

COUNTY OF HALIFAX, VIRGINIA



FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF HALIFAX, VIRGINIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF HALIFAX, VIRGINIA
JUNE 30, 2019

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OTHER OFFICIALS

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

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Cathy M. Cosby
Darrel W. Puckett
Nora J. Miller
Tracy Q. Martin
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Fred S. Clark
Mark Y. Lineburg
Kathy Andrews
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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2019, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 101-102, and 103-118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Halifax, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Matters: (Continued)

Supplementary and Other Information: (Continued)

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

The other statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the County of Halifax, 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 Halifax, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Halifax, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 22, 2019

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County of Halifax, Virginia Management's Discussion and Analysis

As management of the County of Halifax (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources position of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$39.52 million (*net position*). Of this amount, approximately \$25.87 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$8.22 million in fiscal year 2019 in comparison to an increase of \$2.73 million in fiscal year 2018.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38.82 million, a decrease of \$792,310. Thirty-one percent, or \$12.12 million of this amount, is *available for spending* at the County's discretion (*unassigned fund balance*). Details of the decrease in fund balance is described under the Financial Analysis of the County's Funds.
- At the end of the current fiscal year, fund balance for the General Fund was approximately \$27.09 million, or 57% of total governmental fund expenditures (including transfer to Virginia Public Assistance fund) less capital projects.
- The County's total governmental activities debt decreased \$4.73 million during the current fiscal year including routine payment of principal, recognizing the change in net pension liability, OPEB liabilities and compensated absences.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 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 the readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in 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).

Overview of the Financial Statements (Continued)

Government-wide financial statements: (Continued)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school board and a legally separate industrial development authority for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 10 through 12 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 on *balances of spendable resources* available at the end of the fiscal year. Such information may 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 County'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*.

The County maintains five 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 Virginia Public Assistance Fund and the Capital Projects fund, all of which are considered to be major funds. Data from the other County 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.

The County adopts an annual appropriated budget for its General Fund, Virginia Public Assistance fund, Capital Projects fund, State and Federal Grants fund, William M. Tuck Airport fund. Budgetary comparison statements have been provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 17 of this report.

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. The notes to the financial statements can be found on pages 18 through 100 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the General Fund and the Virginia Public Assistance Fund. Required supplementary information can be found on pages 110 through 127 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 119 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows by \$39.52 million at the close of the most recent fiscal year. A large portion of the County's net position (\$13.54 million, 34% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the County's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the County's Statement of Net Position:

**Comparative Summary of Net Position
As of June 30, 2019 and 2018**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 64,347,356	\$ 60,723,855
Capital assets	52,768,498	49,389,394
Subtotal assets	\$ 117,115,854	\$ 110,113,249
Deferred outflows of resources	\$ 616,790	\$ 611,877
Total assets and deferred outflows of resources	\$ 117,732,644	\$ 110,725,126
Long-term liabilities outstanding	\$ 54,239,603	\$ 58,972,493
Current liabilities	4,156,555	1,045,723
Subtotal liabilities	58,396,158	60,018,216
Deferred inflows of resources	\$ 19,820,167	\$ 19,408,936
Total liabilities and deferred inflows of resources	\$ 78,216,325	\$ 79,427,152
Net position:		
Net investment in capital assets	\$ 13,540,170	\$ 9,973,358
Restricted	103,079	107,036
Unrestricted	25,873,070	21,217,580
Total net position	\$ 39,516,319	\$ 31,297,974

At the end of the current fiscal year, the County is able to report positive balances in all categories of net position.

Government-Wide Financial Analysis: (Continued)

As noted previously, the County's total net position increased by \$8.22 million during the current fiscal year.

The following table summarizes the County's Statement of Activities:

**Comparative Statement of Changes in Net Position
As of June 30, 2019 and 2018**

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 653,509	\$ 712,528
Operating grants and contributions	10,708,422	9,579,646
Capital grants and contributions	2,039,401	98,609
General revenues:		
Property taxes	28,674,243	28,200,822
Other taxes	7,541,735	6,686,235
Unrestricted revenues	695,322	637,656
Miscellaneous	496,019	649,995
Grants and contributions not restricted to specific programs	2,699,565	2,783,539
Total revenues	\$ 53,508,216	\$ 49,349,030
Expenses:		
General governmental administration	\$ 2,487,574	\$ 2,404,121
Judicial administration	1,923,476	1,814,319
Public safety	9,625,493	9,147,202
Public works	3,952,621	3,928,409
Health and welfare	7,542,410	7,072,573
Parks, recreation, and cultural	426,953	416,412
Community development	906,153	1,196,735
Interest on long-term debt	1,636,618	1,880,020
Education	16,788,573	18,762,954
Total expenses	\$ 45,289,871	\$ 46,622,745
Increase (decrease) in net position	\$ 8,218,345	\$ 2,726,285
Net position - beginning of year	31,297,974	28,571,689
Net position - end of year	\$ 39,516,319	\$ 31,297,974

