equivalents

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

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments (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.

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

Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Investments (Continued)

Cash of individual funds other than the Agency Funds is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool is reported at amortized cost. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

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 portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,001,414 at June 30, 2020 and is comprised primarily of property taxes totaling \$906,670.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
	June 5/December 5	June 5/December 5
Due Date	(50% each date)	(50% each date)
Lien Date	June 6/December 6	June 6/December 6

The County bills and collects its own property taxes. The County reassesses all existing real property every four to five years and the last reassessment was completed in 2017.

H. Restricted Cash

Proceeds from the County’s bond issues, as well as certain resources set aside for their repayment, are classified as restricted cash on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, 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. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. There is no capitalized interest for the year June 30, 2020.

Property, plant and equipment and infrastructure of the primary government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	20-40
Improvements other than buildings	5-50
Motor vehicles and equipment	3-15
Intangibles	5

J. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. 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 received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. 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.

L. 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. 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, Teacher HIC, and Medical and Dental Pay-As-You-Go 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.

O. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Prepaid Items

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

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

Q. Fund Balance

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Balance (Continued)

- have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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.

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).

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Major Debt Service Fund	Major County Capital Projects Fund	Major Special Revenue Funds			Other Governmental Funds	Total
				Proffers Fund	Virginia Public Assistance Fund			
Fund Balances:								
Nonspendable:								
Prepaid items	\$ -	\$ 6,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,052
Total Nonspendable	\$ -	\$ 6,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,052
Restricted:								
Capital projects	\$ -	\$ -	\$ 2,129,817	\$ -	\$ -	\$ -	\$ -	\$ 2,129,817
Debt service	1,847,361	-	-	-	-	-	-	1,847,361
Social services	-	-	-	-	32,803	-	-	32,803
Law enforcement	-	-	-	1,000	-	175,570	-	176,570
Public safety grants	-	-	-	-	-	120,649	-	120,649
Fire/rescue	-	-	-	2,000	-	-	-	2,000
Fire/rescue grants	-	-	-	-	-	150,433	-	150,433
Housing	-	-	-	-	-	19,985	-	19,985
Courthouse maintenance	-	-	-	-	-	48,254	-	48,254
Law library	-	-	-	-	-	3,369	-	3,369
Tourism	-	-	-	-	-	106,958	-	106,958
Ladysmith Commons and improvements	-	-	-	37,499	-	-	-	37,499
Ladysmith library	-	-	-	273,071	-	-	-	273,071
Ladysmith recreation	-	-	-	163,606	-	-	-	163,606
Dawn library	-	-	-	5,412	-	-	-	5,412
Route 639 construction	-	-	-	275,000	-	-	-	275,000
Children's services	-	-	-	-	-	62,737	-	62,737
Total Restricted	\$ 1,847,361	\$ -	\$ 2,129,817	\$ 757,588	\$ 32,803	\$ 687,955	\$ -	\$ 5,455,524
Committed:								
Capital projects	\$ 964,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 964,913
Education	100,000	-	-	-	-	244,103	-	344,103
Total Committed	\$ 1,064,913	\$ -	\$ -	\$ -	\$ -	\$ 244,103	\$ -	\$ 1,309,016
Assigned:								
Operations	\$ 1,818,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,818,577
Capital projects	1,188,427	-	-	-	-	-	-	1,188,427
Debt service	-	147,708	-	-	-	-	-	147,708
Social services	-	-	-	-	71,570	-	-	71,570
Total Assigned	\$ 3,007,004	\$ 147,708	\$ -	\$ -	\$ 71,570	\$ -	\$ -	\$ 3,226,282
Unassigned	\$ 17,080,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,080,971
Total Fund Balances	\$ 23,000,249	\$ 153,760	\$ 2,129,817	\$ 757,588	\$ 104,373	\$ 932,058	\$ -	\$ 27,077,845

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item 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 and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. Prior to March 1 of each year, the County Administrator submits to the Board of Supervisors a proposed operating 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. The Board of Supervisors conducts work sessions to review the budget and public hearings are required to be 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 the primary government's department; however, the Component Unit - 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, Special Revenue Funds, Debt Service Fund and Capital Projects Funds of the County and Component Unit - School Board.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse on June 30.
8. The original budget presented in the accompanying financial statements is the budget as provided in the Appropriation Resolution adopted by the Board of Supervisors. The final amended budget presented in the financial statements is the budget, amended as indicated above, as of the June 30 year end.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2020.

<u>Fund</u>	<u>Amount</u>
Debt Service	\$ 3,984,574
Confiscated Asset	6,358
Housing	13,964
Sheriff	31,477
CARES Act	229,701

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments (Continued)

Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset of \$1 per share. The weighted average maturity of the LGIP is less than one year.

Virginia State Non-Arbitrage Program (SNAP)

Investment in the SNAP is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities or any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less and seeks to maintain a constant net value (NAV) per share of \$1. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, Wells Fargo, N.A., U. S. Bank, N.A., and the Bank of New York Mellon Corporation to provide professional services and regulating oversight to the SNAP program.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2020 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody’s Investor Service.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
		AAAm	Unrated
Local Government Investment Pool	\$	24,442,608	\$ -
Virginia State Non-Arbitrage Pool		5,335,196	-
Money Market Funds		3,616,587	-
U.S. Agency Bonds		-	1,040,386
Total	\$	<u>33,394,391</u>	<u>\$ 1,040,386</u>

Interest Rate Risk

The County's investment policies authorize the County to invest in Repurchase Agreements with a maturity no greater than thirty (30) days, unless the collateral is held by another banking institution, and deposits in banks not to exceed five years at the time of purchase.

Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1 Year	1-5 Years	
Local Government Investment Pool	\$ 24,442,608	\$ 24,442,608	\$ -	
Virginia State Non-Arbitrage Pool	5,335,196	5,335,196	-	
Certificates of Deposit	607,416	334,240	273,176	
Money Market Funds	3,616,587	3,616,587	-	
Repurchase Agreements - Underlying:				
U.S. Agency Bonds	<u>1,040,386</u>	<u>1,040,386</u>	<u>-</u>	
Total	<u>\$ 35,042,193</u>	<u>\$ 34,769,017</u>	<u>\$ 273,176</u>	

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurement

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.

(If there has been a change in valuation technique that has a significant effect on the result (e.g., changing from an expected cash flow technique or the use of an additional valuation technique), document that specific change, and the reason(s) for making it.)

The County has the following recurring fair value measurements as of June 30, 2020:

- U. S. Agency Bonds of \$1,040,386 are valued using quoted market prices (Level 1 inputs).
- Money Market Funds of \$3,616,587 are valued using quoted market prices (Level 1 inputs).

External Investment Pools

LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 4—DUE FROM AND TO OTHER GOVERNMENTS:

At June 30, 2020, the County has amounts due from other governments as follows:

	<u>Component Unit</u>		
	<u>Primary Government</u>	<u>Business-type Activities</u>	<u>School Board</u>
Other Local Governments:			
Town of Port Royal	\$ -	\$ 4,420	\$ -
Commonwealth of Virginia:			
State sales tax	-	-	694,274
Motor vehicle carrier tax	15,064	-	-
Personal property tax relief funds	1,147,226	-	-
Auto rental tax	1,653	-	-
Additional tax on deeds	12,317	-	-
Rolling stock tax	8,619	-	-
Mobile home titling tax	6,475	-	-
E-911 wireless funds	19,863	-	-
School resource officer grant	12,352	-	-
Victim witness grant	23,218	-	-
Soil conservationist reimbursement	194,959	-	-
VA domestic violence victim grant	28,767	-	-
Welfare	70,139	-	-
Children's services	135,839	-	-
Communication sales tax	106,706	-	-
Constitutional officer reimbursements	178,397	-	-
Local sales tax	484,427	-	-
Other state funds	4,613	-	113,916
Federal Government:			
School fund grants	-	-	414,700
FEMA grants	12,116	-	-
E-rate income	28,266	-	-
Victim witness	6,872	-	-
Bulletproof vest grant	3,103	-	-
State homeland security program	47,040	-	-
Welfare	131,089	-	-
Total due from other governments	\$ <u>2,679,120</u>	\$ <u>4,420</u>	\$ <u>1,222,890</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

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

Primary Government:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
General government:				
Capital assets not subject to depreciation:				
Land	\$ 1,242,883	\$ 53,900	\$ -	\$ 1,296,783
Construction in progress	72,551	407,503	-	480,054
Total capital assets not subject to depreciation	\$ 1,315,434	\$ 461,403	\$ -	\$ 1,776,837
Capital assets subject to depreciation:				
Buildings	\$ 86,298,005	\$ 279,700	\$ -	\$ 86,577,705
Equipment	18,759,438	2,510,581	322,793	20,947,226
Improvements other than buildings	9,657,049	64,866	-	9,721,915
Intangibles	315,803	-	-	315,803
Total capital assets being depreciated	\$ 115,030,295	\$ 2,855,147	\$ 322,793	\$ 117,562,649
Accumulated depreciation:				
Buildings	\$ 26,219,564	\$ 2,704,587	\$ -	\$ 28,924,151
Equipment	9,670,710	1,573,626	322,793	10,921,543
Improvements other than buildings	3,952,097	524,598	-	4,476,695
Intangibles	264,216	23,650	-	287,866
Total accumulated depreciation	\$ 40,106,587	\$ 4,826,461	\$ 322,793	\$ 44,610,255
Total capital assets being depreciated, net	\$ 74,923,708	\$ (1,971,314)	\$ -	\$ 72,952,394
General government activities capital assets, net	\$ 76,239,142	\$ (1,509,911)	\$ -	\$ 74,729,231

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Internal Service Fund:				
Capital assets subject to depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total capital assets being depreciated	\$ 480,866	\$ -	\$ -	\$ 480,866
Accumulated depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total accumulated depreciation	\$ 480,866	\$ -	\$ -	\$ 480,866
Total capital assets being depreciated, net	\$ -	\$ -	\$ -	\$ -
Internal Service Fund capital assets, net	\$ -	\$ -	\$ -	\$ -
Total governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,242,883	\$ 53,900	\$ -	\$ 1,296,783
Construction in progress	72,551	407,503	-	480,054
Total capital assets not subject to depreciation	\$ 1,315,434	\$ 461,403	\$ -	\$ 1,776,837
Capital assets subject to depreciation:				
Buildings	\$ 86,710,320	\$ 279,700	\$ -	\$ 86,990,020
Equipment	18,759,438	2,510,581	322,793	20,947,226
Improvements other than buildings	9,725,600	64,866	-	9,790,466
Intangibles	315,803	-	-	315,803
Total capital assets being depreciated	\$ 115,511,161	\$ 2,855,147	\$ 322,793	\$ 118,043,515
Accumulated depreciation:				
Buildings	\$ 26,631,879	\$ 2,704,587	\$ -	\$ 29,336,466
Equipment	9,670,710	1,573,626	322,793	10,921,543
Improvements other than buildings	4,020,648	524,598	-	4,545,246
Intangibles	264,216	23,650	-	287,866
Total accumulated depreciation	\$ 40,587,453	\$ 4,826,461	\$ 322,793	\$ 45,091,121
Total capital assets being depreciated, net	\$ 74,923,708	\$ (1,971,314)	\$ -	\$ 72,952,394
General government activities capital assets, net	\$ 76,239,142	\$ (1,509,911)	\$ -	\$ 74,729,231

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

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

Primary Government: (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not subject to depreciation:				
Land	\$ 849,553	\$ -	\$ -	\$ 849,553
Construction in progress	-	177,239	90,883	86,356
Total capital assets not subject to depreciation	\$ 849,553	\$ 177,239	\$ 90,883	\$ 935,909
Capital assets subject to depreciation:				
Buildings	\$ 17,173,478	\$ -	\$ -	\$ 17,173,478
Improvements other than buildings	454,409	212,623	-	667,032
Equipment	9,777,854	855,691	771,293	9,862,252
Total capital assets being depreciated	\$ 27,405,741	\$ 1,068,314	\$ 771,293	\$ 27,702,762
Accumulated depreciation:				
Buildings	\$ 13,670,901	\$ 282,527	\$ -	\$ 13,953,428
Improvements other than buildings	138,617	64,402	-	203,019
Equipment	6,388,699	665,256	771,293	6,282,662
Total accumulated depreciation	\$ 20,198,217	\$ 1,012,185	\$ 771,293	\$ 20,439,109
Total capital assets being depreciated, net	\$ 7,207,524	\$ 56,129	\$ -	\$ 7,263,653
Capital assets, net	\$ 8,057,077	\$ 233,368	\$ 90,883	\$ 8,199,562

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

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

Component Unit—School Board:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not subject to depreciation:				
Land	\$ 849,553	\$ -	\$ -	\$ 849,553
Construction in progress	-	177,239	90,883	86,356
Total capital assets not subject to depreciation	\$ 849,553	\$ 177,239	\$ 90,883	\$ 935,909
Capital assets subject to depreciation:				
Buildings	\$ 17,173,478	\$ -	\$ -	\$ 17,173,478
Improvements other than buildings	454,409	212,623	-	667,032
Equipment	9,777,854	855,691	771,293	9,862,252
Total capital assets being depreciated	\$ 27,405,741	\$ 1,068,314	\$ 771,293	\$ 27,702,762
Accumulated depreciation:				
Buildings	\$ 13,670,901	\$ 282,527	\$ -	\$ 13,953,428
Improvements other than buildings	138,617	64,402	-	203,019
Equipment	6,388,699	665,256	771,293	6,282,662
Total accumulated depreciation	\$ 20,198,217	\$ 1,012,185	\$ 771,293	\$ 20,439,109
Total capital assets being depreciated, net	\$ 7,207,524	\$ 56,129	\$ -	\$ 7,263,653
Capital assets, net	\$ 8,057,077	\$ 233,368	\$ 90,883	\$ 8,199,562

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	580,190
Judicial administration		231,737
Public safety		1,386,716
Public works		295,512
Health and welfare		13,609
Education		2,092,618
Parks, recreation and cultural		130,685
Community development		<u>95,394</u>
Total Governmental activities	\$	<u><u>4,826,461</u></u>
Component Unit School Board	\$	<u><u>1,012,185</u></u>
Business-type Activities	\$	<u><u>1,441,160</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Caroline, Virginia for the year ended June 30, 2020, is that school financed assets in the amount of \$64,984,113 and related accumulated depreciation of \$14,696,759 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2020, consisted of the following below. Amounts may differ slightly from financial statements due to rounding.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General	\$ -	\$ 11,173,505
County Capital Projects	2,224,873	41,420
Debt Service	6,117,315	-
Detention Facility	-	701,000
Tourism	16	-
Virginia Public Assistance	524,720	-
Children's Services	455,225	-
Total Governmental Funds	\$ 9,322,149	\$ 11,915,925
Enterprise Funds:		
Caroline County Utility	\$ 2,394,077	\$ -
Dawn Wastewater System	199,699	-
Total Enterprise Funds	\$ 2,593,776	\$ -
Total-All Funds	\$ 11,915,925	\$ 11,915,925

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

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

	Balance July 1, 2019 (as restated)	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2020	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 828,451	\$ 103,047	\$ 82,845	\$ 848,653	\$ 84,865
Net OPEB liabilities	2,080,720	1,058,653	428,100	2,711,273	-
Landfill postclosure cost	3,276,875	15,315	-	3,292,190	-
Capital leases	9,209,264	2,120,000	1,317,428	10,011,836	1,574,130
Direct borrowings and direct placements:					
General obligation bonds	40,321,049	-	2,365,797	37,955,252	2,436,150
Lease revenue bonds	25,193,895	3,525,000	5,837,024	22,881,871	1,777,283
Lease revenue bond debt allocable from business-type activities	630,580	473,246	631,480	472,346	122,370
Unamortized premiums	2,620,998	600,259	201,200	3,020,057	-
Total Governmental Activities	<u>\$ 84,161,832</u>	<u>\$ 7,895,520</u>	<u>\$ 10,863,874</u>	<u>\$ 81,193,478</u>	<u>\$ 5,994,798</u>
Business-type Activities:					
Compensated absences	\$ 94,786	\$ 12,023	\$ 9,477	\$ 97,332	\$ 9,733
Net OPEB liabilities	130,350	76,043	4,995	201,398	-
Direct borrowings and direct placements:					
Revenue bonds	35,387,396	2,695,000	4,559,675	33,522,721	1,479,674
Lease revenue bond debt allocable from business-type activities	(630,580)	(473,246)	(631,480)	(472,346)	-
Unamortized premium	3,206,568	351,347	508,234	3,049,681	-
Total Business-type Activities	<u>\$ 38,188,520</u>	<u>\$ 2,661,167</u>	<u>\$ 4,450,901</u>	<u>\$ 36,398,786</u>	<u>\$ 1,489,407</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	Governmental Activities Obligations			
	Bonds from Direct Borrowings and Direct Placements			
	General		Lease	
	Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 2,436,150	\$ 1,870,793	\$ 1,777,283	\$ 672,625
2022	2,526,785	1,769,180	1,491,064	622,442
2023	2,616,412	1,664,574	1,535,605	579,432
2024	2,711,280	1,556,092	1,574,810	535,108
2025	2,812,704	1,442,113	1,629,786	489,355
2026	2,914,466	1,323,382	1,674,538	442,014
2027	3,021,583	1,200,227	1,671,270	393,353
2028	2,705,498	801,984	1,701,876	344,521
2029	2,449,338	677,341	1,753,820	294,556
2030	2,554,338	569,281	1,807,535	243,085
2031	2,654,338	455,301	1,860,129	190,148
2032	2,759,338	351,103	1,511,155	135,976
2033	2,869,338	240,441	750,000	97,696
2034	2,874,338	126,479	768,000	73,700
2035	49,346	20,837	240,000	49,281
2036	-	-	250,000	38,991
2037	-	-	210,000	28,975
2038	-	-	215,000	20,109
2039	-	-	225,000	11,659
2040	-	-	235,000	3,672
Total	\$ <u>37,955,252</u>	\$ <u>14,069,128</u>	\$ <u>22,881,871</u>	\$ <u>5,266,698</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	<u>Governmental Activities Obligations</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,574,130	\$ 250,244
2022	1,494,117	212,022
2023	1,434,501	174,014
2024	1,298,842	140,604
2025	1,170,214	110,469
2026	1,198,166	81,122
2027	450,195	51,041
2028	206,835	41,010
2029	212,439	34,623
2030	219,129	28,045
2031	178,910	21,770
2032	184,784	15,807
2033	191,754	9,632
2034	197,820	3,244
Total	\$ <u>10,011,836</u>	\$ <u>1,173,647</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30	Business-type Activities Obligations	
	Revenue Bonds from Direct	
	Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 1,479,674	\$ 1,355,835
2022	1,459,674	1,290,306
2023	1,524,674	1,223,279
2024	1,414,674	1,157,403
2025	1,479,674	1,091,932
2026	1,539,674	1,023,256
2027	1,664,677	950,540
2028	1,575,000	873,297
2029	1,660,000	792,375
2030	1,735,000	707,954
2031	1,825,000	619,453
2032	1,905,000	526,722
2033	1,375,000	447,672
2034	1,435,000	393,363
2035	1,485,000	346,834
2036	1,530,000	299,484
2037	1,585,000	251,534
2038	1,635,000	201,163
2039	1,680,000	147,072
2040	1,740,000	89,606
2041	1,795,000	30,181
Total	\$ 33,522,721	\$ 13,819,261

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Governmental Activities:

Direct Borrowings and Direct Placements:

General Obligation Bonds: (a)

\$6,364,713 VPSA School Bonds (2007B) issued November 2007, maturing annually from \$308,371 to \$371,160 through July 2027, with interest payable semi-annually at 5.10%.	\$ 2,785,168
\$19,915,000 VPSA School Bonds issued December 2008, maturing annually from \$775,000 to \$1,220,000 through July 2033, with interest payable semi-annually at rates varying from 4.10% to 5.35%.	12,370,000
\$6,000,000 2011 VPSA Direct Payment Qualified School Construction Bonds issued June 2011, maturing annually at \$428,571 through June 2027, with interest payable semi-annually at an average coupon rate of 7.60%.	3,000,007
\$1,085,447 2012 A series VPSA Qualified School Construction Bonds issued October 2012, maturing annually at \$49,339 through December 2034, with interest payable semi-annually at 3.84%.	740,077
\$1,450,000 2012 B series VPSA School Bonds issued November 2012, maturing annually from \$55,000 to \$100,000 through July 2032, with interest due semi-annually at varying rates of 2.05% to 5.05%.	1,070,000
\$20,120,000 2018 series VPSA School Bonds issued June 2018, maturing annually from \$920,000 to \$1,605,000 through June 2034, with interest due semi-annually at varying rates of 3.00% to 5.00%.	17,990,000
Total general obligation bonds	\$ <u>37,955,252</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Direct Borrowings and Direct Placements:

Lease Revenue Bonds: (b)

\$3,525,000 VRA lease revenue refunding bond, issued June 2019, maturing annually with variable amounts from \$100,000 to \$415,000 through October 2039, with interest payable semi-annually at varying rates from 3.125% to 5.125%.	\$ 3,495,000
\$795,000 VRA lease revenue bond, issued October 2012, maturing annually from \$25,000 to \$50,000 through October 2035, with interest payable semi-annually at 4.10%.	30,000
\$8,487,000 EDA of Caroline County public facility lease revenue, issued April 2014, maturing annually from \$346,000 to \$543,000 through June 2034, with interest payable semi-annually at 2.70%.	6,426,000
\$5,328,275 EDA of Caroline County lease revenue and refunding bond, issued December 2015, maturing annually from \$321,909 to \$405,999 through January 2031, with interest payable semi-annually at 2.67%.	3,775,464
\$7,273,400 EDA of Caroline County lease revenue refunding bond, issued July 29, 2016, maturing annually from \$404,981 to \$573,901 through June 30, 2032, with interest semi-annually at 2.49%.	6,027,567
\$3,142,769 VRA lease revenue bond, issued, issued March 17, 2017, maturing annually from \$168,481 to \$247,677 through June 30, 2032, with interest semi-annually at 2.95%.	2,572,840
\$555,000 VRA refunding bond, issued, issued May 8, 2019, maturing annually from \$25,000 to \$50,000 beginning October 1, 2021 through October 1, 2035, with interest semi-annually beginning October 1, 2019 at all-in true interest cost of 2.973%.	555,000
\$473,246 2009B VRA revenue bond debt, refunded, allocable from the Caroline County Utility Fund.	472,346
Total lease revenue bonds	\$ 23,354,217

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

Capital Leases:

\$6,574,068 capital lease obligation (payable from the General Fund) issued July 2013, secured by equipment, annual maturity from \$579,117 to \$675,059 beginning January 2016 through January 2026, with interest payable semi-annually at 2.53%.	\$ 3,808,559
\$179,130 capital lease obligation issued March 8, 2017, secured by a vehicle, annual principal payments of \$37,967 beginning March 20, 2017 through March 2021, with interest payable annually at 2.99%.	36,865
\$779,000 capital lease obligation issued January 13, 2017, secured by public safety vehicles, annual principal payments of \$85,384 beginning January 13, 2017 through January 13, 2026, with interest payable annually at 1.86%.	476,666
\$57,000 capital lease obligation issued January 13, 2017, secured by a vehicle, annual principal payments of \$8,634 beginning January 13, 2017 through January 13, 2023, with interest payable annually at 1.86%.	24,900
\$308,500 capital lease obligation issued October 12, 2017, secured by vehicles, annual payments of \$79,879 beginning October 2017 through October 2020, with interest payable annually at 2.39%.	78,014
\$305,750 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$64,195 beginning October 2017 through October 2020, with interest payable annually at 2.49%.	123,748
\$794,000 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$89,215 beginning October 2017 through October 2020, with interest payable annually at 2.69%.	562,384
\$160,000 capital lease obligation issued May 8, 2018, secured by a vehicle, annual principal payments from \$29,194 to \$34,935 beginning May 2018 through May 2022, with interest payable annually at 4.59%.	65,337

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

Capital Leases: (Continued)

\$1,128,000 capital lease obligation issued September 1, 2018, secured by HVAC and other energy performance improvements, annual principal payments from \$46,637 to \$94,823 beginning December 30, 2019 through 2033, with interest payable semi-annually at 3.29%. \$ 1,081,363

\$1,843,000 capital lease obligation issued September 19, 2018, secured by vehicles and equipment, annual principal payments from \$84,000 to \$230,000 beginning August 2019 through 2033, with interest payable semi-annually at coupon rates between 2.97% and 3.27%. 1,634,000

\$1,034,000 capital lease obligation issued October 17, 2019, secured by vehicles and equipment, annual principal payments from \$42,000 to \$199,000 beginning June 2021 through 2030, with interest payable annually at coupon rates between 1.919% and 2.182%. 1,034,000

\$1,086,000 capital lease obligation issued March 3, 2020, secured by equipment, annual principal payments from \$163,000 to \$148,000 beginning August 2020 through 2026, with interest payable semi-annually at coupon rates of 1.835% 1,086,000

Total capital leases \$ 10,011,836

Unamortized premiums \$ 3,020,057

Net OPEB liabilities \$ 2,711,273

Compensated absences \$ 848,653

Landfill postclosure cost \$ 3,292,190

Total Governmental Activities \$ 81,193,478

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Business-type Activities:

Direct Borrowings and Direct Placements:

Revenue Bonds: (c)

\$3,310,000 refunding Virginia Pooled Financing Program bond issued November 2010, maturing annually from \$480,000 to \$620,000 beginning in 2026 through 2032, with interest payable semi-annually at varying rates of 4.83% through 4.85%.	\$ 3,310,000
\$3,366,314 revenue bond issued March 2006, maturing in equal annual installments of \$169,674 through 2025. No interest is payable on the bond.	1,187,721
\$2,695,000 2019B VRA revenue bond issued June 2019, maturing annually from \$5,000 to \$535,000 through October 2025 with interest payable semi-annually at coupon rate of 5.125%.	2,690,000
Less: Revenue bond debt allocable to general government	(472,346)
\$8,525,000 2010A pooled revenue bond issued May 2010, maturing annually from \$65,000 to \$625,000 through October 2040 with interest payable semi-annually at varying rates of 3.76% to 5.20%.	195,000
\$20,655,000 2010CB pooled revenue bond issued November 2010, maturing annually from \$170,000 to \$1,320,000 through October 2040, with interest payable semi-annually at varying rates of 4.5% to 6.14%.	630,000
\$7,580,000 2017 pooled revenue bond issued November 15, 2017, maturing annually from \$5,000 to \$580,000 through October 2040, with interest payable semi-annually at varying rates of 3.125% to 5.125%.	7,570,000
\$17,940,000 2019 pooled VRA revenue bond issued May 8, 2019, maturing annually beginning October 1, 2021 through 2040 from \$575,000 to \$1,215,000 through October 2040, with interest payable semi-annually at varying coupon rates from 2.862% to 5.125%.	17,940,000
Total lease revenue bonds	\$ 33,050,375
Unamortized premium	\$ 3,049,681
Compensated absences	\$ 97,332
Net OPEB liabilities	\$ 201,398
Total Business-type Activities	\$ 36,398,786

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Direct Borrowings and Direct Placements:

- (a) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.
- (b) Lease revenue bonds totaling \$23,354,217 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable. In addition, the lease revenue bonds issued through the EDA of Caroline County have prepayment penalties of 1% of outstanding principal if the bond is redeemed in advance of specific dates.
- (c) Lease revenue bonds totaling \$33,050,375 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable.

Capital Leases

The County has entered into lease agreements for financing the acquisition of trucks, vehicles and radio equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		Governmental Activities
Asset:		
Trucks and vehicles	\$	4,084,756
Radio equipment		5,003,786
HVAC and other energy performance equipment		1,161,254
Less: Accumulated depreciation		(3,711,581)
	\$	<u>6,538,215</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 1,824,374
2022	1,706,139
2023	1,608,515
2024	1,439,446
2025	1,280,683
2026	1,279,288
2027	501,236
2028	247,845
2029	247,062
2030	247,174
2031	200,680
2032	200,591
2033	201,386
2034	201,064
Total minimum lease payments	\$ 11,185,483
Less: amount representing interest	(1,173,647)
Present value of minimum lease payments	<u>\$ 10,011,836</u>

Component Unit—School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance at July 1, 2019 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 662,316	\$ 122,032	\$ 66,232	\$ 718,116	\$ 71,812
Net pension liability	30,483,000	10,478,071	7,456,896	33,504,175	-
Net OPEB liabilities	12,988,649	4,147,850	1,401,201	15,735,298	-
Capital leases	1,490,565	-	235,229	1,255,336	242,031
Total Component Unit School Board	<u>\$ 45,624,530</u>	<u>\$ 14,747,953</u>	<u>\$ 9,159,558</u>	<u>\$ 51,212,925</u>	<u>\$ 313,843</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board (Continued)

Capital Leases

The School Board has entered into lease agreements for financing the acquisition of school buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
School buses	\$ 2,314,239
Less: Accumulated depreciation	(756,551)
	<u>\$ 1,557,688</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 275,086
2022	208,532
2023	209,231
2024	157,801
2025	157,483
2026	158,150
2027	157,801
2028	42,985
2029	12,191
Total minimum lease payments	\$ 1,379,260
Less: amount representing interest	(123,924)
Present value of minimum lease payments	<u>\$ 1,255,336</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 8—CURRENT REFUNDING:

On August 13, 2019, the County issued a \$3,525,000 Lease Revenue Refunding Series 2019B Bond through Virginia Resources Authority (VRA) to refund the Series 2009A VRA Bond. The net proceeds were used to pay off the remaining balance of the County's outstanding Series 2009A VRA Bond, as well as the costs of issuance associated with the Series 2019B bond. The current refunding will decrease its total debt service payments by \$977,154 and resulted in an economic gain of \$765,687.

On May 8, 2020, the County issued a \$2,695,000 Lease Revenue Refunding Series 2019B Summer Pool Bond through Virginia Resources Authority to refund the Series 2009B VRA Bond. The net proceeds were used to pay off a portion of the remaining balance of the County's outstanding Series 2009B VRA Bond, as well as the costs of issuance associated with the Series 2019B Summer Pool Bond. The current refunding will decrease its total debt service payments by \$288,167 and resulted in an economic gain of \$276,374.

NOTE 9—LANDFILL POSTCLOSURE COSTS:

State and federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill operated by the County was certified by the Department of Environmental Quality was closed on December 8, 2003 and all obligations of the County with regard to the closure have been met. The \$3,292,190 reported as landfill postclosure care liability at June 30, 2020 represents the remaining engineering estimate of 20 years of postclosure monitoring and care. These amounts are based on what it would cost to perform all postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from general tax revenues and from any special revenue source that may become available for this purpose.

NOTE 10—DEFERRED/UNAVAILABLE REVENUE:

Deferred/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. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$22,942,170, of which \$5,608,120 represents delinquent property taxes receivable at June 30, 2020.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2020, but paid in advance by the taxpayers totaled \$822,346 at June 30, 2020.

Unavailable revenue in the School Operating Fund consisted of:

Unavailable Insurance Refund Revenue: Unavailable revenue representing pending refunds requested by the School Board for self-insurance fund over-payments, realized when switching self-insurance plans, not available for funding of current expenditures totaled \$27,264 at June 30, 2020.

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 12—LITIGATION:

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

NOTE 13—RISK MANAGEMENT:

The County and School Board Component Unit are exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County and School Board joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities.

The County and School Board have coverage with the Virginia Association of Counties Group Self Insurance Risk Pool (the "Pool") for all insurable risks identified by the County. Each Pool member jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Pool 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 and School Board contribute to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a County-held self-insurance plan. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County's annual liability.

The County records an estimated liability for indemnity healthcare claims. Prior to fiscal year 2015, the liability was recorded in the respective fund; however, during fiscal year 2015, the County established a separate Self-Insurance Fund to account for this activity. The following represents the changes in the fund's claim liability for 2015 through 2020.

Fiscal Year Ended	Beginning Liability	Claims and Changes in		Ending Liability
		Estimates	Claim Payments	
June 30, 2015	\$ 137,587	\$ 542,776	\$ 532,388	\$ 147,975
June 30, 2016	147,975	578,945	524,471	202,449
June 30, 2017	202,449	1,838,776	1,822,271	218,954
June 30, 2018	218,954	2,494,257	2,471,787	241,424
June 30, 2019	241,424	2,659,331	2,642,623	258,132
June 30, 2020	258,132	3,077,575	2,900,772	434,935

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—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	194	50
Inactive members:		
Vested inactive members	78	7
Non-vested inactive members	136	17
Inactive members active elsewhere in VRS	183	11
Total inactive members	397	35
Active members	246	48
Total covered employees	837	133

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—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 9.20% 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 \$1,158,551 and \$1,393,678 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 3.76% 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 \$42,388 and \$45,910 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) 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.

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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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.

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%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

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 CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—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.

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Discount Rate (Continued)

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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 50,668,402	\$ 53,129,838	\$ (2,461,436)
Changes for the year:			
Service cost	\$ 1,481,996	\$ -	\$ 1,481,996
Interest	3,474,793	-	3,474,793
Changes of assumptions	1,678,455	-	1,678,455
Difference between expected and actual experience	(181,649)	-	(181,649)
Contributions - employer	-	1,394,668	(1,394,668)
Contributions - employee	-	779,833	(779,833)
Net investment income	-	3,577,752	(3,577,752)
Benefit payments, including refunds of employee contributions	(2,056,998)	(2,056,998)	-
Administrative expense	-	(34,270)	34,270
Other changes	-	(2,266)	2,266
Net changes	\$ 4,396,597	\$ 3,658,719	\$ 737,878
Balances at June 30, 2019	\$ 55,064,999	\$ 56,788,557	\$ (1,723,558)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset)

	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	\$ 5,045,281	\$ 5,355,554	\$ (310,273)
Changes for the year:			
Service cost	\$ 121,390	\$ -	\$ 121,390
Interest	342,048	-	342,048
Changes of assumptions	131,436	-	131,436
Difference between expected and actual experience	31,018	-	31,018
Contributions - employer	-	45,420	(45,420)
Contributions - employee	-	64,818	(64,818)
Net investment income	-	349,463	(349,463)
Benefit payments, including refunds of employee contributions	(317,776)	(317,776)	-
Administrative expense	-	(3,597)	3,597
Other changes	-	(219)	219
Net changes	\$ 308,116	\$ 138,109	\$ 170,007
Balances at June 30, 2019	\$ 5,353,397	\$ 5,493,663	\$ (140,266)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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 (asset) 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		
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 5,917,777	\$ (1,723,558)	\$ (7,773,964)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 437,340	\$ (140,266)	\$ (603,970)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—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 (\$192,909) and \$87,079 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	\$ -	\$ 638,015	\$ 19,444	\$ 11,078
Changes of assumptions	998,919	14,702	82,393	3,221
Net difference between projected and actual earnings on pension plan investments	-	502,053	-	44,973
Employer contributions subsequent to the measurement date	1,158,551	-	42,388	-
Total	\$ 2,157,470	\$ 1,154,770	\$ 144,225	\$ 59,272

\$1,158,551 and \$42,388 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 (increase to) the Net Pension Liability (Asset) 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	\$ 27,148	\$ 48,349
2022	(198,458)	(8,693)
2023	(13,376)	(696)
2024	28,835	3,605
2025	-	-
Thereafter	-	-

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—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 \$3,264,607 and \$3,259,196 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 \$33,504,175 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 0.25458% as compared to 0.25921% at June 30, 2018.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—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)

For the year ended June 30, 2020, the school division recognized pension expense of \$3,510,170. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,145,414
Change of assumptions	3,317,699	-
Net difference between projected and actual earnings on pension plan investments	-	735,672
Changes in proportion and differences between employer contributions and proportionate share of contributions	237,202	537,981
Employer contributions subsequent to the measurement date	<u>3,264,607</u>	<u>-</u>
Total	<u>\$ 6,819,508</u>	<u>\$ 3,419,067</u>

\$3,264,607 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	\$ (3,182)
2022	(711,568)
2023	195,616
2024	435,946
2025	219,022

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—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 expenses, including inflation*

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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 CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 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.

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

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

	<u>(5.75%)</u>	<u>Rate (6.75%)</u>	<u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 50,438,388	\$ 33,504,175	\$ 19,502,758

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 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.

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,157,470	\$ 1,154,770	\$ (1,723,558)	\$ (192,909)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	144,225	59,272	(140,266)	87,079
School Board Professional	-	-	-	-	6,819,508	3,419,067	33,504,175	3,510,170
Totals	\$ 2,157,470	\$ 1,154,770	\$ (1,723,558)	\$ (192,909)	\$ 6,963,733	\$ 3,478,339	\$ 33,363,909	\$ 3,597,249

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$68,267 and \$82,033 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$112,551 and \$111,966, for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$6,773 and \$7,190 for the years ended June 30, 2020 and June 30, 2019, respectively.

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 County reported a liability of \$1,309,461 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,787,389 and \$114,722, 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 County's proportion was 0.08047% as compared to 0.06429% at June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was 0.10984% and 0.00705%, respectively as compared to 0.11123% and 0.00727% respectively at June 30, 2018.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—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)

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$91,885. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$42,338. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,742. 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.

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:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,087	\$ 16,986	\$ 118,872	\$ 23,183	\$ 7,630	\$ 1,489
Net difference between projected and actual earnings on GLI OPEB plan investments	-	26,897	-	36,714	-	2,356
Change of assumptions	82,672	39,486	112,845	53,898	7,243	3,459
Changes in proportionate share	304,790	-	21,708	26,685	3,876	9,448
Employer contributions subsequent to the measurement date	68,267	-	112,551	-	6,773	-
Total	\$ 542,816	\$ 83,369	\$ 365,976	\$ 140,480	\$ 25,522	\$ 16,752

\$68,267, \$112,551 and \$6,773, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group'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:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2021	\$ 66,258	\$ 7,357	\$ (503)
2022	66,259	7,359	(503)
2023	77,651	22,909	495
2024	86,068	33,640	786
2025	74,082	32,593	1,245
Thereafter	20,862	9,087	477

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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.

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 CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) 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%

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%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

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

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 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	\$ 1,720,269	\$ 1,309,461	\$ 976,307
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 2,348,134	\$ 1,787,389	\$ 1,332,640
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 150,713	\$ 114,722	\$ 85,534

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.

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$259,437 and \$257,761 for the years ended June 30, 2020 and June 30, 2019, respectively.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC 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 \$3,352,467 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC 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 OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB for the year ended June 30, 2019

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.25609% as compared to 0.26116% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$273,711. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 18,989
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	212	-
Change of assumptions	78,027	23,295
Changes in proportionate share	34,527	61,690
Employer contributions subsequent to the measurement date	<u>259,437</u>	<u>-</u>
Total	<u>\$ 372,203</u>	<u>\$ 103,974</u>

\$259,437 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	\$ 975
2022	972
2023	2,441
2024	1,949
2025	609
Thereafter	1,846

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial 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%

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%

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

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total 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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 16—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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

The following presents the school division's proportionate share of the VRS Teacher Employee HIC 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	\$ 3,751,981	\$ 3,352,467	\$ 3,013,081

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.

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Caroline Postretirement Benefits 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.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Caroline County Public Schools Postretirement Benefits 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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental 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.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental 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, 2020 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	240	650
Total retirees and spouses with coverage	7	39
Total	247	689

Contributions

The County nor the School Board pre-funds 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 or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$28,353 and \$601,048.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2020
Discount Rate	2.21% per year as of June 30, 2020
Actuarial cost method	Entry Age Normal
Medical Trend Rate - County	2.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Medical Trend Rate - School Board	10.80% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Salary Increases	Graded Scale

In setting the assumed rates of retirement, mortality, withdrawal, and disability, actuaries relied on the most recent experience study performed for VRS. This study examined actual VRS experience over the four-year period ending June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$ 1,234,070	\$ 7,874,649
Changes for the year:		
Service cost	50,939	564,228
Interest	44,483	284,933
Difference between expected and actual experience	(80,769)	1,176,838
Changes of assumptions	382,840	1,181,120
Benefit payments	(28,353)	(601,048)
Net changes	\$ 369,140	\$ 2,606,071
Balances at June 30, 2020	\$ 1,603,210	\$ 10,480,720

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	Rate		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Primary Government:			
Total OPEB liability	\$ 1,796,298	\$ 1,603,210	\$ 1,434,555
Component Unit School Board:			
Total OPEB liability	\$ 11,255,343	\$ 10,480,720	\$ 9,737,103

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

The following presents the total OPEB liability of the County and 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 or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease	Current Trend Rate	1% Increase
Primary Government:			
Total OPEB liability	\$ 1,379,195	\$ 1,603,210	\$ 1,876,892
	Rates		
	1% Decrease	Current Trend Rate	1% Increase
Component Unit School Board:			
Total OPEB liability	\$ 9,154,199	\$ 10,480,720	\$ 12,069,216

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 17—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

For the year ended June 30, 2020, the County and the School Board recognized OPEB expense in the amount of \$148,562 and \$1,151,987. At June 30, 2020, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 67,528	\$ 1,029,733	\$ -
Changes in assumptions	342,534	17,026	1,163,925	102,658
Total	<u>\$ 342,534</u>	<u>\$ 84,554</u>	<u>\$ 2,193,658</u>	<u>\$ 102,658</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2021	\$ 53,140	\$ 302,826
2022	51,329	302,826
2023	49,520	306,370
2024	49,520	294,745
2025	49,520	294,745
Thereafter	4,951	589,488

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

NOTE 18—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 18—LINE OF DUTY ACT (LODA) (OPEB BENEFITS): (CONTINUED)

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$67,462.