Generally, net position changes are the difference between revenues and expenses. Key elements of this decrease are as follows:

- General property taxes, excluding the payments received from the State as reimbursement under the State's personal property tax relief program, were \$28.67 million, which represents an increase of approximately \$470,000 or 2%.
- Other local taxes increased \$855,500 largely due to an increase in local sales tax and the solid waste disposal fee.
- Miscellaneous income decreased approximately \$154,000 resulting from a one-time return of funds previously paid to SRPSA in the prior fiscal year.
- Expenses of the governmental activities were approximately \$1.33 million less than fiscal year 2018. The largest decrease was reported in the education category resulting from a decreased transfer from the Primary Government to the Component Unit School Board.

Financial Analysis of the County's Funds

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

Governmental funds: The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$38.82 million, a decrease of \$792,310 over the prior year. The general fund, the County's main operating fund, increased approximately \$3.69 million. The capital projects fund reported a decrease of approximately \$4.54 million.

The General Fund is the chief operating fund of the County. The increase in the General Fund is attributable to an increase in overall revenues (property taxes and other local taxes) and a decrease in overall expenditure over the prior year. At the end of the current fiscal year, total fund balance of the General Fund was \$27.09 million. The unassigned fund balance is \$12.12 million, nonspendable amounts total \$25,462, restricted amounts total \$103,079, committed amounts total \$457,463, and assigned amounts represent \$14,.38 million. As a measure of the General Fund's liquidity, the fund balance represents 57% of general government expenditures, excluding capital outlay.

The County Capital Improvements Fund accounts for all major general public improvements, excluding capital projects related to education, which are accounted for elsewhere. At the end of the fiscal year, the fund balance was \$10.85 million, which largely represented unexpended debt proceeds and other accumulated funds to be used for capital projects. The County issued the 2016C Lease Revenue Bonds to fund the courthouse and related construction projects in a prior fiscal year. As of June 30, 2019 the County reported unexpended bond proceeds as restricted cash of approximately \$11.0 million. The unexpended proceeds are reported as restricted fund balance. The County expended approximately \$5.74 million on capital projects during the fiscal year, with the majority of the amount expended financed using the previously issued 2016C Lease Revenue Bonds.

Nonmajor special revenue funds included the Airport Fund and the State and Federal Grants Fund. Both funds accounted for the total reported as committed special revenue funds in the amount of \$886,407. In fiscal year 2019 the County started an airport runway renovation capital project. The project is funded by state and Federal grants. The County expended approximately \$2.21 million towards the project and received grant funds of approximately the same.

General Fund Budgetary Highlights

There was an increase of \$588,304 between the original budget and the final amended budget expenditures excluding transfers out to other funds. However, actual expenditures were less than the amended budget by \$2.47 million, excluding transfers out. Actual revenues were more than the budgeted amounts by \$1.0 million.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$52.77 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as construction in progress.

Major capital asset events for the Primary Government during the current fiscal year included the following:

- Courthouse renovation and related projects
- Airport improvements - runway renovation

Capital Asset and Debt Administration: (Continued)

Capital assets, net of accumulated depreciation, are illustrated in the following table:

	Governmental Activities	Total
Land	\$ 5,075,550	\$ 5,075,550
Buildings and systems	36,057,946	36,057,946
Machinery & Equipment	865,062	865,062
Contruction in progress	10,769,940	10,769,940
Total	<u>\$ 52,768,498</u>	<u>\$ 52,768,498</u>

Additional information on the County's capital assets can be found in note 7 on pages 34 through 35 of this report.

Long-term obligations: At the end of the current fiscal year, the County had total outstanding obligations of \$56.29 million excluding premium on bond issuance. Details are summarized in the following table:

	Governmental Activities	Total
Bonds Payable:		
General obligation bonds	\$ 28,147,671	\$ 28,147,671
Revenue bonds	16,486,000	16,486,000
Literary loans	2,333,461	2,333,461
Landfill Closure/Postclosure	1,718,651	1,718,651
Net pension liability	604,881	604,881
Note payable	454,570	454,570
Net OPEB liabilities	1,232,354	1,232,354
Compensated absences	888,980	888,980
Total	<u>\$ 51,866,568</u>	<u>\$ 51,866,568</u>

The County's total governmental activities debt decreased by \$4.73 million during the current fiscal year after the payment of principal, recognizing the change in net pension liability, change in net OPEB liabilities and compensated absences. As previously stated, the County implemented GASB Statement Number 75 whereby the beginning balance of the net OPEB liabilities was restated.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County as of September 2019 was 3.6%. The State's average unemployment rate was 2.5% and the national average rate was 3.3%.
- One of the greatest economic impacts to the County currently is the uncertainty of how the State allocations to local governments will be adjusted due to State budgetary issues being addressed by the State.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, County of Halifax, 1030 Cowford Road, P.O. Box 699, Halifax, VA 24558.

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2019

	Primary Government	Component Units		
	Governmental Activities	School Board	Industrial Development Authority	Regional Library
ASSETS				
Cash and cash equivalents	\$ 24,589,600	\$ 3,944,937	\$ 2,998,595	\$ 19,813
Receivables (net of allowance for uncollectibles):				
Taxes receivable	20,921,401	-	-	-
Accounts receivable	256,337	-	6,720	-
Notes receivable	-	-	-	-
Due from component unit	2,579,074	-	-	-
Due from other governmental units	4,863,764	1,901,165	250,794	-
Prepaid items	25,462	530,889	-	-
Property held for resale	-	-	2,553,096	-
Restricted assets:				
Cash and cash equivalents	11,111,718	-	-	-
Capital assets (net of accumulated depreciation):				
Land	5,075,550	130,523	1,328,342	-
Buildings and systems	36,057,946	27,720,168	30,119,083	-
Machinery and equipment	865,062	2,260,562	724,380	-
Construction in progress	10,769,940	225,000	130,249	-
Total assets	<u>\$ 117,115,854</u>	<u>\$ 36,713,244</u>	<u>\$ 38,111,259</u>	<u>\$ 19,813</u>
DEFERRED OUTLOWS OF RESOURCES				
Items related to pension	\$ 540,401	\$ 5,065,839	\$ 16,815	\$ 10,306
Items related to OPEB	76,389	607,163	4,400	-
Total deferred inflows of resources	<u>\$ 616,790</u>	<u>\$ 5,673,002</u>	<u>\$ 21,215</u>	<u>\$ 10,306</u>
LIABILITIES				
Accounts payable	\$ 3,368,822	\$ 74,075	\$ 105,564	\$ -
Accrued liabilities	-	2,838,719	-	-
Accrued interest payable	787,733	20,202	-	-
Unearned revenue	-	-	-	-
Due to primary government	-	2,329,674	249,400	-
Long-term liabilities:				
Due within one year	4,796,671	267,633	501,609	-
Due in more than one year	49,442,932	50,403,783	7,979,909	17,518
Total liabilities	<u>\$ 58,396,158</u>	<u>\$ 55,934,086</u>	<u>\$ 8,836,482</u>	<u>\$ 17,518</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 19,166,357	\$ -	\$ -	\$ -
Items related to pension	515,151	8,049,980	16,030	9,825
Items related to OPEB	138,659	1,420,545	4,036	3,800
Total deferred inflows of resources	<u>\$ 19,820,167</u>	<u>\$ 9,470,525</u>	<u>\$ 20,066</u>	<u>\$ 13,625</u>
NET POSITION				
Net investment in capital assets	\$ 13,540,170	\$ 28,937,822	\$ 23,882,967	\$ -
Restricted:				
Public safety	103,079	-	-	-
Unrestricted	25,873,070	(51,956,187)	5,392,959	(1,024)
Total net position	<u>\$ 39,516,319</u>	<u>\$ (23,018,365)</u>	<u>\$ 29,275,926</u>	<u>\$ (1,024)</u>