NOTE 19—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 15):								
County	\$ 542,816	\$ 83,369	\$ 1,309,461	\$ 91,885	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	25,522	16,752	114,722	1,742
School Board Professional	-	-	-	-	365,976	140,480	1,787,389	42,338
Teacher Health Insurance Credit Program (Note 16)	-	-	-	-	372,203	103,974	3,352,467	273,711
Line of Duty Act Program (Note 18)	-	-	-	67,462	-	-	-	-
County Stand-Alone Plan (Note 17)	342,534	84,554	1,603,210	148,562	-	-	-	-
School Stand-Alone Plan (Note 17)	-	-	-	-	2,193,658	102,658	10,480,720	1,151,987
Totals	\$ 885,350	\$ 167,923	\$ 2,912,671	\$ 307,909	\$ 2,957,359	\$ 363,864	\$ 15,735,298	\$ 1,469,778

NOTE 20—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments were made to beginning net position and fund balance:

	Net Position		Fund Balance
	Governmental Activities	Component-Unit School Board	School Operating Fund
Balance, June 30, 2019, as previously stated	\$ 26,609,582	\$ (33,975,820)	\$ 557,728
Adjustment to reclassify prior year debt	102,000	(102,000)	-
Adjustment to recognize certain revenues in prior period	-	478,379	478,379
Balance, July 1, 2019, as restated	\$ 26,711,582	\$ (33,599,441)	\$ 1,036,107

NOTE 21—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.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 (CONTINUED)

NOTE 21—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 (CONTINUED)

NOTE 21—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 22—SUBSEQUENT EVENTS:

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 Caroline, 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 Caroline, Virginia, received the second round of CRF funds in the amount of \$2,680,638 on August 31, 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.

REQUIRED SUPPLEMENTARY INFORMATION

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General Fund

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 36,048,624	\$ 36,048,624	\$ 37,544,110	\$ 1,495,486
Other local taxes	4,876,737	4,876,737	5,351,686	474,949
Permits, privilege fees, and regulatory licenses	452,579	452,579	507,986	55,407
Fines and forfeitures	612,421	612,421	318,804	(293,617)
Revenue from the use of money and property	463,233	463,233	322,595	(140,638)
Charges for services	1,310,196	1,310,196	1,257,520	(52,676)
Miscellaneous	253,838	253,838	457,453	203,615
Recovered costs	536,261	536,261	566,474	30,213
Intergovernmental:				
Commonwealth	5,803,064	5,838,284	5,622,178	(216,106)
Federal	73,031	73,031	180,216	107,185
Total revenues	<u>\$ 50,429,984</u>	<u>\$ 50,465,204</u>	<u>\$ 52,129,022</u>	<u>\$ 1,663,818</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,954,545	\$ 3,995,127	\$ 3,912,901	\$ 82,226
Judicial administration	1,437,405	1,470,047	1,415,987	54,060
Public safety	15,158,732	15,439,452	14,712,193	727,259
Public works	3,972,786	4,225,444	4,002,202	223,242
Health and welfare	558,274	591,424	549,616	41,808
Education	15,979,687	15,706,004	15,578,605	127,399
Parks, recreation, and cultural	1,026,160	1,026,820	951,445	75,375
Community development	1,724,304	1,726,392	1,554,923	171,469
Total expenditures	<u>\$ 43,811,893</u>	<u>\$ 44,180,710</u>	<u>\$ 42,677,872</u>	<u>\$ 1,502,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,618,091</u>	<u>\$ 6,284,494</u>	<u>\$ 9,451,150</u>	<u>\$ 3,166,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (9,072,602)</u>	<u>\$ (10,007,732)</u>	<u>\$ (11,173,504)</u>	<u>\$ (1,165,772)</u>
Total other financing sources (uses)	<u>\$ (9,072,602)</u>	<u>\$ (10,007,732)</u>	<u>\$ (11,173,504)</u>	<u>\$ (1,165,772)</u>
Net change in fund balances	\$ (2,454,511)	\$ (3,723,238)	\$ (1,722,354)	\$ 2,000,884
Fund balances - beginning	2,454,511	3,723,238	24,722,603	20,999,365
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,000,249</u>	<u>\$ 23,000,249</u>

Virginia Public Assistance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 5,069	\$ 5,069
Intergovernmental:				
Commonwealth	1,456,588	1,456,588	764,322	(692,266)
Federal	933,728	933,728	1,654,665	720,937
Total revenues	<u>\$ 2,390,316</u>	<u>\$ 2,390,316</u>	<u>\$ 2,424,056</u>	<u>\$ 33,740</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,161,196	\$ 3,181,886	\$ 2,956,218	\$ 225,668
Total expenditures	<u>\$ 3,161,196</u>	<u>\$ 3,181,886</u>	<u>\$ 2,956,218</u>	<u>\$ 225,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (770,880)</u>	<u>\$ (791,570)</u>	<u>\$ (532,162)</u>	<u>\$ 259,408</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 770,880	\$ 791,570	\$ 524,720	\$ (266,850)
Total other financing sources (uses)	<u>\$ 770,880</u>	<u>\$ 791,570</u>	<u>\$ 524,720</u>	<u>\$ (266,850)</u>
Net change in fund balances	\$ -	\$ -	\$ (7,442)	\$ (7,442)
Fund balances - beginning	-	-	111,815	111,815
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,373</u>	<u>\$ 104,373</u>

Proffers 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	
REVENUES				
Revenue from the use of money and property	\$ 750	\$ 750	\$ 1,568	\$ 818
Miscellaneous	55,000	55,000	125,934	70,934
Total revenues	<u>\$ 55,750</u>	<u>\$ 55,750</u>	<u>\$ 127,502</u>	<u>\$ 71,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (55,750)	\$ (55,750)	\$ -	\$ 55,750
Total other financing sources (uses)	<u>\$ (55,750)</u>	<u>\$ (55,750)</u>	<u>\$ -</u>	<u>\$ 55,750</u>
Net change in fund balances	\$ -	\$ -	\$ 127,502	\$ 127,502
Fund balances - beginning	-	-	630,086	630,086
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 757,588</u>	<u>\$ 757,588</u>

COUNTY OF CAROLINE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	\$ 1,481,996	\$ 1,538,835
Interest	3,474,793	3,443,422
Changes in benefit terms	-	-
Changes of assumptions	1,678,455	-
Difference between expected and actual experience	(181,649)	(2,476,536)
Benefit payments	(2,056,998)	(2,058,127)
Net change in total pension liability	\$ 4,396,597	\$ 447,594
Total pension liability - beginning	50,668,402	50,220,808
Total pension liability - ending (a)	\$ 55,064,999	\$ 50,668,402
Plan fiduciary net position		
Contributions - employer	\$ 1,394,668	\$ 1,070,190
Contributions - employee	779,833	606,816
Net investment income	3,577,752	3,686,625
Benefit payments	(2,056,998)	(2,058,127)
Administrator charges	(34,270)	(31,508)
Other	(2,266)	(3,297)
Net change in plan fiduciary net position	\$ 3,658,719	\$ 3,270,699
Plan fiduciary net position - beginning, as restated	53,129,838	49,859,139
Plan fiduciary net position - ending (b)	\$ 56,788,557	\$ 53,129,838
County's net pension liability - ending (a) - (b)	\$ (1,723,558)	\$ (2,461,436)
Plan fiduciary net position as a percentage of the total pension liability	103.13%	104.86%
Covered payroll	\$ 15,636,529	\$ 12,223,133
County's net pension liability as a percentage of covered payroll	-11.02%	-20.14%

The beginning net position at July 1, 2017 was restated to include the activity of the Peumansend Creek Regional Jail after its closure. For GASB 68 reporting, the VRS Actuary consolidated the beginning balances, deferred inflows and deferred outflows at July 1, 2017.

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

Exhibit 14

	2017	2016	2015	2014
\$	1,322,358	\$ 1,315,617	\$ 1,268,316	\$ 1,235,508
	2,388,469	2,280,789	2,133,282	1,988,555
	-	-	-	-
	(233,781)	-	-	-
	(402,886)	(710,814)	(105,098)	-
	(1,377,034)	(1,317,577)	(1,060,932)	(1,252,134)
\$	1,697,126	\$ 1,568,015	\$ 2,235,568	\$ 1,971,929
	34,809,501	33,241,486	31,005,918	29,033,989
\$	<u>36,506,627</u>	<u>34,809,501</u>	<u>33,241,486</u>	<u>31,005,918</u>
\$	935,246	\$ 1,054,497	\$ 1,035,823	\$ 1,130,296
	534,202	513,189	490,688	529,552
	3,886,201	549,598	1,352,878	3,930,748
	(1,377,034)	(1,317,577)	(1,060,932)	(1,252,134)
	(21,938)	(18,864)	(17,793)	(20,616)
	(3,475)	(231)	(289)	207
\$	<u>3,953,202</u>	<u>780,612</u>	<u>1,800,375</u>	<u>4,318,053</u>
	31,609,917	30,829,305	29,028,930	24,710,877
\$	<u>35,563,119</u>	<u>31,609,917</u>	<u>30,829,305</u>	<u>29,028,930</u>
\$	943,508	\$ 3,199,584	\$ 2,412,181	\$ 1,976,988
	97.42%	90.81%	92.74%	93.62%
\$	10,622,138	\$ 10,121,380	\$ 9,873,655	\$ 9,776,909
	8.88%	31.61%	24.43%	20.22%

COUNTY OF CAROLINE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Total pension liability		
Service cost	\$ 121,390	\$ 123,863
Interest	342,048	334,384
Changes in benefit terms	-	-
Changes of assumptions	131,436	-
Difference between expected and actual experience	31,018	(22,287)
Benefit payments	(317,776)	(335,183)
Net change in total pension liability	\$ 308,116	\$ 100,777
Total pension liability - beginning	5,045,281	4,944,504
Total pension liability - ending (a)	<u>\$ 5,353,397</u>	<u>\$ 5,045,281</u>
Plan fiduciary net position		
Contributions - employer	\$ 45,420	\$ 67,242
Contributions - employee	64,818	66,330
Net investment income	349,463	377,177
Benefit payments	(317,776)	(335,183)
Administrator charges	(3,597)	(3,358)
Other	(219)	(332)
Net change in plan fiduciary net position	\$ 138,109	\$ 171,876
Plan fiduciary net position - beginning	5,355,554	5,183,678
Plan fiduciary net position - ending (b)	<u>\$ 5,493,663</u>	<u>\$ 5,355,554</u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (140,266)	\$ (310,273)
Plan fiduciary net position as a percentage of the total pension liability	102.62%	106.15%
Covered payroll	\$ 1,361,896	\$ 1,383,281
School Division's net pension liability (asset) as a percentage of covered payroll	-10.30%	-22.43%

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

Exhibit 15

	2017	2016	2015	2014
\$	133,441	\$ 153,443	\$ 149,404	\$ 150,905
	330,501	320,673	324,711	314,768
	-	-	-	-
	(43,484)	-	-	-
	(47,939)	18,143	(153,442)	-
	(298,923)	(404,793)	(351,906)	(295,363)
\$	73,596	\$ 87,466	\$ (31,233)	\$ 170,310
	4,870,908	4,783,442	4,814,675	4,644,365
\$	4,944,504	\$ 4,870,908	\$ 4,783,442	\$ 4,814,675
\$	71,009	\$ 60,039	\$ 98,179	\$ 128,159
	69,626	46,198	68,865	66,968
	573,732	80,716	221,665	682,678
	(298,923)	(404,793)	(351,906)	(295,363)
	(3,400)	(3,193)	(3,169)	(3,726)
	(507)	(35)	(45)	36
\$	411,537	\$ (221,068)	\$ 33,589	\$ 578,752
	4,772,141	4,993,209	4,959,620	4,380,868
\$	5,183,678	\$ 4,772,141	\$ 4,993,209	\$ 4,959,620
\$	(239,174)	\$ 98,767	\$ (209,767)	\$ (144,945)
	104.84%	97.97%	104.39%	103.01%
\$	1,440,998	\$ 1,332,950	\$ 1,393,169	\$ 1,342,563
	-16.60%	7.41%	-15.06%	-10.80%

COUNTY OF CAROLINE, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018
Employer's Proportion of the Net Pension Liability (Asset)	0.25458%	0.25921%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 33,504,175	\$ 30,483,000
Employer's Covered Payroll	21,632,911	21,373,776
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	154.88%	142.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%

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

Exhibit 16

	2017	2016	2015	2014
	0.25981%	0.25725%	0.25632%	0.25288%
\$ 31,951,000	\$ 36,052,000	\$ 32,261,000	\$ 30,560,000	
20,703,961	19,594,595	14,871,331	20,468,405	
	154.32%	183.99%	216.93%	149.30%
	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Primary Government					
2020	\$ 1,158,551	\$ 1,158,551	\$ -	\$ 13,128,214	8.82%
2019	1,393,678	1,393,678	-	15,636,529	8.91%
2018	1,071,076	1,071,076	-	12,223,133	8.76%
2017	958,117	958,117	-	10,622,138	9.02%
2016	1,066,793	1,066,793	-	10,121,380	10.54%
2015	1,040,683	1,040,683	-	9,873,655	10.54%
2014	1,130,211	1,130,211	-	9,776,909	11.56%
2013	1,075,027	1,075,027	-	9,299,541	11.56%
2012	746,934	746,934	-	8,839,458	8.45%
2011	728,402	728,402	-	8,620,146	8.45%
Component Unit School Board (nonprofessional)					
2020	\$ 42,388	\$ 42,388	\$ -	\$ 1,298,925	3.26%
2019	45,910	45,910	-	1,361,896	3.37%
2018	67,671	67,671	-	1,383,281	4.89%
2017	75,652	75,652	-	1,440,998	5.25%
2016	94,140	94,140	-	1,332,950	7.06%
2015	98,497	98,497	-	1,393,169	7.07%
2014	128,349	128,349	-	1,342,563	9.56%
2013	127,812	127,812	-	1,336,951	9.56%
2012	77,773	77,773	-	1,248,360	6.23%
2011	76,933	76,933	-	1,234,877	6.23%
Component Unit School Board (professional)					
2020	\$ 3,264,607	\$ 3,264,607	\$ -	\$ 21,619,772	15.10%
2019	3,259,196	3,259,196	-	21,632,911	15.07%
2018	3,353,929	3,353,929	-	21,373,776	15.69%
2017	3,027,810	3,027,810	-	20,703,961	14.62%
2016	2,755,000	2,755,000	-	19,594,595	14.06%
2015	2,156,343	2,156,343	-	14,871,331	14.50%
2014	2,386,616	2,386,616	-	20,468,405	11.66%
2013	1,776,015	1,776,015	-	15,231,690	11.66%
2012	1,812,374	1,812,374	-	15,543,516	11.66%
2011	1,584,258	1,584,258	-	17,982,497	8.81%

Current year contributions are from internal records and prior year contributions are from the VRS actuarial valuation performed each year.

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's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through 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	0.08047% \$	1,309,461 \$	15,775,548	8.30%	52.00%
2018	0.06429%	977,000	12,225,710	7.99%	51.22%
2017	0.05762%	867,000	10,627,798	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2019	0.00705% \$	114,722 \$	1,382,646	8.30%	52.00%
2018	0.00727%	110,000	1,383,281	7.95%	51.22%
2017	0.00781%	118,000	1,440,998	8.19%	48.86%
Component Unit School Board (professional):					
2019	0.10984% \$	1,787,389 \$	21,531,862	8.30%	52.00%
2018	0.11123%	1,689,000	21,151,187	7.99%	51.22%
2017	0.11197%	1,685,000	20,653,533	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2020	\$ 68,267	\$ 68,267	\$ -	\$ 13,128,214	0.52%
2019	82,033	82,033	-	15,775,548	0.52%
2018	63,574	63,574	-	12,225,710	0.52%
2017	55,265	55,265	-	10,627,798	0.52%
2016	48,599	48,599	-	10,124,824	0.48%
2015	47,429	47,429	-	9,881,046	0.48%
2014	46,958	46,958	-	9,782,957	0.48%
2013	44,753	44,753	-	9,323,518	0.48%
2012	24,795	24,795	-	8,855,425	0.28%
2011	24,152	24,152	-	8,625,567	0.28%
Component Unit School Board (nonprofessional):					
2020	\$ 6,773	\$ 6,773	\$ -	\$ 1,302,541	0.52%
2019	7,190	7,190	-	1,382,646	0.52%
2018	7,193	7,193	-	1,383,281	0.52%
2017	7,493	7,493	-	1,440,998	0.52%
2016	6,398	6,398	-	1,332,950	0.48%
2015	6,687	6,687	-	1,393,169	0.48%
2014	6,444	6,444	-	1,342,563	0.48%
2013	6,450	6,450	-	1,343,763	0.48%
2012	3,530	3,530	-	1,260,877	0.28%
2011	3,458	3,458	-	1,234,877	0.28%
Component Unit School Board (professional):					
2020	\$ 112,551	\$ 112,551	\$ -	\$ 21,644,486	0.52%
2019	111,966	111,966	-	21,531,862	0.52%
2018	109,986	109,986	-	21,151,187	0.52%
2017	107,398	107,398	-	20,653,533	0.52%
2016	94,520	94,520	-	19,691,658	0.48%
2015	91,753	91,753	-	19,115,185	0.48%
2014	89,081	89,081	-	18,558,634	0.48%
2013	89,650	89,650	-	18,677,168	0.48%
2012	49,658	49,658	-	17,734,888	0.28%
2011	49,679	49,679	-	17,742,352	0.28%

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 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	0.25609%	\$ 3,352,467	\$ 21,480,123	15.61%	8.97%
2018	0.26116%	3,315,000	21,121,292	15.70%	8.08%
2017	0.26170%	3,320,000	20,653,533	16.07%	7.04%

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

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
2020	\$ 259,437	\$ 259,437	\$ -	\$ 21,619,772	1.20%
2019	257,761	257,761	-	21,480,123	1.20%
2018	259,792	259,792	-	21,121,292	1.23%
2017	229,254	229,254	-	20,653,533	1.11%
2016	207,922	207,922	-	19,615,237	1.06%
2015	202,005	202,005	-	19,057,060	1.06%
2014	205,278	205,278	-	18,493,509	1.11%
2013	206,880	206,880	-	18,637,878	1.11%
2012	106,318	106,318	-	17,719,619	0.60%
2011	106,254	106,254	-	17,709,081	0.60%

Notes to Required Supplementary Information

Teacher Employee Health Insurance Credit (HIC) Plan

For the Year Ended June 30, 2020

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 50,939	\$ 43,544	\$ 45,603
Interest	44,483	44,470	39,799
Changes of assumptions	382,840	52,395	(51,076)
Differences between expected and actual experience	(80,769)	-	-
Benefit payments	(28,353)	(23,580)	(17,029)
Net change in total OPEB liability	\$ 369,140	\$ 116,829	\$ 17,297
Total OPEB liability - beginning	1,234,070	1,117,241	1,099,944
Total OPEB liability - ending	<u>\$ 1,603,210</u>	<u>\$ 1,234,070</u>	<u>\$ 1,117,241</u>
Covered payroll	\$ 12,322,278	\$ 10,892,500	\$ 10,892,500
County's total OPEB liability (asset) as a percentage of covered payroll	13.01%	11.33%	10.26%

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 Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 564,228	\$ 510,600	\$ 520,808
Interest	284,933	294,790	263,614
Changes of assumptions	1,181,120	217,407	(208,858)
Differences between expected and actual experience	1,176,838	-	-
Benefit payments	(601,048)	(504,902)	(455,710)
Net change in total OPEB liability	\$ 2,606,071	\$ 517,895	\$ 119,854
Total OPEB liability - beginning	7,874,649	7,356,754	7,236,900
Total OPEB liability - ending	<u>\$ 10,480,720</u>	<u>\$ 7,874,649</u>	<u>\$ 7,356,754</u>
Covered payroll	\$ 24,743,166	\$ 24,975,600	\$ 24,975,600
School Board's total OPEB liability (asset) as a percentage of covered payroll	42.36%	31.53%	29.46%

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

Notes to Required Supplementary Information - Primary Government OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2019

Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.21% based on the Bond Buyer 20-Year Bond GO Municipal Index
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 2.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.

Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2020

Valuation Date: 7/1/2019
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.21% based on the Bond Buyer 20-Year Bond GO Municipal Index
Inflation	2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 10.80% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.

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OTHER SUPPLEMENTARY INFORMATION

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SCHEDULES*

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Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 1,893,916	\$ 1,893,916	\$ 1,739,506	\$ (154,410)
Revenue from the use of money and property	76,675	76,675	111,869	35,194
Intergovernmental:				
Commonwealth	315,567	315,567	282,381	(33,186)
Federal	410,426	410,426	324,466	(85,960)
Total revenues	<u>\$ 2,696,584</u>	<u>\$ 2,696,584</u>	<u>\$ 2,458,222</u>	<u>\$ (238,362)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 5,568,331	\$ 5,568,331	\$ 9,520,249	\$ (3,951,918)
Interest and other fiscal charges	3,151,445	3,151,445	3,184,101	(32,656)
Total expenditures	<u>\$ 8,719,776</u>	<u>\$ 8,719,776</u>	<u>\$ 12,704,350</u>	<u>\$ (3,984,574)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,023,192)</u>	<u>\$ (6,023,192)</u>	<u>\$ (10,246,128)</u>	<u>\$ (4,222,936)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,023,192	\$ 6,023,192	\$ 6,117,315	\$ 94,123
Issuance of refunding bond	-	-	3,525,000	3,525,000
Bond issuance premium	-	-	600,259	600,259
Total other financing sources (uses)	<u>\$ 6,023,192</u>	<u>\$ 6,023,192</u>	<u>\$ 10,242,574</u>	<u>\$ 4,219,382</u>
Net change in fund balances	\$ -	\$ -	\$ (3,554)	\$ (3,554)
Fund balances - beginning	-	-	157,314	157,314
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,760</u>	<u>\$ 153,760</u>

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County Capital Projects 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				
Revenue from the use of money and property	\$ -	\$ -	\$ 39,359	\$ 39,359
Miscellaneous	-	-	9,742	9,742
Recovered costs	-	-	32,380	32,380
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,481</u>	<u>\$ 81,481</u>
EXPENDITURES				
Capital outlay	\$ 4,027,929	\$ 4,646,048	\$ 3,197,942	\$ 1,448,106
Total expenditures	<u>\$ 4,027,929</u>	<u>\$ 4,646,048</u>	<u>\$ 3,197,942</u>	<u>\$ 1,448,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,027,929)</u>	<u>\$ (4,646,048)</u>	<u>\$ (3,116,461)</u>	<u>\$ 1,529,587</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 590,000	\$ 672,440	\$ 2,224,873	\$ 1,552,433
Transfers out	-	-	(41,420)	(41,420)
Issuance of bonds	1,500,000	1,500,000	-	(1,500,000)
Issuance of capital lease	1,937,929	2,364,069	2,120,000	(244,069)
Total other financing sources (uses)	<u>\$ 4,027,929</u>	<u>\$ 4,536,509</u>	<u>\$ 4,303,453</u>	<u>\$ (233,056)</u>
Net change in fund balances	\$ -	\$ (109,539)	\$ 1,186,992	\$ 1,296,531
Fund balances - beginning	-	109,539	942,825	833,286
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,129,817</u>	<u>\$ 2,129,817</u>

COUNTY OF CAROLINE, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	Children's Services	Law Library	Courthouse Maintenance	Tourism
ASSETS				
Cash and cash equivalents	\$ 18,364	\$ 2,983	\$ 47,358	\$ 99,948
Receivables, net	-	386	896	11,082
Due from other governmental units	135,839	-	-	-
Total assets	<u>\$ 154,203</u>	<u>\$ 3,369</u>	<u>\$ 48,254</u>	<u>\$ 111,030</u>
LIABILITIES				
Accounts payable	\$ 91,466	\$ -	\$ -	\$ 1,053
Accrued payroll	-	-	-	2,804
Other accrued liabilities	-	-	-	215
Unearned revenue	-	-	-	-
Total liabilities	<u>\$ 91,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,072</u>
FUND BALANCES				
Restricted	\$ 62,737	\$ 3,369	\$ 48,254	\$ 106,958
Committed	-	-	-	-
Total fund balances	<u>\$ 62,737</u>	<u>\$ 3,369</u>	<u>\$ 48,254</u>	<u>\$ 106,958</u>
Total liabilities and fund balances	<u>\$ 154,203</u>	<u>\$ 3,369</u>	<u>\$ 48,254</u>	<u>\$ 111,030</u>

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

Special Revenue Funds							Total Nonmajor Governmental Funds
Confiscated Asset	Fire/Rescue Grant	Housing	Sheriff	Detention Facility	CARES Act		
\$ 122,928	\$ 221,832	\$ 21,262	\$ 256,850	\$ 197,063	\$ 2,450,937	\$	3,439,525
-	-	-	1,197	47,040	-		60,601
-	-	-	-	-	-		135,839
<u>\$ 122,928</u>	<u>\$ 221,832</u>	<u>\$ 21,262</u>	<u>\$ 258,047</u>	<u>\$ 244,103</u>	<u>\$ 2,450,937</u>	<u>\$</u>	<u>3,635,965</u>
\$ 2,279	\$ 71,399	\$ 1,277	\$ 82,477	\$ -	\$ -	\$	249,951
-	-	-	-	-	-		2,804
-	-	-	-	-	-		215
-	-	-	-	-	2,450,937		2,450,937
<u>\$ 2,279</u>	<u>\$ 71,399</u>	<u>\$ 1,277</u>	<u>\$ 82,477</u>	<u>\$ -</u>	<u>\$ 2,450,937</u>	<u>\$</u>	<u>2,703,907</u>
\$ 120,649	\$ 150,433	\$ 19,985	\$ 175,570	\$ -	\$ -	\$	687,955
-	-	-	-	244,103	-		244,103
<u>\$ 120,649</u>	<u>\$ 150,433</u>	<u>\$ 19,985</u>	<u>\$ 175,570</u>	<u>\$ 244,103</u>	<u>\$ -</u>	<u>\$</u>	<u>932,058</u>
<u>\$ 122,928</u>	<u>\$ 221,832</u>	<u>\$ 21,262</u>	<u>\$ 258,047</u>	<u>\$ 244,103</u>	<u>\$ 2,450,937</u>	<u>\$</u>	<u>3,635,965</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Children's Services	Law Library	Courthouse Maintenance	Tourism
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ 140,435
Revenue from the use of money and property	-	-	-	-
Charges for services	-	5,520	17,490	-
Miscellaneous	10,402	-	-	5,210
Intergovernmental:				
Commonwealth	848,662	-	-	-
Federal	21,684	-	-	-
Total revenues	<u>\$ 880,748</u>	<u>\$ 5,520</u>	<u>\$ 17,490</u>	<u>\$ 145,645</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	4,746	2,599	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,403,316	-	-	-
Education	-	-	-	-
Community development	-	-	-	162,636
Total expenditures	<u>\$ 1,403,316</u>	<u>\$ 4,746</u>	<u>\$ 2,599</u>	<u>\$ 162,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (522,568)</u>	<u>\$ 774</u>	<u>\$ 14,891</u>	<u>\$ (16,991)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 455,225	\$ -	\$ -	\$ 16
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 455,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>
Net change in fund balances	<u>\$ (67,343)</u>	<u>\$ 774</u>	<u>\$ 14,891</u>	<u>\$ (16,975)</u>
Fund balances - beginning	<u>130,080</u>	<u>2,595</u>	<u>33,363</u>	<u>123,933</u>
Fund balances - ending	<u>\$ 62,737</u>	<u>\$ 3,369</u>	<u>\$ 48,254</u>	<u>\$ 106,958</u>

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

Special Revenue Funds							Total Nonmajor Governmental Funds
Confiscated Asset	Fire/ Rescue Grant	Housing	Sheriff	Dentention Facility	CARES Act		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	140,435
-	-	11,173	-	2,066	-	-	13,239
-	-	-	24,980	710,535	-	-	758,525
-	-	-	-	-	-	-	15,612
6,487	224,874	-	-	-	-	-	1,080,023
10,989	904,586	-	-	-	229,701	-	1,166,960
<u>\$ 17,476</u>	<u>\$ 1,129,460</u>	<u>\$ 11,173</u>	<u>\$ 24,980</u>	<u>\$ 712,601</u>	<u>\$ 229,701</u>	<u>\$ -</u>	<u>3,174,794</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,698	\$ -	1,698
-	-	-	-	-	-	-	7,345
6,360	1,187,761	-	82,477	-	113,099	-	1,389,697
-	-	-	-	-	114,904	-	114,904
-	-	-	-	-	-	-	1,403,316
-	-	-	-	354,500	-	-	354,500
-	-	28,533	-	-	-	-	191,169
<u>\$ 6,360</u>	<u>\$ 1,187,761</u>	<u>\$ 28,533</u>	<u>\$ 82,477</u>	<u>\$ 354,500</u>	<u>\$ 229,701</u>	<u>\$ -</u>	<u>3,462,629</u>
<u>\$ 11,116</u>	<u>\$ (58,301)</u>	<u>\$ (17,360)</u>	<u>\$ (57,497)</u>	<u>\$ 358,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(287,835)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	455,241
-	-	-	-	(701,000)	-	-	(701,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (701,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(245,759)</u>
\$ 11,116	\$ (58,301)	\$ (17,360)	\$ (57,497)	\$ (342,899)	\$ -	\$ -	(533,594)
109,533	208,734	37,345	233,067	587,002	-	-	1,465,652
<u>\$ 120,649</u>	<u>\$ 150,433</u>	<u>\$ 19,985</u>	<u>\$ 175,570</u>	<u>\$ 244,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>932,058</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Children's Services Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	23,000	23,000	10,402	(12,598)
Intergovernmental:				
Commonwealth	1,547,525	1,547,525	848,662	(698,863)
Federal	-	-	21,684	21,684
Total revenues	<u>\$ 1,570,525</u>	<u>\$ 1,570,525</u>	<u>\$ 880,748</u>	<u>\$ (689,777)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	2,300,000	2,300,000	1,403,316	896,684
Education	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,403,316</u>	<u>\$ 896,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (729,475)</u>	<u>\$ (729,475)</u>	<u>\$ (522,568)</u>	<u>\$ 206,907</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 729,475	\$ 729,475	\$ 455,225	\$ (274,250)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 729,475</u>	<u>\$ 729,475</u>	<u>\$ 455,225</u>	<u>\$ (274,250)</u>
Net change in fund balances	\$ -	\$ -	\$ (67,343)	\$ (67,343)
Fund balances - beginning	-	-	130,080	130,080
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,737</u>	<u>\$ 62,737</u>

Law Library Fund				
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
5,348	5,348	5,520	172	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 5,520</u>	<u>\$ 172</u>	
\$ -	\$ -	\$ -	\$ -	-
5,348	5,348	4,746	602	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 4,746</u>	<u>\$ 602</u>	
\$ -	\$ -	\$ 774	\$ 774	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ 774	\$ 774	
-	-	2,595	2,595	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,369</u>	<u>\$ 3,369</u>	

COUNTY OF CAROLINE, VIRGINIA

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

	Courthouse Maintenance Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	26,574	26,574	17,490	(9,084)
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ 26,574	\$ 26,574	\$ 17,490	\$ (9,084)
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	134,574	134,574	2,599	131,975
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Community development	-	-	-	-
Total expenditures	\$ 134,574	\$ 134,574	\$ 2,599	\$ 131,975
Excess (deficiency) of revenues over (under) expenditures	\$ (108,000)	\$ (108,000)	\$ 14,891	\$ 122,891
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (108,000)	\$ (108,000)	\$ 14,891	\$ 122,891
Fund balances - beginning	108,000	108,000	33,363	(74,637)
Fund balances - ending	\$ -	\$ -	\$ 48,254	\$ 48,254

Tourism Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 189,415	\$ 189,415	\$ 140,435	\$ (48,980)
-	-	-	-
-	-	-	-
10,325	10,325	5,210	(5,115)
-	-	-	-
-	-	-	-
<u>\$ 199,740</u>	<u>\$ 199,740</u>	<u>\$ 145,645</u>	<u>\$ (54,095)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
199,740	199,756	162,636	37,120
<u>\$ 199,740</u>	<u>\$ 199,756</u>	<u>\$ 162,636</u>	<u>\$ 37,120</u>
\$ -	\$ (16)	\$ (16,991)	\$ (16,975)
\$ -	\$ 16	\$ 16	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ -</u>
\$ -	\$ -	\$ (16,975)	\$ (16,975)
-	-	123,933	123,933
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,958</u>	<u>\$ 106,958</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Confiscated Asset Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	6,487	6,487
Federal	-	-	10,989	10,989
Total revenues	\$ -	\$ -	\$ 17,476	\$ 17,476
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	-	-	-
Public safety	-	-	6,360	(6,360)
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Community development	-	-	-	-
Total expenditures	\$ -	\$ -	\$ 6,360	\$ (6,360)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 11,116	\$ 11,116
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ 11,116	\$ 11,116
Fund balances - beginning	-	-	109,533	109,533
Fund balances - ending	\$ -	\$ -	\$ 120,649	\$ 120,649

Fire/Rescue Grant Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
150,000	63,046	224,874	161,828
-	904,586	904,586	-
\$ 150,000	\$ 967,632	\$ 1,129,460	\$ 161,828
\$ -	\$ -	\$ -	\$ -
-	-	-	-
150,000	1,198,898	1,187,761	11,137
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ 150,000	\$ 1,198,898	\$ 1,187,761	\$ 11,137
\$ -	\$ (231,266)	\$ (58,301)	\$ 172,965
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ (231,266)	\$ (58,301)	\$ 172,965
-	40,438	208,734	168,296
\$ -	\$ (190,828)	\$ 150,433	\$ 341,261

COUNTY OF CAROLINE, VIRGINIA

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

	Housing Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	14,570	14,570	11,173	(3,397)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 14,570</u>	<u>\$ 14,570</u>	<u>\$ 11,173</u>	<u>\$ (3,397)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	-
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	-	-	-	-
Community development	14,570	14,570	28,533	(13,963)
Total expenditures	<u>\$ 14,570</u>	<u>\$ 14,570</u>	<u>\$ 28,533</u>	<u>\$ (13,963)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,360)</u>	<u>\$ (17,360)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (17,360)	\$ (17,360)
Fund balances - beginning	-	-	37,345	37,345
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,985</u>	<u>\$ 19,985</u>

Sheriff Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
51,000	51,000	24,980	(26,020)
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 24,980</u>	<u>\$ (26,020)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	82,477	(82,477)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,477</u>	<u>\$ (82,477)</u>
<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ (57,497)</u>	<u>\$ (108,497)</u>
\$ -	\$ -	\$ -	\$ -
(51,000)	(51,000)	-	51,000
<u>\$ (51,000)</u>	<u>\$ (51,000)</u>	<u>\$ -</u>	<u>\$ 51,000</u>
\$ -	\$ -	\$ (57,497)	\$ (57,497)
-	-	233,067	233,067
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,570</u>	<u>\$ 175,570</u>

COUNTY OF CAROLINE, VIRGINIA

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

	Detention Facility Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	2,066	2,066
Charges for services	844,500	944,500	710,535	(233,965)
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 844,500</u>	<u>\$ 944,500</u>	<u>\$ 712,601</u>	<u>\$ (231,899)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Education	254,500	354,500	354,500	-
Community development	-	-	-	-
Total expenditures	<u>\$ 254,500</u>	<u>\$ 354,500</u>	<u>\$ 354,500</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 590,000</u>	<u>\$ 590,000</u>	<u>\$ 358,101</u>	<u>\$ (231,899)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(590,000)	(590,000)	(701,000)	111,000
Total other financing sources (uses)	<u>\$ (590,000)</u>	<u>\$ (590,000)</u>	<u>\$ (701,000)</u>	<u>\$ 111,000</u>
Net change in fund balances	\$ -	\$ -	\$ (342,899)	\$ (120,899)
Fund balances - beginning	-	-	587,002	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,103</u>	<u>\$ (120,899)</u>

CARES Act Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	229,701	229,701
\$ -	\$ -	\$ 229,701	\$ 229,701
\$ -	\$ -	\$ 1,698	\$ (1,698)
-	-	-	-
-	-	113,099	(113,099)
-	-	114,904	(114,904)
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 229,701	\$ (229,701)
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -

Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Vehicle Maintenance	Self- Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,143	\$ 1,597,110	\$ 1,601,253
Total current assets	\$ 4,143	\$ 1,597,110	\$ 1,601,253
Noncurrent assets:			
Capital assets:			
Buildings	\$ 412,315	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	68,551
Less accumulated depreciation	(480,866)	-	(480,866)
Total noncurrent assets	\$ -	\$ -	\$ -
Total assets	\$ 4,143	\$ 1,597,110	\$ 1,601,253
LIABILITIES			
Current liabilities:			
Due to other funds	\$ -	\$ 1,547	\$ 1,547
Insurance and benefit claims	-	434,935	434,935
Total liabilities	\$ -	\$ 436,482	\$ 436,482
NET POSITION			
Unrestricted	\$ 4,143	\$ 1,160,628	\$ 1,164,771
Total net position	\$ 4,143	\$ 1,160,628	\$ 1,164,771

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ -	\$ 4,665,919	\$ 4,665,919
Total operating revenues	<u>\$ -</u>	<u>\$ 4,665,919</u>	<u>\$ 4,665,919</u>
OPERATING EXPENSES			
Risk financing and benefit payments	\$ -	\$ 4,365,599	\$ 4,365,599
Total operating expenses	<u>\$ -</u>	<u>\$ 4,365,599</u>	<u>\$ 4,365,599</u>
 Change in net position	 <u>\$ -</u>	 <u>\$ 300,320</u>	 <u>\$ 300,320</u>
 Total net position - beginning	 <u>\$ 4,143</u>	 <u>\$ 860,308</u>	 <u>\$ 864,451</u>
Total net position - ending	<u><u>\$ 4,143</u></u>	<u><u>\$ 1,160,628</u></u>	<u><u>\$ 1,164,771</u></u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Vehicle Maintenance	Self- Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ -	\$ 4,665,919	\$ 4,665,919
Claims and benefits paid	-	(4,188,796)	(4,188,796)
Payments to suppliers for goods and services	-	(128,032)	(128,032)
Net cash provided by (used for) operating activities	\$ -	\$ 349,091	\$ 349,091
 Net increase (decrease) in cash and cash equivalents	 \$ -	 \$ 349,091	 \$ 349,091
 Cash and cash equivalents - beginning	 4,143	 1,248,019	 1,252,162
Cash and cash equivalents - ending	\$ 4,143	\$ 1,597,110	\$ 1,601,253
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ -	\$ 300,320	\$ 300,320
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	\$ -	\$ (129,579)	\$ (129,579)
Increase (decrease) in insurance and benefit claims	-	176,803	176,803
Increase (decrease) in due to other funds	-	1,547	1,547
Total adjustments	\$ -	\$ 48,771	\$ 48,771
Net cash provided by (used for) operating activities	\$ -	\$ 349,091	\$ 349,091

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

	Agency Funds			
	Special Welfare	Four Rivers Technology in Education Consortium	Deposit Escrow	Total
ASSETS				
Cash and cash equivalents	\$ 41,155	\$ 38,704	\$ 1,195,301	\$ 1,275,160
Total assets	<u>\$ 41,155</u>	<u>\$ 38,704</u>	<u>\$ 1,195,301</u>	<u>\$ 1,275,160</u>
LIABILITIES				
Amounts held for social services clients	\$ 41,155	\$ -	\$ -	\$ 41,155
Amounts held for consortium	-	38,704	-	38,704
Refundable escrow deposits payable	-	-	1,195,301	1,195,301
Total liabilities	<u>\$ 41,155</u>	<u>\$ 38,704</u>	<u>\$ 1,195,301</u>	<u>\$ 1,275,160</u>

Fiduciary Funds

Combining Statement of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 30,039	\$ 39,930	\$ 28,814	\$ 41,155
Total assets	<u>\$ 30,039</u>	<u>\$ 39,930</u>	<u>\$ 28,814</u>	<u>\$ 41,155</u>
Liabilities:				
Amounts held for social services clients	\$ 30,039	\$ 39,930	\$ 28,814	\$ 41,155
Total liabilities	<u>\$ 30,039</u>	<u>\$ 39,930</u>	<u>\$ 28,814</u>	<u>\$ 41,155</u>
Four Rivers Technology in Education Consortium:				
Assets:				
Cash and cash equivalents	\$ 38,704	\$ -	\$ -	\$ 38,704
Total assets	<u>\$ 38,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,704</u>
Liabilities:				
Amounts held for consortium	\$ 38,704	\$ -	\$ -	\$ 38,704
Total liabilities	<u>\$ 38,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,704</u>
Deposit Escrow:				
Assets:				
Cash and cash equivalents	\$ 1,105,297	\$ 250,925	\$ 160,921	\$ 1,195,301
Total assets	<u>\$ 1,105,297</u>	<u>\$ 250,925</u>	<u>\$ 160,921</u>	<u>\$ 1,195,301</u>
Liabilities:				
Refundable escrow deposits payable	\$ 1,105,297	\$ 250,925	\$ 160,921	\$ 1,195,301
Total liabilities	<u>\$ 1,105,297</u>	<u>\$ 250,925</u>	<u>\$ 160,921</u>	<u>\$ 1,195,301</u>
Totals -- All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 1,174,040	\$ 290,855	\$ 189,735	\$ 1,275,160
Total assets	<u>\$ 1,174,040</u>	<u>\$ 290,855</u>	<u>\$ 189,735</u>	<u>\$ 1,275,160</u>
Liabilities:				
Amounts held for social services clients	\$ 30,039	\$ 39,930	\$ 28,814	\$ 41,155
Amounts held for consortium	38,704	-	-	38,704
Refundable escrow deposits payable	1,105,297	250,925	160,921	1,195,301
Total liabilities	<u>\$ 1,174,040</u>	<u>\$ 290,855</u>	<u>\$ 189,735</u>	<u>\$ 1,275,160</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2020

	School Operating Fund	School Cafeteria Fund	Capital Projects Fund	School Grant Fund	School Textbook Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,245,530	\$ 475,630	\$ 280,701	\$ 219,926	\$ 158,903	\$ 6,380,690
Receivables (net of allowance for uncollectibles):						
Due from other governmental units	1,015,866	21,972	-	185,052	-	1,222,890
Total assets	<u>\$ 6,261,396</u>	<u>\$ 497,602</u>	<u>\$ 280,701</u>	<u>\$ 404,978</u>	<u>\$ 158,903</u>	<u>\$ 7,603,580</u>
LIABILITIES						
Accounts payable	\$ 543,622	\$ 7,825	\$ 113,538	\$ 6,734	\$ -	\$ 671,719
Accrued payroll	2,687,088	105,785	-	72,989	-	2,865,862
Total liabilities	<u>\$ 3,230,710</u>	<u>\$ 113,610</u>	<u>\$ 113,538</u>	<u>\$ 79,723</u>	<u>\$ -</u>	<u>\$ 3,537,581</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - insurance refunds	\$ 27,264	\$ -	\$ -	\$ -	\$ -	\$ 27,264
Total deferred inflows of resources	<u>\$ 27,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,264</u>
FUND BALANCES						
Assigned:						
Cafeteria	\$ -	\$ 383,992	\$ -	\$ -	\$ -	\$ 383,992
Capital outlay	-	-	167,163	-	-	167,163
School grants	-	-	-	325,255	-	325,255
Textbooks	-	-	-	-	158,903	158,903
Unassigned	3,003,422	-	-	-	-	3,003,422
Total fund balances	<u>\$ 3,003,422</u>	<u>\$ 383,992</u>	<u>\$ 167,163</u>	<u>\$ 325,255</u>	<u>\$ 158,903</u>	<u>\$ 4,038,735</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,261,396</u>	<u>\$ 497,602</u>	<u>\$ 280,701</u>	<u>\$ 404,978</u>	<u>\$ 158,903</u>	<u>\$ 7,603,580</u>

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

Total fund balances per above \$ 4,038,735

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

Capital assets cost	\$ 28,638,671	
Less: accumulated depreciation	<u>(20,439,109)</u>	8,199,562

The net pension asset is not an available resource and, therefore, is not reported in the funds.

140,266

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

Pension related items	\$ 6,963,733	
OPEB related items	<u>2,957,359</u>	9,921,092

Unavailable revenue to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.

27,264

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

Compensated absences	\$ (718,116)	
Accrued interest payable	(22,840)	
Capital leases	(1,255,336)	
Net pension liability	(33,504,175)	
Net OPEB liabilities	<u>(15,735,298)</u>	(51,235,765)

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

Pension related items	\$ (3,478,339)	
OPEB related items	<u>(363,864)</u>	(3,842,203)

Net position of governmental activities

\$ (32,751,049)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2020

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Grant Fund	School Textbook Fund	Total Governmental Funds
REVENUES						
Revenue from the use of money and property	\$ 35,250	\$ -	\$ -	\$ -	\$ -	\$ 35,250
Charges for services	-	623,110	-	-	-	623,110
Miscellaneous	617,857	57,028	-	-	-	674,885
Intergovernmental:						
Local government	15,382,703	-	401,737	-	141,428	15,925,868
Commonwealth	27,082,188	30,181	-	-	268,623	27,380,992
Federal	1,027,676	1,463,315	-	1,220,984	-	3,711,975
Total revenues	<u>\$ 44,145,674</u>	<u>\$ 2,173,634</u>	<u>\$ 401,737</u>	<u>\$ 1,220,984</u>	<u>\$ 410,051</u>	<u>\$ 48,352,080</u>
EXPENDITURES						
Current:						
Education	\$ 41,902,945	\$ 2,278,464	\$ -	\$ 1,220,984	\$ 442,023	\$ 45,844,416
Capital outlay	-	-	254,890	-	-	254,890
Debt service:						
Principal retirement	235,229	-	-	-	-	235,229
Interest and other fiscal charges	40,185	-	-	-	-	40,185
Total expenditures	<u>\$ 42,178,359</u>	<u>\$ 2,278,464</u>	<u>\$ 254,890</u>	<u>\$ 1,220,984</u>	<u>\$ 442,023</u>	<u>\$ 46,374,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,967,315</u>	<u>\$ (104,830)</u>	<u>\$ 146,847</u>	<u>\$ -</u>	<u>\$ (31,972)</u>	<u>\$ 1,977,360</u>
Net change in fund balances	\$ 1,967,315	\$ (104,830)	\$ 146,847	\$ -	\$ (31,972)	\$ 1,977,360
Fund balances - beginning, as restated	1,036,107	488,822	20,316	325,255	190,875	2,061,375
Fund balances - ending	<u>\$ 3,003,422</u>	<u>\$ 383,992</u>	<u>\$ 167,163</u>	<u>\$ 325,255</u>	<u>\$ 158,903</u>	<u>\$ 4,038,735</u>

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

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	\$	1,977,360
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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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	1,154,670	
Depreciation expense		<u>(1,012,185)</u>	142,485

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

Increase (decrease) in unavailable revenue - insurance refunds	(677,680)
--	-----------

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

Principal payments	235,229
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$	5,848	
Change in compensated absences		(55,800)	
Change in pension related items		(288,111)	
Change in OPEB related items		<u>(490,938)</u>	<u>(829,001)</u>

Change in net position of governmental activities	\$	<u><u>848,393</u></u>
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COUNTY OF CAROLINE, 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	\$ 42,420	\$ 42,420	\$ 35,250	\$ (7,170)
Charges for services	-	-	-	-
Miscellaneous	631,023	631,023	617,857	(13,166)
Intergovernmental:				
Local government	15,323,703	15,485,085	15,382,703	(102,382)
Commonwealth	26,760,399	26,760,399	27,082,188	321,789
Federal	1,303,300	1,303,300	1,027,676	(275,624)
Total revenues	\$ 44,060,845	\$ 44,222,227	\$ 44,145,674	\$ (76,553)
EXPENDITURES				
Current:				
Education	\$ 44,060,845	\$ 44,195,227	\$ 41,902,945	\$ 2,292,282
Capital projects	-	-	-	-
Debt service:				
Principal retirement	-	-	235,229	(235,229)
Interest and other fiscal charges	-	-	40,185	(40,185)
Total expenditures	\$ 44,060,845	\$ 44,195,227	\$ 42,178,359	\$ 2,016,868
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 27,000	\$ 1,967,315	\$ 1,940,315
Net change in fund balances	\$ -	\$ 27,000	\$ 1,967,315	\$ 1,940,315
Fund balances - beginning, as restated	-	89,382	1,036,107	946,725
Fund balances - ending	\$ -	\$ 116,382	\$ 3,003,422	\$ 2,887,040

School Cafeteria Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
1,300,000	1,300,000	623,110	(676,890)	
50,000	50,000	57,028	7,028	
-	-	-	-	
30,948	30,948	30,181	(767)	
950,000	950,000	1,463,315	513,315	
\$ 2,330,948	\$ 2,330,948	\$ 2,173,634	\$ (157,314)	
\$ 2,330,948	\$ 2,330,948	\$ 2,278,464	\$ 52,484	
-	-	-	-	
-	-	-	-	
-	-	-	-	
\$ 2,330,948	\$ 2,330,948	\$ 2,278,464	\$ 52,484	
\$ -	\$ -	\$ (104,830)	\$ (104,830)	
\$ -	\$ -	\$ (104,830)	\$ (104,830)	
-	-	488,822	488,822	
\$ -	\$ -	\$ 383,992	\$ 383,992	

COUNTY OF CAROLINE, 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 Capital Projects 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	-	-	-	-
Intergovernmental:				
Local government	762,190	427,125	401,737	(25,388)
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	\$ 762,190	\$ 427,125	\$ 401,737	\$ (25,388)
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ -	\$ -
Capital projects	762,190	934,815	254,890	679,925
Total expenditures	\$ 762,190	\$ 934,815	\$ 254,890	\$ 679,925
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (507,690)	\$ 146,847	\$ 654,537
Net change in fund balances	\$ -	\$ (507,690)	\$ 146,847	\$ 654,537
Fund balances - beginning, as restated	-	-	20,316	20,316
Fund balances - ending	\$ -	\$ (507,690)	\$ 167,163	\$ 674,853

School Grant Fund				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Final			
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,000,000	2,000,000	1,220,984		(779,016)
<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,220,984</u>	<u>\$</u>	<u>(779,016)</u>
\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$	779,016
-	-	-	-	-
<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,220,984</u>	<u>\$</u>	<u>779,016</u>
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
-	-	325,255		325,255
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,255</u>	<u>\$</u>	<u>325,255</u>

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 Textbook 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	-	-	-	-
Intergovernmental:				
Local government	141,428	141,428	141,428	-
Commonwealth	268,984	268,984	268,623	(361)
Federal	-	-	-	-
Total revenues	\$ 410,412	\$ 410,412	\$ 410,051	\$ (361)
EXPENDITURES				
Current:				
Education	\$ 410,412	\$ 527,542	\$ 442,023	\$ 85,519
Capital projects	-	-	-	-
Total expenditures	\$ 410,412	\$ 527,542	\$ 442,023	\$ 85,519
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (117,130)	\$ (31,972)	\$ 85,158
Net change in fund balances	\$ -	\$ (117,130)	\$ (31,972)	\$ 85,158
Fund balances - beginning, as restated	-	117,130	190,875	73,745
Fund balances - ending	\$ -	\$ -	\$ 158,903	\$ 158,903

*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2020

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 72,721
Total assets	<u>\$ 72,721</u>
NET POSITION	
Unrestricted	\$ 72,721
Total net position	<u><u>\$ 72,721</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2020

OPERATING REVENUES

Miscellaneous	\$	<u>174</u>
Total operating revenues	\$	<u>174</u>

OPERATING EXPENSES

Economic development	\$	<u>780</u>
Total operating expenses	\$	<u>780</u>

Operating income (loss)	\$	<u>(606)</u>
-------------------------	----	--------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$	<u>565</u>
Total nonoperating revenues (expenses)	\$	<u>565</u>

Change in net position	\$	<u>(41)</u>
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Total net position - beginning		<u>72,762</u>
Total net position - ending	\$	<u><u>72,721</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 174
Payments for operating activities	(780)
Net cash provided by (used for) operating activities	<u>(606)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Payment to the County of Caroline	\$ (500,000)
Net cash provided (used) by noncapital financing activities	<u>(500,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 565
Net cash provided by (used for) investing activities	<u>565</u>

Net increase (decrease) in cash and cash equivalents	\$ (500,041)
--	--------------

Cash and cash equivalents - beginning	572,762
Cash and cash equivalents - ending	<u><u>72,721</u></u>

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ (606)
Net cash provided by (used for) operating activities	<u><u>(606)</u></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	\$ 21,653,270	\$ 21,653,270	\$ 22,259,769	\$ 606,499
Real and personal public service corporation taxes	3,493,060	3,493,060	3,580,335	87,275
Personal property taxes	9,547,866	9,547,866	10,306,209	758,343
Machinery and tools taxes	476,770	476,770	418,512	(58,258)
Penalties	464,879	464,879	461,884	(2,995)
Interest	412,779	412,779	517,401	104,622
Total general property taxes	<u>\$ 36,048,624</u>	<u>\$ 36,048,624</u>	<u>\$ 37,544,110</u>	<u>\$ 1,495,486</u>
Other local taxes:				
Local sales and use taxes	\$ 2,350,445	\$ 2,350,445	\$ 2,855,615	\$ 505,170
Consumer utility taxes	92,282	92,282	86,655	(5,627)
Business license taxes	925,000	925,000	890,641	(34,359)
Bank stock taxes	75,274	75,274	89,619	14,345
Motor vehicle licenses and registration fees	1,084,680	1,084,680	1,050,059	(34,621)
Taxes on recordation and wills	349,056	349,056	379,097	30,041
Total other local taxes	<u>\$ 4,876,737</u>	<u>\$ 4,876,737</u>	<u>\$ 5,351,686</u>	<u>\$ 474,949</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 29,796	\$ 29,796	\$ 21,914	\$ (7,882)
Permits and other licenses	422,783	422,783	486,072	63,289
Total permits, privilege fees, and regulatory licenses	<u>\$ 452,579</u>	<u>\$ 452,579</u>	<u>\$ 507,986</u>	<u>\$ 55,407</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 595,604	\$ 595,604	\$ 304,893	\$ (290,711)
Library fees	16,817	16,817	13,911	(2,906)
Total fines and forfeitures	<u>\$ 612,421</u>	<u>\$ 612,421</u>	<u>\$ 318,804</u>	<u>\$ (293,617)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 420,778	\$ 420,778	\$ 287,535	\$ (133,243)
Revenue from use of property	42,455	42,455	35,060	(7,395)
Total revenue from use of money and property	<u>\$ 463,233</u>	<u>\$ 463,233</u>	<u>\$ 322,595</u>	<u>\$ (140,638)</u>
Charges for services:				
Charges for court costs	\$ 11,798	\$ 11,798	\$ 11,724	\$ (74)
Commonwealth attorney's fees	3,600	3,600	2,733	(867)
Courthouse security and protective services	185,994	185,994	116,154	(69,840)
Data processing	1,250	1,250	501	(749)
Parks and recreation	99,380	99,380	50,269	(49,111)
Sanitation and waste removal	52,531	52,531	43,563	(8,968)
Sale of publications and commemorative material	-	-	125	125
Ambulance recover services	949,343	949,343	1,023,137	73,794
Other	6,300	6,300	9,314	3,014
Total charges for services	<u>\$ 1,310,196</u>	<u>\$ 1,310,196</u>	<u>\$ 1,257,520</u>	<u>\$ (52,676)</u>

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 253,838	\$ 253,838	\$ 457,453	\$ 203,615
Total miscellaneous	\$ 253,838	\$ 253,838	\$ 457,453	\$ 203,615
Recovered costs:				
Soil conservationist	\$ 348,532	\$ 348,532	\$ 380,140	\$ 31,608
Postage reimbursement general district court	4,500	4,500	4,193	(307)
Other	183,229	183,229	182,141	(1,088)
Total recovered costs	\$ 536,261	\$ 536,261	\$ 566,474	\$ 30,213
Total revenue from local sources	\$ 44,553,889	\$ 44,553,889	\$ 46,326,628	\$ 1,772,739
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 85,213	\$ 85,213	\$ 85,568	\$ 355
Communications sales and use taxes	450,276	450,276	367,966	(82,310)
Mobile home titling taxes	28,000	28,000	44,650	16,650
Rental vehicles taxes	3,368	3,368	9,823	6,455
Personal property tax relief	2,371,897	2,371,897	2,371,897	-
Recordation taxes	235,202	235,202	161,004	(74,198)
Total noncategorical aid	\$ 3,173,956	\$ 3,173,956	\$ 3,040,908	\$ (133,048)
Categorical aid:				
Shared expenses:				
Commonwealth attorney	\$ 244,381	\$ 272,914	\$ 322,062	\$ 49,148
Sheriff	1,295,886	1,295,886	1,260,551	(35,335)
Commissioner of revenue	127,209	127,209	128,363	1,154
Treasurer	108,999	108,999	105,701	(3,298)
Registrar/electoral board	41,896	41,896	65,845	23,949
Clerk of the Circuit Court	303,923	303,923	280,220	(23,703)
Total shared expenses	\$ 2,122,294	\$ 2,150,827	\$ 2,162,742	\$ 11,915
Other categorical aid:				
Litter control	\$ 26,000	\$ 26,000	\$ 15,021	\$ (10,979)
DMV license agent	45,000	45,000	40,159	(4,841)
Wireless E911 PSAP funding	110,000	110,000	117,120	7,120
Emergency services	12,120	12,120	-	(12,120)
Victim witness	66,642	66,642	28,696	(37,946)
Domestic violence	94,927	94,927	60,041	(34,886)
Library	113,256	113,256	116,786	3,530
Other state grants	38,869	45,556	40,705	(4,851)
Total other categorical aid	\$ 506,814	\$ 513,501	\$ 418,528	\$ (94,973)
Total categorical aid	\$ 2,629,108	\$ 2,664,328	\$ 2,581,270	\$ (83,058)
Total revenue from the Commonwealth	\$ 5,803,064	\$ 5,838,284	\$ 5,622,178	\$ (216,106)

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:				
Payments in lieu of taxes	\$ 1,778	\$ 1,778	\$ 1,795	\$ 17
Total noncategorical aid	\$ 1,778	\$ 1,778	\$ 1,795	\$ 17
Categorical aid:				
DMV ground transportation	\$ 22,000	\$ 22,000	\$ 30,860	\$ 8,860
FEMA	12,120	12,120	12,116	(4)
Bulletproof vest partnership	2,328	2,328	8,428	6,100
Victim witness	34,805	34,805	127,017	92,212
Total categorical aid	\$ 71,253	\$ 71,253	\$ 178,421	\$ 107,168
Total revenue from the federal government	\$ 73,031	\$ 73,031	\$ 180,216	\$ 107,185
Total General Fund	\$ 50,429,984	\$ 50,465,204	\$ 52,129,022	\$ 1,663,818
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 5,069	\$ 5,069
Total miscellaneous	\$ -	\$ -	\$ 5,069	\$ 5,069
Total revenue from local sources	\$ -	\$ -	\$ 5,069	\$ 5,069
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,456,588	\$ 1,456,588	\$ 764,322	\$ (692,266)
Total categorical aid	\$ 1,456,588	\$ 1,456,588	\$ 764,322	\$ (692,266)
Total revenue from the Commonwealth	\$ 1,456,588	\$ 1,456,588	\$ 764,322	\$ (692,266)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 933,728	\$ 933,728	\$ 1,654,665	\$ 720,937
Total categorical aid	\$ 933,728	\$ 933,728	\$ 1,654,665	\$ 720,937
Total revenue from the federal government	\$ 933,728	\$ 933,728	\$ 1,654,665	\$ 720,937
Total Virginia Public Assistance Fund	\$ 2,390,316	\$ 2,390,316	\$ 2,424,056	\$ 33,740
Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 750	\$ 750	\$ 1,568	\$ 818
Total revenue from use of money and property	\$ 750	\$ 750	\$ 1,568	\$ 818

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Proffers Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Proffers	\$ 55,000	\$ 55,000	\$ 125,934	\$ 70,934
Total miscellaneous	\$ 55,000	\$ 55,000	\$ 125,934	\$ 70,934
Total Proffers Fund	\$ 55,750	\$ 55,750	\$ 127,502	\$ 71,752
Children's Services Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 23,000	\$ 23,000	\$ 10,402	\$ (12,598)
Total miscellaneous	\$ 23,000	\$ 23,000	\$ 10,402	\$ (12,598)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's services act	\$ 1,547,525	\$ 1,547,525	\$ 848,662	\$ (698,863)
Total categorical aid	\$ 1,547,525	\$ 1,547,525	\$ 848,662	\$ (698,863)
Total revenue from the Commonwealth	\$ 1,547,525	\$ 1,547,525	\$ 848,662	\$ (698,863)
Revenue from the federal government:				
Categorical aid:				
Children's services act	\$ -	\$ -	\$ 21,684	\$ 21,684
Total categorical aid	\$ -	\$ -	\$ 21,684	\$ 21,684
Total revenue from the federal government	\$ -	\$ -	\$ 21,684	\$ 21,684
Total Children's Services Fund	\$ 1,570,525	\$ 1,570,525	\$ 880,748	\$ (689,777)
Law Library Fund:				
Charges for services:				
Law library fees	\$ 5,348	\$ 5,348	\$ 5,520	\$ 172
Total charges for services	\$ 5,348	\$ 5,348	\$ 5,520	\$ 172
Total Law Library Fund	\$ 5,348	\$ 5,348	\$ 5,520	\$ 172
Courthouse Maintenance Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse maintenance fees	\$ 26,574	\$ 26,574	\$ 17,490	\$ (9,084)
Total charges for services	\$ 26,574	\$ 26,574	\$ 17,490	\$ (9,084)
Total Courthouse Maintenance Fund	\$ 26,574	\$ 26,574	\$ 17,490	\$ (9,084)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 189,415	\$ 189,415	\$ 140,435	\$ (48,980)
Total other local taxes	\$ 189,415	\$ 189,415	\$ 140,435	\$ (48,980)
Miscellaneous:				
Miscellaneous	\$ 10,325	\$ 10,325	\$ 5,210	\$ (5,115)
Total miscellaneous	\$ 10,325	\$ 10,325	\$ 5,210	\$ (5,115)
Total revenue from local sources	\$ 199,740	\$ 199,740	\$ 145,645	\$ (54,095)
Total Tourism Fund	\$ 199,740	\$ 199,740	\$ 145,645	\$ (54,095)
Confiscated Asset Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Confiscated assets	\$ -	\$ -	\$ 6,487	\$ 6,487
Total categorical aid	\$ -	\$ -	\$ 6,487	\$ 6,487
Total revenue from the Commonwealth	\$ -	\$ -	\$ 6,487	\$ 6,487
Revenue from the federal government:				
Categorical aid:				
Confiscated assets	\$ -	\$ -	\$ 10,989	\$ 10,989
Total categorical aid	\$ -	\$ -	\$ 10,989	\$ 10,989
Total revenue from the federal government	\$ -	\$ -	\$ 10,989	\$ 10,989
Total Confiscated Asset Fund	\$ -	\$ -	\$ 17,476	\$ 17,476
Fire/Rescue Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program fund	\$ 91,000	\$ 4,046	\$ 194,874	\$ 190,828
EMS vehicle registration grant	29,000	29,000	-	(29,000)
Radiological preparedness grant	30,000	30,000	30,000	-
Total categorical aid	\$ 150,000	\$ 63,046	\$ 224,874	\$ 161,828
Total revenue from the Commonwealth	\$ 150,000	\$ 63,046	\$ 224,874	\$ 161,828
Revenue from the federal government:				
Categorical aid:				
Assistance to firefighters grant	\$ -	\$ 904,586	\$ 904,586	\$ -
Total categorical aid	\$ -	\$ 904,586	\$ 904,586	\$ -
Total revenue from the federal government	\$ -	\$ 904,586	\$ 904,586	\$ -
Total Fire/Rescue Fund	\$ 150,000	\$ 967,632	\$ 1,129,460	\$ 161,828

Schedule of Revenues - Budget and Actual
Governmental Funds

For the Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Housing Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 14,570	\$ 14,570	\$ 11,173	\$ (3,397)
Total revenue from use of money and property	\$ 14,570	\$ 14,570	\$ 11,173	\$ (3,397)
Total Housing Fund	\$ 14,570	\$ 14,570	\$ 11,173	\$ (3,397)
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Sheriff fees	\$ 51,000	\$ 51,000	\$ 24,980	\$ (26,020)
Total charges for services	\$ 51,000	\$ 51,000	\$ 24,980	\$ (26,020)
Total Sheriff Fund	\$ 51,000	\$ 51,000	\$ 24,980	\$ (26,020)
Detention Facility Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,066	\$ 2,066
Total revenue from use of money and property	\$ -	\$ -	\$ 2,066	\$ 2,066
Charges for services:				
Inmate detention	\$ -	\$ 944,500	\$ 710,535	\$ (233,965)
Total charges for services	\$ -	\$ 944,500	\$ 710,535	\$ (233,965)
Total Detention Facility Fund	\$ -	\$ 944,500	\$ 712,601	\$ (231,899)
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ -	\$ -	\$ 229,701	\$ 229,701
Total noncategorical aid	\$ -	\$ -	\$ 229,701	\$ 229,701
Total revenue from the federal government	\$ -	\$ -	\$ 229,701	\$ 229,701
Total CARES Act Fund	-	-	229,701	229,701
Total Special Revenue Funds	\$ 4,463,823	\$ 6,225,955	\$ 5,726,352	\$ (499,603)
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility	\$ 540,171	\$ 540,171	\$ 547,089	\$ 6,918
Meals tax	1,353,745	1,353,745	1,192,417	(161,328)
Total other local taxes	\$ 1,893,916	\$ 1,893,916	\$ 1,739,506	\$ (154,410)
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 268	\$ 268
Revenue from the use of property	76,675	76,675	111,601	34,926
Total revenue from use of money and property	\$ 76,675	\$ 76,675	\$ 111,869	\$ 35,194
Total revenue from local sources	\$ 1,970,591	\$ 1,970,591	\$ 1,851,375	\$ (119,216)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Debt Service Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Communication tax	\$ 315,567	\$ 315,567	\$ 282,381	\$ (33,186)
Total categorical aid	\$ 315,567	\$ 315,567	\$ 282,381	\$ (33,186)
Total revenue from the Commonwealth	\$ 315,567	\$ 315,567	\$ 282,381	\$ (33,186)
Revenue from the federal government:				
Categorical aid:				
Federal tax credit	\$ 288,000	\$ 288,000	\$ 211,241	\$ (76,759)
Refunding credit	111,688	111,688	112,588	900
BABs interest subsidy	10,738	10,738	637	(10,101)
Total categorical aid	\$ 410,426	\$ 410,426	\$ 324,466	\$ (85,960)
Total revenue from the federal government	\$ 410,426	\$ 410,426	\$ 324,466	\$ (85,960)
Total Debt Service Fund	\$ 2,696,584	\$ 2,696,584	\$ 2,458,222	\$ (238,362)
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 39,359	\$ 39,359
Total revenue from use of money and property	\$ -	\$ -	\$ 39,359	\$ 39,359
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 9,742	\$ 9,742
Total miscellaneous	\$ -	\$ -	\$ 9,742	\$ 9,742
Recovered costs:				
Other recovered costs	\$ -	\$ -	\$ 32,380	\$ 32,380
Total recovered costs	\$ -	\$ -	\$ 32,380	\$ 32,380
Total revenue from local sources	\$ -	\$ -	\$ 81,481	\$ 81,481
Total County Capital Projects Fund	\$ -	\$ -	\$ 81,481	\$ 81,481
Total Primary Government	\$ 57,590,391	\$ 59,387,743	\$ 60,395,077	\$ 1,007,334
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 42,420	\$ 42,420	\$ 35,250	\$ (7,170)
Total revenue from use of money and property	\$ 42,420	\$ 42,420	\$ 35,250	\$ (7,170)
Miscellaneous:				
Other miscellaneous	\$ 631,023	\$ 631,023	\$ 617,857	\$ (13,166)
Total miscellaneous	\$ 631,023	\$ 631,023	\$ 617,857	\$ (13,166)
Total revenue from local sources	\$ 673,443	\$ 673,443	\$ 653,107	\$ (20,336)

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:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 15,323,703	\$ 15,485,085	\$ 15,382,703	\$ (102,382)
Total revenues from local governments	\$ 15,323,703	\$ 15,485,085	\$ 15,382,703	\$ (102,382)
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax receipts	\$ 5,364,393	\$ 5,364,393	\$ 5,501,326	\$ 136,933
Basic school aid	12,624,838	12,624,838	12,533,783	(91,055)
Compensation supplement	770,764	770,764	762,225	(8,539)
Other state funds	8,000,404	8,000,404	8,284,854	284,450
Total categorical aid	\$ 26,760,399	\$ 26,760,399	\$ 27,082,188	\$ 321,789
Total revenue from the Commonwealth	\$ 26,760,399	\$ 26,760,399	\$ 27,082,188	\$ 321,789
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 1,130,000	\$ 1,130,000	\$ 872,001	\$ (257,999)
Other federal funds	173,300	173,300	155,675	(17,625)
Total categorical aid	\$ 1,303,300	\$ 1,303,300	\$ 1,027,676	\$ (275,624)
Total revenue from the federal government	\$ 1,303,300	\$ 1,303,300	\$ 1,027,676	\$ (275,624)
Total School Operating Fund	\$ 44,060,845	\$ 44,222,227	\$ 44,145,674	\$ (76,553)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,300,000	\$ 1,300,000	\$ 623,110	\$ (676,890)
Total charges for services	\$ 1,300,000	\$ 1,300,000	\$ 623,110	\$ (676,890)
Miscellaneous:				
Other miscellaneous	\$ 50,000	\$ 50,000	\$ 57,028	\$ 7,028
Total miscellaneous	\$ 50,000	\$ 50,000	\$ 57,028	\$ 7,028
Total revenue from local sources	\$ 1,350,000	\$ 1,350,000	\$ 680,138	\$ (669,862)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 30,948	\$ 30,948	\$ 30,181	\$ (767)
Total categorical aid	\$ 30,948	\$ 30,948	\$ 30,181	\$ (767)
Total revenue from the Commonwealth	\$ 30,948	\$ 30,948	\$ 30,181	\$ (767)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 950,000	\$ 950,000	\$ 1,270,930	\$ 320,930
Commodities	-	-	192,385	192,385
Total categorical aid	\$ 950,000	\$ 950,000	\$ 1,463,315	\$ 513,315
Total revenue from the federal government	\$ 950,000	\$ 950,000	\$ 1,463,315	\$ 513,315
Total School Cafeteria Fund	\$ 2,330,948	\$ 2,330,948	\$ 2,173,634	\$ (157,314)

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 Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 762,190	\$ 427,125	\$ 401,737	\$ (25,388)
Total revenues from local governments	\$ 762,190	\$ 427,125	\$ 401,737	\$ (25,388)
Total School Capital Projects Fund	\$ 762,190	\$ 427,125	\$ 401,737	\$ (25,388)
School Grant Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,300,000	\$ 1,300,000	\$ 907,294	\$ (392,706)
Other federal funds	700,000	700,000	313,690	(386,310)
Total categorical aid	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ (779,016)
Total revenue from the federal government	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ (779,016)
Total School Grant Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ (779,016)
School Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 141,428	\$ 141,428	\$ 141,428	\$ -
Total revenues from local governments	\$ 141,428	\$ 141,428	\$ 141,428	\$ -
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 268,984	\$ 268,984	\$ 268,623	\$ (361)
Total categorical aid	\$ 268,984	\$ 268,984	\$ 268,623	\$ (361)
Total School Textbook Fund	\$ 410,412	\$ 410,412	\$ 410,051	\$ (361)
Total Discretely Presented Component Unit - School Board	\$ 49,564,395	\$ 49,390,712	\$ 48,352,080	\$ (1,038,632)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 209,496	\$ 209,496	\$ 218,670	\$ (9,174)
Total legislative	\$ 209,496	\$ 209,496	\$ 218,670	\$ (9,174)
General and financial administration:				
County administrator	\$ 612,217	\$ 612,286	\$ 637,721	\$ (25,435)
Legal services	229,000	229,000	316,136	(87,136)
Commissioner of revenue	889,792	889,886	839,069	50,817
Professional services	190,000	190,000	180,300	9,700
Treasurer	659,671	659,738	653,933	5,805
Finance	395,040	395,090	358,302	36,788
Information technology	379,551	379,562	368,885	10,677
Other general and financial administration	88,205	88,205	72,072	16,133
Total general and financial administration	\$ 3,443,476	\$ 3,443,767	\$ 3,426,418	\$ 17,349
Board of elections:				
Electoral board and officials	\$ 301,573	\$ 341,864	\$ 267,813	\$ 74,051
Total board of elections	\$ 301,573	\$ 341,864	\$ 267,813	\$ 74,051
Total general government administration	\$ 3,954,545	\$ 3,995,127	\$ 3,912,901	\$ 82,226
Judicial administration:				
Courts:				
Circuit court	\$ 102,218	\$ 106,196	\$ 102,733	\$ 3,463
General district court	22,925	22,925	26,511	(3,586)
Magistrate	1,700	1,700	2,180	(480)
Juvenile and domestic relations court	19,635	19,635	17,259	2,376
Clerk of the circuit court	607,062	607,122	608,462	(1,340)
Juvenile crime control	49,189	49,189	17,482	31,707
Victim witness program	111,579	111,587	98,203	13,384
Total courts	\$ 914,308	\$ 918,354	\$ 872,830	\$ 45,524
Commonwealth attorney:				
Commonwealth attorney	\$ 523,097	\$ 551,693	\$ 543,157	\$ 8,536
Total commonwealth attorney	\$ 523,097	\$ 551,693	\$ 543,157	\$ 8,536
Total judicial administration	\$ 1,437,405	\$ 1,470,047	\$ 1,415,987	\$ 54,060
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,695,399	\$ 4,734,307	\$ 4,741,221	\$ (6,914)
E911 dispatch	1,541,119	1,579,545	1,663,390	(83,845)
Other protection services	359,128	359,560	337,386	22,174
Total law enforcement and traffic control	\$ 6,595,646	\$ 6,673,412	\$ 6,741,997	\$ (68,585)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Other fire and rescue	\$ 17,536	\$ 17,536	\$ 17,372	\$ 164
Emergency services	5,676,070	5,875,909	5,582,121	293,788
Total fire and rescue services	<u>\$ 5,693,606</u>	<u>\$ 5,893,445</u>	<u>\$ 5,599,493</u>	<u>\$ 293,952</u>
Correction and detention:				
Regional jail contributions	\$ 1,918,758	\$ 1,918,758	\$ 1,481,622	\$ 437,136
Juvenile probation and detention	212,288	212,288	150,266	62,022
Caroline Detention Facility	-	-	428	(428)
Total correction and detention	<u>\$ 2,131,046</u>	<u>\$ 2,131,046</u>	<u>\$ 1,632,316</u>	<u>\$ 498,730</u>
Building inspections:				
Inspections	\$ 315,831	\$ 316,851	\$ 308,265	\$ 8,586
Board of building code appeals	1,600	1,600	451	1,149
Total building inspections	<u>\$ 317,431</u>	<u>\$ 318,451</u>	<u>\$ 308,716</u>	<u>\$ 9,735</u>
Other protection:				
Animal control	\$ 420,703	\$ 422,798	\$ 429,231	\$ (6,433)
Medical examiner	300	300	440	(140)
Total other protection	<u>\$ 421,003</u>	<u>\$ 423,098</u>	<u>\$ 429,671</u>	<u>\$ (6,573)</u>
Total public safety	<u>\$ 15,158,732</u>	<u>\$ 15,439,452</u>	<u>\$ 14,712,193</u>	<u>\$ 727,259</u>
Public works:				
Maintenance of infrastructure:				
Public works administration	\$ 258,370	\$ 258,649	\$ 239,644	\$ 19,005
Streetlights	3,600	3,600	3,014	586
Total maintenance of infrastructure	<u>\$ 261,970</u>	<u>\$ 262,249</u>	<u>\$ 242,658</u>	<u>\$ 19,591</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,737,002	\$ 1,742,684	\$ 1,713,676	\$ 29,008
Total sanitation and waste removal	<u>\$ 1,737,002</u>	<u>\$ 1,742,684</u>	<u>\$ 1,713,676</u>	<u>\$ 29,008</u>
Maintenance of general buildings and grounds:				
General properties	\$ 1,973,814	\$ 2,220,511	\$ 2,045,868	\$ 174,643
Total maintenance of general buildings and grounds	<u>\$ 1,973,814</u>	<u>\$ 2,220,511</u>	<u>\$ 2,045,868</u>	<u>\$ 174,643</u>
Total public works	<u>\$ 3,972,786</u>	<u>\$ 4,225,444</u>	<u>\$ 4,002,202</u>	<u>\$ 223,242</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 275,404	\$ 275,404	\$ 275,404	\$ -
Total health	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 113,974	\$ 113,974	\$ 113,974	\$ -
Total mental health and mental retardation	<u>\$ 113,974</u>	<u>\$ 113,974</u>	<u>\$ 113,974</u>	<u>\$ -</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Contributions to outside welfare agencies	\$ 168,896	\$ 202,046	\$ 160,238	\$ 41,808
Total welfare	\$ 168,896	\$ 202,046	\$ 160,238	\$ 41,808
Total health and welfare	\$ 558,274	\$ 591,424	\$ 549,616	\$ 41,808
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 6,866	\$ 6,866	\$ 7,237	\$ (371)
Contribution to County School Board	15,972,821	15,699,138	15,571,368	127,770
Total other instructional costs	\$ 15,979,687	\$ 15,706,004	\$ 15,578,605	\$ 127,399
Total education	\$ 15,979,687	\$ 15,706,004	\$ 15,578,605	\$ 127,399
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 516,459	\$ 517,095	\$ 436,747	\$ 80,348
Total parks and recreation	\$ 516,459	\$ 517,095	\$ 436,747	\$ 80,348
Cultural:				
County Library	\$ 509,701	\$ 509,725	\$ 514,698	\$ (4,973)
Total cultural	\$ 509,701	\$ 509,725	\$ 514,698	\$ (4,973)
Total parks, recreation, and cultural	\$ 1,026,160	\$ 1,026,820	\$ 951,445	\$ 75,375
Community development:				
Planning and community development:				
Planning development	\$ 766,809	\$ 768,081	\$ 727,453	\$ 40,628
Planning commission	39,638	39,638	23,279	16,359
Economic development	358,455	358,975	245,330	113,645
Planning regional	56,418	56,418	58,418	(2,000)
Industrial development authority	1,000	1,000	8	992
Board of zoning appeals	3,991	3,991	2,432	1,559
Total planning and community development	\$ 1,226,311	\$ 1,228,103	\$ 1,056,920	\$ 171,183
Environmental management:				
Contribution to soil and water conservation district	\$ 65,621	\$ 65,621	\$ 65,621	\$ -
Environmental management	355,841	356,137	376,037	(19,900)
Total environmental management	\$ 421,462	\$ 421,758	\$ 441,658	\$ (19,900)
Cooperative extension program:				
Extension office	\$ 76,531	\$ 76,531	\$ 56,345	\$ 20,186
Total cooperative extension program	\$ 76,531	\$ 76,531	\$ 56,345	\$ 20,186
Total community development	\$ 1,724,304	\$ 1,726,392	\$ 1,554,923	\$ 171,469
Total General Fund	\$ 43,811,893	\$ 44,180,710	\$ 42,677,872	\$ 1,502,838

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,332,061	\$ 2,332,751	\$ 2,304,776	\$ 27,975
Public assistance	641,299	661,299	586,507	74,792
Purchased services	182,915	182,915	59,196	123,719
Local only	4,921	4,921	5,739	(818)
Total welfare and social services	<u>\$ 3,161,196</u>	<u>\$ 3,181,886</u>	<u>\$ 2,956,218</u>	<u>\$ 225,668</u>
Total health and welfare	<u>\$ 3,161,196</u>	<u>\$ 3,181,886</u>	<u>\$ 2,956,218</u>	<u>\$ 225,668</u>
Total Virginia Public Assistance Fund	<u>\$ 3,161,196</u>	<u>\$ 3,181,886</u>	<u>\$ 2,956,218</u>	<u>\$ 225,668</u>
Children's Services Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 2,300,000	\$ 2,300,000	\$ 1,403,316	\$ 896,684
Total health and welfare	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,403,316</u>	<u>\$ 896,684</u>
Total Children's Services Fund	<u>\$ 2,300,000</u>	<u>\$ 2,300,000</u>	<u>\$ 1,403,316</u>	<u>\$ 896,684</u>
Law Library Fund:				
Judicial administration:				
Law library	\$ 5,348	\$ 5,348	\$ 4,746	\$ 602
Total judicial administration	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 4,746</u>	<u>\$ 602</u>
Total Law Library Fund	<u>\$ 5,348</u>	<u>\$ 5,348</u>	<u>\$ 4,746</u>	<u>\$ 602</u>
Courthouse Maintenance Fund:				
Judicial administration:				
Courthouse maintenance	\$ 134,574	\$ 134,574	\$ 2,599	\$ 131,975
Total judicial administration	<u>\$ 134,574</u>	<u>\$ 134,574</u>	<u>\$ 2,599</u>	<u>\$ 131,975</u>
Total Courthouse Maintenance Fund	<u>\$ 134,574</u>	<u>\$ 134,574</u>	<u>\$ 2,599</u>	<u>\$ 131,975</u>
Tourism Fund:				
Community development:				
Planning and community development	\$ 199,740	\$ 199,756	\$ 162,636	\$ 37,120
Total community development	<u>\$ 199,740</u>	<u>\$ 199,756</u>	<u>\$ 162,636</u>	<u>\$ 37,120</u>
Total Tourism Fund	<u>\$ 199,740</u>	<u>\$ 199,756</u>	<u>\$ 162,636</u>	<u>\$ 37,120</u>

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Confiscated Asset Fund:				
Public safety:				
Confiscated assets	\$ -	\$ -	\$ 6,360	\$ (6,360)
Total public safety	\$ -	\$ -	\$ 6,360	\$ (6,360)
Total Confiscated Asset Fund	\$ -	\$ -	\$ 6,360	\$ (6,360)
Fire/Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 150,000	\$ 1,198,898	\$ 1,187,761	\$ 11,137
Total public safety	\$ 150,000	\$ 1,198,898	\$ 1,187,761	\$ 11,137
Total Fire/Rescue Fund	\$ 150,000	\$ 1,198,898	\$ 1,187,761	\$ 11,137
Housing Fund:				
Community development:				
Housing rehabilitation	\$ 14,570	\$ 14,570	\$ 28,533	\$ (13,963)
Total community development	\$ 14,570	\$ 14,570	\$ 28,533	\$ (13,963)
Total Housing Fund	\$ 14,570	\$ 14,570	\$ 28,533	\$ (13,963)
Sheriff Fund:				
Public safety:				
Machinery and equipment	\$ -	\$ -	\$ 82,477	\$ (82,477)
Total public safety	\$ -	\$ -	\$ 82,477	\$ (82,477)
Total Sheriff Fund	\$ -	\$ -	\$ 82,477	\$ (82,477)
Detention Facility Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 254,500	\$ 354,500	\$ 354,500	\$ -
Total education	\$ 254,500	\$ 354,500	\$ 354,500	\$ -
Total Detention Facility Fund	\$ 254,500	\$ 354,500	\$ 354,500	\$ -
CARES Act Fund:				
General and financial administration:				
Information technology	\$ -	\$ -	\$ 1,698	\$ (1,698)
Total general and financial administration	\$ -	\$ -	\$ 1,698	\$ (1,698)
Public safety:				
Other services	\$ -	\$ -	\$ 113,099	\$ (113,099)
Total public safety	\$ -	\$ -	\$ 113,099	\$ (113,099)

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

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
CARES Act Fund: (Continued)				
Public works:				
General properties	\$ -	\$ -	\$ 114,904	(114,904)
Total public works	\$ -	\$ -	\$ 114,904	(114,904)
Total CARES Act Fund	\$ -	\$ -	\$ 229,701	(229,701)
Total Special Revenue Funds	\$ 6,219,928	\$ 7,389,532	\$ 6,418,847	\$ 970,685
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 5,568,331	\$ 5,568,331	\$ 9,520,249	(3,951,918)
Interest and other fiscal charges	3,151,445	3,151,445	3,184,101	(32,656)
Total debt service	\$ 8,719,776	\$ 8,719,776	\$ 12,704,350	(3,984,574)
Total Debt Service Fund	\$ 8,719,776	\$ 8,719,776	\$ 12,704,350	(3,984,574)
Capital Projects Funds:				
County Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 4,027,929	\$ 4,646,048	\$ 3,197,942	\$ 1,448,106
Total capital outlay	\$ 4,027,929	\$ 4,646,048	\$ 3,197,942	\$ 1,448,106
Total County Capital Projects Fund	\$ 4,027,929	\$ 4,646,048	\$ 3,197,942	\$ 1,448,106
Total Primary Government	\$ 62,779,526	\$ 64,936,066	\$ 64,999,011	(62,945)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,259,644	\$ 34,259,644	\$ 32,435,243	\$ 1,824,401
Administration, attendance and health	1,769,614	1,769,614	1,653,725	115,889
Pupil transportation services	4,280,507	4,369,889	4,046,478	323,411
Operation and maintenance services	3,751,080	3,796,080	3,767,499	28,581
Total education	\$ 44,060,845	\$ 44,195,227	\$ 41,902,945	\$ 2,292,282
Debt service:				
Principal retirement	\$ -	\$ -	\$ 235,229	(235,229)
Interest and other fiscal charges	-	-	40,185	(40,185)
Total debt service	\$ -	\$ -	\$ 275,414	(275,414)
Total School Operating Fund	\$ 44,060,845	\$ 44,195,227	\$ 42,178,359	\$ 2,016,868

Schedule of Expenditures - Budget and Actual
Governmental Funds

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,330,948	\$ 2,330,948	\$ 2,086,079	\$ 244,869
Commodities	-	-	192,385	(192,385)
Total education	\$ 2,330,948	\$ 2,330,948	\$ 2,278,464	\$ 52,484
Total School Cafeteria Fund	\$ 2,330,948	\$ 2,330,948	\$ 2,278,464	\$ 52,484
School Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 762,190	\$ 934,815	\$ 254,890	\$ 679,925
Total capital outlay	\$ 762,190	\$ 934,815	\$ 254,890	\$ 679,925
Total School Capital Projects Fund	\$ 762,190	\$ 934,815	\$ 254,890	\$ 679,925
School Grant Fund:				
Education:				
Instruction	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ 779,016
Total education	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ 779,016
Total School Grant Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,220,984	\$ 779,016
School Textbook Fund:				
Education:				
Instruction	\$ 410,412	\$ 527,542	\$ 442,023	\$ 85,519
Total education	\$ 410,412	\$ 527,542	\$ 442,023	\$ 85,519
Total School Textbook Fund	\$ 410,412	\$ 527,542	\$ 442,023	\$ 85,519
Total Discretely Presented Component Unit - School Board	\$ 49,564,395	\$ 49,988,532	\$ 46,374,720	\$ 3,613,812

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OTHER STATISTICAL INFORMATION

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Statistical Section

Comments Relative to Statistical Section

The following statistical table recommended by the National Council on Governmental Accounting is not included for the reason stated below:

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are.

COUNTY OF CAROLINE, VIRGINIA

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

	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ (7,898,401)	\$ (2,885,427)	\$ (15,106,264)	\$ (39,754,963)
Restricted	-	16,479,118	8,348,530	30,368,696
Unrestricted	16,648,965	(2,158,308)	13,248,670	18,392,597
Total governmental activities net position	<u>\$ 8,750,564</u>	<u>\$ 11,435,383</u>	<u>\$ 6,490,936</u>	<u>\$ 9,006,330</u>
Business-type activities				
Net investment in capital assets	\$ 3,409,348	\$ 5,078,025	\$ 2,505,703	\$ 5,160,081
Restricted	-	-	4,712,149	2,646,388
Unrestricted	(4,238,484)	(5,373,848)	217,706	(837,006)
Total business-type activities net position	<u>\$ (829,136)</u>	<u>\$ (295,823)</u>	<u>\$ 7,435,558</u>	<u>\$ 6,969,463</u>
Primary government				
Net investment in capital assets	\$ (4,489,053)	\$ 2,192,598	\$ (12,600,561)	\$ (34,594,882)
Restricted	-	16,479,118	13,060,679	33,015,084
Unrestricted	12,410,481	(7,532,156)	13,466,376	17,555,591
Total primary government net position	<u>\$ 7,921,428</u>	<u>\$ 11,139,560</u>	<u>\$ 13,926,494</u>	<u>\$ 15,975,793</u>

(1) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68 and June 30, 2017 net position was restated for the implementation of GASB Statement No. 75.

Table 2

2015	2016	2017	2018	2019	2020
\$ (33,804,885)	\$ (16,413,860)	\$ (7,599,642)	\$ (2,826,244)	\$ (1,765,894)	\$ 455,769
28,077,009	13,637,372	7,482,811	4,268,655	4,268,655	5,547,780
19,298,331	21,500,669	21,440,045	21,317,545	24,106,821	23,665,508
\$ 13,570,455	\$ 18,724,181	\$ 21,323,214	\$ 22,759,956	\$ 26,609,582	\$ 29,669,057
\$ 5,132,270	\$ 5,655,822	\$ 5,996,430	\$ 6,715,462	\$ 6,934,568	\$ 7,639,696
2,180,302	1,833,241	1,841,238	1,646,702	1,709,668	1,665,793
(573,962)	(358,259)	(579,857)	(735,707)	(494,918)	(244,326)
\$ 6,738,610	\$ 7,130,804	\$ 7,257,811	\$ 7,626,457	\$ 8,149,318	\$ 9,061,163
\$ (28,672,615)	\$ (10,758,038)	\$ (1,603,212)	\$ 3,889,218	\$ 5,168,674	\$ 8,095,465
30,257,311	15,470,613	9,324,049	5,915,357	5,978,323	7,213,573
18,724,369	21,142,410	20,860,188	20,581,838	23,611,903	23,421,182
\$ 20,309,065	\$ 25,854,985	\$ 28,581,025	\$ 30,386,413	\$ 34,758,900	\$ 38,730,220

COUNTY OF CAROLINE, VIRGINIA

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

	2011	2012	2013	2014
Expenses:				
Governmental activities:				
General Government Administration	\$ 3,834,523	\$ 3,373,633	\$ 3,504,203	\$ 3,609,988
Judicial Administration	1,305,420	1,321,551	1,559,830	1,407,147
Public Safety	10,851,996	12,399,082	12,005,540	12,143,942
Public Works	3,224,196	2,488,278	3,066,768	3,640,540
Health and Welfare	4,486,438	4,678,442	4,569,627	5,357,822
Education	12,473,709	12,688,448	16,789,588	12,874,519
Parks, Recreation and Cultural	593,795	1,014,718	2,682,085	3,201,043
Community Development	1,357,445	1,466,009	1,545,447	1,521,500
Interest and Fiscal Charges	2,770,309	3,379,550	3,311,236	3,775,429
Total governmental activities	\$ 40,897,831	\$ 42,809,711	\$ 49,034,324	\$ 47,531,930
Business-type activities:				
Water and Sewer Utilities	\$ 4,833,897	\$ 4,600,849	\$ 4,708,177	\$ 5,277,623
Total primary government expenses	\$ 45,731,728	\$ 47,410,560	\$ 53,742,501	\$ 52,809,553
Program Revenues				
Governmental Activities:				
Charges for services:				
Public Safety	\$ 354,880	\$ 1,931,399	\$ 1,812,613	\$ 1,923,375
Community Development	209	259,936	274,372	269,786
All other activities	1,013,489	337,717	345,711	195,341
Operating grants and contributions	5,864,302	5,931,154	5,435,809	6,437,297
Capital grants and contributions	-	83,646	158,272	-
Total governmental activities	\$ 7,232,880	\$ 8,543,852	\$ 8,026,777	\$ 8,825,799
Business-type activities:				
Charges for services	\$ 3,091,297	\$ 2,879,029	\$ 3,891,144	\$ 2,626,288
Operating grants and contributions	259,417	380,573	638,344	579,689
Capital grants and contributions	118,716	-	-	1,115,502
Total business-type activities	\$ 3,469,430	\$ 3,259,602	\$ 4,529,488	\$ 4,321,479
Total primary government program revenues	\$ 10,702,310	\$ 11,803,454	\$ 12,556,265	\$ 13,147,278
Net (Expense)Revenue				
Governmental activities	\$ (33,664,951)	\$ (34,265,859)	\$ (41,007,547)	\$ (38,706,131)
Business-type activities	(1,364,467)	(1,341,247)	(178,689)	(956,144)
Total primary government net expense	\$ (35,029,418)	\$ (35,607,106)	\$ (41,186,236)	\$ (39,662,275)
General Revenues and Transfers				
Governmental Activities:				
Taxes:				
General property taxes	\$ 26,968,633	\$ 30,377,123	\$ 30,700,165	\$ 32,695,438
Local sales and use taxes	1,540,189	1,527,122	1,521,998	1,672,694
Other local taxes	3,510,347	3,749,268	3,661,418	4,088,990
State personal property tax reimbursement	2,371,897	2,371,897	2,371,897	2,371,897
Other state non-categorical shared revenues	250,235	694,417	749,001	808,543
Proffers from new development	208,409	111,314	294,776	145,881
Other unrestricted revenue	1,135,248	965,188	1,263,776	1,184,640
Transfers	-	(1,079,642)	(4,630,231)	(959,896)
Total governmental activities	\$ 35,984,958	\$ 38,716,687	\$ 35,932,800	\$ 42,008,187
Business-type activities:				
Revenue from use of money and property	\$ 35,149	\$ 44,154	\$ 22,127	\$ 3,238
Miscellaneous	-	151,939	97,605	209,050
Transfers	-	1,079,642	4,630,231	959,896
Total business-type activities	\$ 35,149	\$ 1,275,735	\$ 4,749,963	\$ 1,172,184
Total primary government	\$ 36,020,107	\$ 39,992,422	\$ 40,682,763	\$ 43,180,371
Change in Net Position				
Governmental activities	\$ 2,320,007	\$ 4,450,828	\$ (5,074,747)	\$ 3,302,056
Business-type activities	(1,329,318)	(65,512)	4,571,274	216,040
Primary government	\$ 990,689	\$ 4,385,316	\$ (503,473)	\$ 3,518,096

Table 3

2015	2016	2017	2018	2019	2020
\$ 3,883,714	\$ 3,978,965	\$ 3,789,710	\$ 4,047,104	\$ 3,693,835	3,502,256
1,396,050	1,402,447	1,497,332	1,518,859	1,457,236	1,572,855
11,880,667	12,426,927	13,510,255	14,205,256	14,116,709	15,897,122
2,908,638	3,051,951	3,428,499	4,232,947	5,933,547	5,738,631
4,961,442	5,099,553	5,208,004	5,297,241	4,748,908	4,738,640
13,388,679	15,040,013	15,859,165	16,899,064	16,802,131	17,947,984
834,612	607,087	797,543	804,264	940,443	1,041,192
1,575,697	1,515,175	1,254,830	1,343,428	1,335,556	1,380,499
3,788,183	3,620,914	3,424,233	3,303,659	3,071,552	2,814,222
\$ 44,617,682	\$ 46,743,032	\$ 48,769,571	\$ 51,651,822	\$ 52,099,917	\$ 54,633,401
\$ 5,703,220	\$ 5,720,201	\$ 5,558,380	\$ 5,386,681	\$ 5,864,572	\$ 5,422,786
\$ 50,320,902	\$ 52,463,233	\$ 54,327,951	\$ 57,038,503	\$ 57,964,489	\$ 60,056,187
\$ 1,858,195	\$ 1,963,237	\$ 1,279,401	\$ 1,388,237	\$ 2,203,555	\$ 2,276,453
282,212	285,233	-	-	240	125
183,155	168,470	855,923	941,548	862,024	566,257
5,863,274	5,969,693	6,976,522	7,516,459	7,043,657	7,802,807
607,776	78,074	215,241	-	-	-
\$ 8,794,612	\$ 8,464,707	\$ 9,327,087	\$ 9,846,244	\$ 10,109,476	\$ 10,645,642
\$ 2,920,869	\$ 2,633,815	\$ 2,482,265	\$ 2,636,964	\$ 2,764,671	\$ 2,652,442
349,083	350,877	350,877	256,922	352,383	20,600
1,170,762	1,326,260	979,279	937,671	637,770	712,903
\$ 4,440,714	\$ 4,310,952	\$ 3,812,421	\$ 3,831,557	\$ 3,754,824	\$ 3,385,945
\$ 13,235,326	\$ 12,775,659	\$ 13,139,508	\$ 13,677,801	\$ 13,864,300	\$ 14,031,587
\$ (35,823,070)	\$ (38,278,325)	\$ (39,442,484)	\$ (41,805,578)	\$ (41,990,441)	\$ (43,987,759)
(1,262,506)	(1,409,249)	(1,745,959)	(1,555,124)	(2,109,748)	(2,036,841)
\$ (37,085,576)	\$ (39,687,574)	\$ (41,188,443)	\$ (43,360,702)	\$ (44,100,189)	\$ (46,024,600)
\$ 34,297,569	\$ 34,439,462	\$ 33,404,396	\$ 35,811,884	\$ 36,870,630	\$ 37,932,539
1,779,229	1,990,779	1,997,309	2,294,305	2,233,473	2,855,615
4,195,865	4,041,865	4,318,766	4,417,068	4,528,215	4,376,012
2,371,897	2,371,897	2,371,897	2,371,897	2,371,897	2,371,897
693,511	1,378,963	740,820	656,676	847,473	900,507
123,245	127,026	151,871	98,309	101,537	125,934
1,077,555	693,240	719,206	805,922	1,064,576	976,506
(1,145,321)	(1,611,181)	(1,662,748)	(1,730,200)	(2,267,705)	(2,593,776)
\$ 43,393,550	\$ 43,432,051	\$ 42,041,517	\$ 44,725,861	\$ 45,750,096	\$ 46,945,234
\$ 926	\$ 2,244	\$ 12,553	\$ 23,287	\$ 36,461	\$ 25,668
71,867	188,018	197,665	255,114	328,443	329,242
1,145,321	1,611,181	1,662,748	1,730,200	2,267,705	2,593,776
\$ 1,218,114	\$ 1,801,443	\$ 1,872,966	\$ 2,008,601	\$ 2,632,609	\$ 2,948,686
\$ 44,611,664	\$ 45,233,494	\$ 43,914,483	\$ 46,734,462	\$ 48,382,705	\$ 49,893,920
\$ 7,570,480	\$ 5,153,726	\$ 2,599,033	\$ 2,920,283	\$ 3,759,655	\$ 2,957,475
(44,392)	392,194	127,007	453,477	522,861	911,845
\$ 7,526,088	\$ 5,545,920	\$ 2,726,040	\$ 3,373,760	\$ 4,282,516	\$ 3,869,320

COUNTY OF CAROLINE, VIRGINIA

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014
General Fund				
Restricted	\$ -	\$ 1,176,599	\$ 1,827,272	\$ 1,846,264
Committed	444,987	366,000	366,000	366,000
Assigned	-	7,420	421,395	1,420,225
Unassigned	9,107,120	11,597,688	10,901,101	14,297,822
Total General Fund	\$ 9,552,107	\$ 13,147,707	\$ 13,515,768	\$ 17,960,311
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	6,924,638	15,302,519	6,521,258	28,522,432
Committed	1,496,793	-	-	-
Assigned	518,586	577,240	619,386	209,073
Unassigned	-	(304)	(43,865)	(50,154)
Total all other governmental funds	\$ 8,940,017	\$ 15,879,455	\$ 7,096,779	\$ 28,681,351

Table 4

2015	2016	2017	2018	2019	2020
\$ 1,846,264	\$ 1,847,361	\$ 1,847,361	\$ 1,847,361	\$ 1,847,361	\$ 1,847,361
366,000	175,000	3,553,910	2,392,483	2,784,575	1,064,913
2,962,590	4,598,162	1,818,577	3,007,004	3,007,004	3,007,004
15,979,092	16,346,543	17,398,812	18,313,245	17,083,663	17,080,971
\$ 21,153,946	\$ 22,967,066	\$ 24,618,660	\$ 25,560,093	\$ 24,722,603	\$ 23,000,249
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,052
26,230,745	11,790,011	5,635,450	2,421,294	2,704,122	3,700,419
-	-	-	-	587,002	244,103
277,781	265,878	282,332	257,149	236,326	219,278
(127,250)	(139,160)	(420,770)	(322,446)	(219,758)	(92,256)
\$ 26,381,276	\$ 11,916,729	\$ 5,497,012	\$ 2,355,997	\$ 3,307,692	\$ 4,077,596

COUNTY OF CAROLINE, VIRGINIA

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

	2011	2012	2013	2014
Revenues				
General property taxes	\$ 26,749,352	\$ 28,661,523	\$ 29,981,769	\$ 31,936,888
Other local taxes	5,050,536	5,264,625	5,183,416	5,761,684
Permits, fees and regulatory licenses	343,737	311,443	480,770	529,470
Fines and forfeitures	599,320	702,704	463,215	560,756
Revenue from use of money/property	196,662	218,274	273,027	251,372
Charges for services	425,521	369,300	1,017,772	997,859
Other local revenue	1,770,522	1,404,880	1,114,255	1,228,772
Intergovernmental	9,196,070	9,691,832	9,280,763	10,262,274
Total revenues	\$ 44,331,720	\$ 46,624,581	\$ 47,794,987	\$ 51,529,075
Expenditures				
General government administration	\$ 2,942,718	\$ 2,742,445	\$ 2,974,843	\$ 3,151,105
Judicial administration	1,216,950	1,196,313	1,271,504	1,301,043
Public safety	11,072,836	11,147,753	11,311,969	12,382,980
Public works	2,837,204	2,822,731	2,661,656	2,713,043
Health and welfare	4,479,507	4,683,615	4,596,258	5,551,495
Education	11,000,000	11,096,989	11,055,989	11,748,926
Parks, recreation and cultural	616,506	655,308	662,455	678,432
Community development	1,181,333	1,299,804	1,343,020	1,381,345
Capital projects	2,600,429	2,009,291	10,279,612	9,597,593
Debt service:				
Principal retirement	1,897,834	2,459,712	4,779,582	4,399,722
Interest and fiscal charges	2,882,858	3,542,841	3,430,830	3,580,048
Total expenditures	\$ 42,728,175	\$ 43,656,802	\$ 54,367,718	\$ 56,485,732
Excess of revenues over(under) expenditures	\$ 1,603,545	\$ 2,967,779	\$ (6,572,731)	\$ (4,956,657)
Other Financing Sources (Uses):				
Transfers in	\$ 4,106,070	\$ 4,759,372	\$ 6,051,030	\$ 6,915,440
Transfers out	(4,106,070)	(5,839,014)	(10,681,261)	(7,733,736)
Issuance of debt	6,828,780	8,400,000	2,535,447	25,133,000
Premium in issuance of debt	-	114,912	119,060	-
Lease revenue and refunding bond issuance	-	-	-	-
Refunding bonds issued	-	-	-	8,487,000
Payment to refunded bond escrow agent	-	-	-	(8,390,000)
Issuance of capital leases	-	625,126	133,840	6,574,068
Total other financing sources (uses)	\$ 6,828,780	\$ 8,060,396	\$ (1,841,884)	\$ 30,985,772
Net change in fund balances	\$ 8,432,325	\$ 11,028,175	\$ (8,414,615)	\$ 26,029,115
Debt service as a percentage of noncapital expenditures	11.9%	14.4%	18.6%	17.0%

Table 5

2015		2016		2017		2018		2019		2020	
\$	34,435,880	\$	34,510,102	\$	35,056,977	\$	35,894,593	\$	36,402,347	\$	37,544,110
	5,975,094		6,032,644		6,316,075		6,711,373		6,761,688		7,231,627
	392,539		502,416		417,770		468,716		527,310		507,986
	522,562		484,591		522,735		586,242		521,650		318,804
	255,286		284,644		348,824		484,436		698,912		488,630
	1,092,983		1,129,021		1,194,819		1,274,827		2,016,859		2,016,045
	619,896		778,426		858,606		774,577		5,426,062		1,212,664
	10,057,363		9,856,735		10,304,480		10,545,032		10,263,027		11,075,211
\$	53,351,603	\$	53,578,579	\$	55,020,286	\$	56,739,796	\$	62,617,855	\$	60,395,077
\$	3,391,184	\$	3,424,540	\$	3,265,212	\$	3,553,879	\$	3,566,141	\$	3,914,599
	1,330,592		1,324,354		1,309,884		1,372,101		1,373,148		1,423,333
	11,801,540		11,958,767		12,545,663		13,731,491		18,621,696		16,101,889
	2,801,214		3,034,572		3,263,001		3,428,930		3,741,639		4,117,106
	5,068,757		5,140,027		5,206,983		5,299,278		5,074,095		4,909,150
	11,986,533		12,211,095		13,513,761		14,479,789		14,652,485		15,933,105
	676,680		677,341		807,428		758,817		890,567		951,445
	1,435,597		1,396,369		1,458,096		1,564,618		1,705,736		1,746,093
	2,958,062		16,036,771		11,595,557		5,310,476		4,874,535		3,197,943
	5,794,072		6,479,052		6,284,425		27,497,973		5,948,502		9,520,249
	4,068,491		3,798,912		3,625,400		3,690,464		2,922,877		3,184,101
\$	51,312,722	\$	65,481,800	\$	62,875,410	\$	80,687,816	\$	63,371,421	\$	64,999,013
\$	2,038,881	\$	(11,903,221)	\$	(7,855,124)	\$	(23,948,020)	\$	(753,566)	\$	(4,603,936)
\$	9,155,668	\$	9,529,968	\$	8,430,878	\$	7,641,400	\$	9,003,235	\$	9,322,149
	(10,300,989)		(11,141,149)		(10,093,626)		(9,371,600)		(11,270,940)		(11,915,924)
	-		-		10,416,169		-		-		-
	-		-		-		1,790,388		92,476		600,259
	-		5,328,275		-		-		-		-
	-		-		-		20,120,000		555,000		3,525,000
	-		(4,465,300)		(7,175,000)		-		(585,000)		-
	-		-		1,508,580		1,568,250		3,073,000		2,120,000
\$	(1,145,321)	\$	(748,206)	\$	3,087,001	\$	21,748,438	\$	867,771	\$	3,651,484
\$	893,560	\$	(12,651,427)	\$	(4,768,123)	\$	(2,199,582)	\$	114,205	\$	(952,452)
20.4%		20.8%		19.3%		41.4%		15.2%		20.6%	

Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years

Fiscal Year Ended	Property (1)	Local Sales And Use	Business License	Motor Vehicle Licenses	Recordation and Wills	Other	Total
2011	\$ 26,013,620	\$ 1,540,189	\$ 905,568	\$ 667,779	\$ 217,128	\$ 881,244	\$ 30,225,528
2012	27,892,748	1,527,122	969,103	823,632	214,204	905,990	32,332,799
2013	29,247,485	1,521,998	1,065,597	596,577	330,602	875,773	33,638,032
2014	31,121,030	1,672,694	1,080,256	951,114	241,404	964,162	36,030,660
2015	33,554,227	1,779,229	998,994	1,038,375	229,367	1,929,129	39,529,321
2016	33,649,865	1,990,779	793,703	1,031,986	262,702	1,953,474	39,682,509
2017	34,180,894	1,997,309	850,591	1,067,923	337,059	2,063,193	40,496,969
2018	34,964,963	2,294,305	858,769	1,106,599	289,021	2,162,679	41,676,336
2019	35,484,094	2,233,473	905,098	1,155,454	296,994	2,170,669	42,245,782
2020	36,564,825	2,855,615	890,641	1,050,059	379,097	2,056,215	43,796,452

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections

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

Fiscal Year	Real Estate (1)	Personal Property (3)	Machinery and Tools	Public Utility (2)	Total Taxable Assessed Value
2011	\$ 2,438,863,853	\$ 150,301,120	\$ 7,303,910	\$ 434,199,114	\$ 3,030,667,997
2012	2,675,828,900	316,976,453	7,034,730	436,895,835	3,436,735,918
2013	2,690,621,100	254,081,388	7,045,530	447,027,197	3,398,775,215
2014	2,721,992,100	277,283,818	7,742,330	444,342,422	3,451,360,670
2015	2,739,975,000	282,284,550	7,383,110	457,707,814	3,487,350,474
2016	2,790,067,200	294,097,398	7,842,570	454,694,067	3,546,701,235
2017	3,209,399,962	303,805,730	7,962,840	450,539,996	3,971,708,528
2018	2,834,220,800	321,700,510	7,807,340	430,354,563	3,594,083,213
2019	2,853,736,200	339,639,631	7,735,500	418,038,530	3,619,149,861
2020	2,885,004,900	344,485,897	7,984,910	410,095,645	3,647,571,352

(1) Assessed at 100% of market value using an assessed value to sales price factor computed annually by the State Department of Taxation.

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

(3) Vehicles assessed at 50% of market value beginning in 2009, assessed at 100% market value in 2012 and 100% trade-in value for 2013 and beyond.

Direct Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property (1)(2)	Machinery and Tools	Public Service Corporations	
				Real Estate	Personal Property
2011	\$ 0.68	\$ 6.25	\$ 3.50	\$ 0.07	\$ 6.25
2012	0.72	3.50	3.50	0.72	3.50
2013	0.72	3.80	3.50	0.72	3.80
2014	0.83	3.80	3.50	0.83	3.80
2015	0.83	3.80	3.50	0.83	3.80
2016	0.82	3.80	3.50	0.82	3.80
2017	0.83	3.80	3.50	0.83	3.80
2018	0.83	3.80	3.50	0.83	3.80
2019	0.83	3.80	3.50	0.83	3.80
2020	0.83	3.80	3.50	0.83	3.80

(1) Assessed value for vehicles increased to 100% of market value in 2012.

(2) Assessed value for vehicles changed to 100% trade-in value in 2013.

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer/Type of Business	2020			2011		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Dominion Virginia Power/Electric Utility	\$ 260,504,720	1	5.93%	\$ 282,125,743	1	8.69%
Rappahannock Electric Cooperative/Electric Utility	63,154,736	2	1.65%	64,291,488	2	1.98%
McKesson Corporation/Pharmaceutical Distributor	29,013,450	3	1.54%			
Virginia Natural Gas, Inc./Gas Utility	23,223,033	4	0.53%	17,515,198	4	0.54%
CSX Transportation/Railroad	21,953,693	5	0.50%			
PFJ Southeast LLC	18,452,020	6	0.56%			
Carmel Church Properties/Bank	15,736,800	7	0.36%	15,736,800	6	0.48%
Commonwealth Fairs & Events LLC	15,122,100	8	0.35%			
Exeter 11266 Enterprises LLC (Value City)	13,908,600	9	0.32%			
Pendleton Land development LLC & Pendleton Land Company LLC	10,578,805	10	0.24%			
Verizon South\Telephone Utility				18,704,143	3	0.58%
Richmond, Fredericksburg and Potomac Railroad\Railroad				17,498,832	5	0.54%
JLB Ruther Glen LLC\Furniture Distribution				13,908,500	7	0.43%
Atlantic Rural Exposition & State Fair\Public Entertainment				13,163,675	8	0.41%
Highway Service Ventures Inc.\Highway Service Commercial				10,632,550	9	0.33%
NNP IV-Ladysmith\Property Development				10,493,700	10	0.32%
Totals	\$ 471,647,957		11.96%	\$ 464,070,629		14.30%

Source:
Caroline County Commissioner of The Revenue

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year (1,3)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes (1,2)	Percentage of Delinquent Taxes to Tax Levy
		Amount (1,3)	Percentage of Levy		Amount	Percentage of Levy		
2011	\$ 28,430,141	\$ 27,337,561	96.16%	\$ 1,047,956	\$ 28,385,517	99.84%	\$ 3,659,723	12.87%
2012	30,790,303	29,222,222	94.91%	955,058	30,177,280	98.01%	4,021,078	13.06%
2013	31,992,621	30,609,324	95.68%	963,110	31,572,434	98.69%	4,478,787	14.00%
2014	33,707,074	31,483,184	93.40%	1,132,536	32,615,720	96.76%	4,799,184	14.24%
2015	36,315,452	34,636,181	95.38%	1,016,627	35,652,808	98.18%	4,677,178	12.88%
2016	36,339,139	34,852,070	95.91%	995,043	35,847,113	98.65%	4,729,311	13.01%
2017	36,999,802	35,374,665	95.61%	992,230	36,366,895	98.29%	4,909,900	13.27%
2018	37,602,914	35,994,290	95.72%	1,073,343	37,067,633	98.58%	4,999,558	13.30%
2019	38,195,184	36,480,464	95.51%	991,077	37,471,541	98.11%	5,313,939	13.91%
2020	39,138,496	37,227,216	95.12%	1,338,987	38,566,203	98.54%	5,526,405	14.12%

Source:
Caroline County Treasurer

Notes:

- (1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.
- (2) Includes three most current delinquent tax years and first half of current year.
- (3) Does not include land redemptions.

Ratios of Gross General Bonded Debt to Assessed Value
and Gross Bonded Debt per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (1)	Gross Bonded Debt (2)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2011	28,545	\$ 3,030,667,997	\$ 64,946,686	2.14%	\$ 2,275
2012	28,972	3,436,735,918	70,082,850	2.04%	2,419
2013	29,298	3,398,775,215	68,185,970	2.01%	2,327
2014	29,481	3,451,360,670	89,289,968	2.59%	3,029
2015	29,727	3,487,350,474	84,171,514	2.41%	2,831
2016	29,792	3,546,701,235	79,630,525	2.25%	2,673
2017	30,178	3,971,708,528	77,413,509	1.95%	2,565
2018	30,292	3,594,083,213	71,088,302	1.98%	2,347
2019	30,318	3,619,149,861	66,145,524	1.83%	2,182
2020	30,318	3,647,571,352	61,309,469	1.68%	2,022

(1) See table 7 for property value data

(2) Includes all long -term general obligation bonded debt, bond anticipation notes, lease revenue bonds and literary loans. Excludes revenue bonds, landfill closure/post-closure care liability, pension liability, OPEB liability, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (in 000s)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment- September 30 Membership</u>	<u>(4) Unemployment Rate</u>
2011	28,545	\$ 989,854	\$ 34,574	4,257	7.7%
2012	28,972	1,086,741	37,510	4,317	6.7%
2013	29,298	1,110,966	37,920	4,340	6.9%
2014	29,481	1,119,643	37,978	4,386	5.9%
2015	29,727	1,140,455	38,035	4,357	5.5%
2016	29,792	N/A	N/A	4,330	4.2%
2017	30,178	N/A	N/A	4,299	4.3%
2018	30,292	N/A	N/A	4,076	3.6%
2019	30,318	N/A	N/A	4,214	3.6%
2020	30,318	N/A	N/A	4,131	8.8%

Sources:

- (1) Estimated by Weldon Cooper Center for Public Service, University of Virginia, on a calendar basis for all years.
 - (2) US Department of Commerce, Bureau of Economic Analysis
 - (3) Virginia Department of Education as of September 30 each year
 - (4) Virginia Employment Commission fiscal year-end
- N/A - Information unavailable at fiscal year-end

Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
County Administrator	3	3	4	4	4	4	4	4	4	4
Finance	4	4	3	3	3	3	3	3	3	3
Information Technology			1	1	1	1	1	1	2	2
Emergency Services	26	26	30	30	30	30	33	40	48	48
Public Works	13	13	13	13	13	14	16	17	17	17
Social Services	29	29	29	29	29	31	31	32	34	34
Recreation	3	3	3	3	3	3	3	3	3	3
Library	-	-	-	-	-	-	-	4	4	4
Planning and Community Development	10	10	10	10	10	10	10	11	11	11
Economic Development	2	2	2	2	2	2	2	2	2	2
Utilities	15	15	15	15	15	16	16	17	17	17
Constitutional Officers:										
Commissioner of the Revenue	11	12	13	13	13	13	13	13	13	13
Treasurer	7	7	8	8	8	8	8	8	9	9
Clerk of the Circuit Court	8	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	5	5	5	5	5	5	5	5	5	5
Sheriff:										
Sworn	52	52	52	52	52	52	52	52	53	54
Non sworn	19	19	19	19	19	19	20	20	22	22
Total full time employees	207	208	215	215	215	219	225	240	255	256

Source: Caroline County Budgets

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COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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 Caroline
Caroline, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise County of Caroline, Virginia's basic financial statements and have issued our report thereon dated November 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Caroline, 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 Caroline, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Caroline, 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 Caroline, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

County of Caroline, Virginia's Response to Finding

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 27, 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 Caroline
Caroline, Virginia**

Report on Compliance for Each Major Federal Program

We have audited County of Caroline, 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 County of Caroline, Virginia's major federal programs for the year ended June 30, 2020. County of Caroline, 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 the 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 County of Caroline, 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 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 County of Caroline, 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 County of Caroline, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Caroline, 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 County of Caroline, 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 County of Caroline, 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 County of Caroline, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 27, 2020

COUNTY OF CAROLINE, VIRGINIA

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	10119/10120/ 040119/040120	\$ 375,603
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Education:			
Summer Food Service Program for Children	10.559	17901	\$ 21,972
COVID-19 - Summer Food Service Program for Children	10.559	17,901	213,449
Sub-total CFDA 10.559			<u>\$ 235,421</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	265,953
COVID-19 - School Breakfast Program	10.553	17901-40591	17,828
Sub-total CFDA 10.553			<u>\$ 283,781</u>
National School Lunch Program	10.555	17901-40623	705,376
COVID-19 - National School Lunch program	10.555	17901-40623	46,352
Department of Agriculture:			
Food Distribution - School Nutrition Program	10.555	17901-45707	192,385
Sub-total CFDA 10.555			<u>\$ 944,113</u>
Child Nutrition Cluster			<u>\$ 1,463,315</u>
Total Department of Agriculture			<u>\$ 1,838,918</u>
Department of Homeland Security:			
Direct Payments:			
Assistance to Firefighters Grant	97.044	N/A	\$ 904,586
Pass Through Payments:			
Emergency Management Performance Grants	97.042	77501-114363	12,116
Total Department of Homeland Security			<u>\$ 916,702</u>
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 8,428
Equitable Sharing Program	16.922	N/A	10,989
Pass Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	39001-102200	99,127
Violence Against Women Formula Grants	16.588	39001-99001	27,889
Total Department of Justice			<u>\$ 146,433</u>
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families	93.556	950118/950119	\$ 15,656
Temporary Assistance for Needy Families Program	93.558	400119/400120	211,136
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	500120	396
Low-Income Home Energy Assistance	93.568	600419/600420	41,308
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	760119/760120	40,241
Adoption and Legal Guardianship Incentive Payments	93.603	1130117	691
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118/900119	401
Foster Care - Title IV-E	93.658	1100119/1100120	228,441
Adoption Assistance	93.659	1120119/1120120	196,641
Social Services Block Grant	93.667	1000119/1000120	168,793

COUNTY OF CAROLINE, VIRGINIA

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identifying Pass-through Number	Federal Expenditures
Department of Health and Human Services: (Continued)			
Pass Through Payments: (Continued)			
Virginia Department of Social Services: (Continued)			
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118/9150119	3,896
Children's Health Insurance Program	93.767	540119/540120	6,089
Medical Assistance Program (Medicaid Cluster)	93.778	1200119/1200120	387,058
Total Department of Health and Human Services			<u>\$ 1,300,747</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	179001-39922	\$ 907,294
Career and Technical Education - Basic Grants to States	84.048	179001-61095	73,571
Supporting Effective Instruction State Grants	84.367	179001-61480	33,622
English Language Acquisition State Grants	84.365	179001	5,166
Student Support and Academic Enrichment Program	84.424	S424A170048	45,994
State Improvement Grants	84.377	179001-42327	228,908
Special Education Cluster:			
Special Education - Preschool Grants	84.173	179001-62521	\$ 18,875
Special Education - Grants to States	84.027	179001-45170	872,001
Special Education Cluster			<u>890,876</u>
Total Department of Education			<u>\$ 2,185,431</u>
Department of Defense:			
Direct Payments:			
ROTC Instruction	12.U01	N/A	\$ 63,229
Total Department of Defense			<u>\$ 63,229</u>
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	60507-59165	\$ 4,333
National Priority Safety Programs (Highway Safety Cluster)	20.616	60507-50271	26,527
Total Department of Transportation			<u>\$ 30,860</u>
Department of the Treasury:			
Pass Through Payments:			
Department of Accounts:			
COVID-19 - Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 229,701
Total Department of the Treasury			<u>\$ 229,701</u>
Total Expenditures of Federal Awards			<u>\$ 6,712,021</u>

See the accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CAROLINE, 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 Caroline, 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Caroline, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Caroline, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported 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

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - 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	\$	180,216
Less: Payment in lieu of taxes		(1,795)
Special Revenue Funds:		
Virginia Public Assistance Fund		1,654,665
CSA Fund		21,684
Fire/Rescue Grant Fund		904,586
CARES Act Fund		229,701
Confiscated Asset Fund		10,989
Debt Service Fund:		
Debt Service Fund		324,466
Less: BaBs federal interest rate subsidy and other federal credits		(324,466)
Total primary government	\$	<u>3,000,046</u>

Component Unit - School Board:

School Operating Fund	\$	1,027,676
School Cafeteria Fund		1,463,315
School Grant Fund		1,220,984
Total component unit school board	\$	<u>3,711,975</u>
Total federal expenditures per basic financial statements	\$	<u>6,712,021</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>6,712,021</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

COUNTY OF CAROLINE, 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:

a. Material weakness(es) identified?

_____ yes ✓ no

b. Significant deficiency(ies) identified?

_____ yes ✓ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ no

Federal Awards

Internal control over major programs

a. Material weakness(es) identified?

_____ yes ✓ no

b. Significant deficiency(ies) identified?

_____ yes ✓ 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)?

_____ yes ✓ no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010
10.553/10.555/10.559
97.044
93.778

Title I Grants to Local Educational Agencies
Child Nutrition Cluster
Assistance to Firefighters Grant
Medical Assistance Program (Medicaid Cluster)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes ✓ no

COUNTY OF CAROLINE, VIRGINIA

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

Section II-Financial Statement Finding

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Commonwealth of Virginia Findings and Questioned Costs

Finding 2020-001:

Criteria:

Section 2.2-3115 of the *Code of Virginia* requires members of every governing body and school board of each county and city and of towns with population in excess of 3,500, as a condition of assuming office or employment, complete a disclosure statement of their personal interest and other information as required.

Condition:

We noted one School Board member did not complete a disclosure statement prior to assuming office.

Effect of Condition:

The School Board violated Section 2.2-3115 of the *Code of Virginia*.

Cause of Condition:

Internal policy states disclosure statements are to be completed prior to February 1st of each year. The policy is silent to completion of disclosure statements as a condition of assuming office.

Recommendation:

The School Board should update policy to be in compliance with Section 2.2-3115 of the *Code of Virginia*.

Management's Recommendation:

The School Board office is considering corrective action for FY21 to include policy updates.

COUNTY OF CAROLINE, VIRGINIA

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

Findings - Financial Statement Audit:
2019-001:

Condition:

We noted errors which required adjustments to current financial statements, indicating a material weakness in controls over financial reporting.

Recommendation:

The County should implement steps to improve its financial reporting process.

Current Status:

Planned corrective action completed and noted.