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

COUNTY OF HALIFAX, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,487,574	\$ -	\$ 311,346	\$ -
Judicial administration	1,923,476	50,707	949,151	-
Public safety	9,625,493	265,975	2,893,589	-
Public works	3,952,621	317,594	17,470	-
Health and welfare	7,542,410	-	6,269,882	-
Education	16,788,573	-	-	-
Parks, recreation, and cultural	426,953	8,184	4,500	-
Community development	906,153	11,049	262,484	2,039,401
Interest on long-term debt	1,636,618	-	-	-
Total governmental activities	<u>\$ 45,289,871</u>	<u>\$ 653,509</u>	<u>\$ 10,708,422</u>	<u>\$ 2,039,401</u>
Total primary government	<u>\$ 45,289,871</u>	<u>\$ 653,509</u>	<u>\$ 10,708,422</u>	<u>\$ 2,039,401</u>
COMPONENT UNITS:				
School Board	\$ 55,464,561	\$ 845,952	\$ 42,899,318	\$ -
Industrial Development Authority	3,615,881	1,908,724	-	435,154
Regional Library	463,258	31,712	214,539	-
Total component units	<u>\$ 59,543,700</u>	<u>\$ 2,786,388</u>	<u>\$ 43,113,857</u>	<u>\$ 435,154</u>
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use tax				
Consumers utility taxes				
Motor vehicle licenses				
Solid waste disposal fee				
Other local taxes				
Unrestricted revenues from use of money and property				
Payments from Halifax County				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Total general revenues				
Change in net position				
Net position - beginning				
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 Governmental Activities	Component Units			
	School Board	Industrial Development Authority	Regional Library	
\$ (2,176,228)	\$ -	\$ -	\$ -	
(923,618)	-	-	-	
(6,465,929)	-	-	-	
(3,617,557)	-	-	-	
(1,272,528)	-	-	-	
(16,788,573)	-	-	-	
(414,269)	-	-	-	
1,406,781	-	-	-	
(1,636,618)	-	-	-	
<u>\$ (31,888,539)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>\$ (31,888,539)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ (11,719,291)	\$ -	\$ -	
-	-	(1,272,003)	-	
-	-	-	(217,007)	
<u>\$ -</u>	<u>\$ (11,719,291)</u>	<u>\$ (1,272,003)</u>	<u>\$ (217,007)</u>	
\$ 28,674,243	\$ -	\$ -	\$ -	
3,254,495	-	-	-	
971,581	-	-	-	
1,148,063	-	-	-	
922,772	-	-	-	
1,244,824	-	-	-	
695,322	481	13,137	-	
-	16,692,254	360,446	200,000	
496,019	22,254	10,593	44,449	
2,699,565	-	-	-	
<u>\$ 40,106,884</u>	<u>\$ 16,714,989</u>	<u>\$ 384,176</u>	<u>\$ 244,449</u>	
<u>\$ 8,218,345</u>	<u>\$ 4,995,698</u>	<u>\$ (887,827)</u>	<u>\$ 27,442</u>	
31,297,974	(28,014,063)	30,163,753	(28,466)	
<u>\$ 39,516,319</u>	<u>\$ (23,018,365)</u>	<u>\$ 29,275,926</u>	<u>\$ (1,024)</u>	

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Fund Financial Statements

Balance Sheet

Governmental Funds

June 30, 2019

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 22,916,507	\$ 51,412	\$ 735,808	\$ 885,873	\$ 24,589,600
Receivables (net of allowance for uncollectibles):					
Taxes receivable	20,921,401	-	-	-	20,921,401
Accounts receivable	256,337	-	-	-	256,337
Due from other funds	1,575,724	-	-	4,261	1,579,985
Due from component units	2,579,074	-	-	-	2,579,074
Due from other governmental units	1,117,148	1,524,312	-	2,222,304	4,863,764
Prepaid items	25,462	-	-	-	25,462
Restricted assets:					
Cash and cash equivalents	107,340	-	11,004,378	-	11,111,718
Total assets	<u>\$ 49,498,993</u>	<u>\$ 1,575,724</u>	<u>\$ 11,740,186</u>	<u>\$ 3,112,438</u>	<u>\$ 65,927,341</u>
LIABILITIES					
Accounts payable	\$ 250,252	\$ -	\$ 892,539	\$ 2,226,031	\$ 3,368,822
Due to other funds	4,261	1,575,724	-	-	1,579,985
Total liabilities	<u>\$ 254,513</u>	<u>\$ 1,575,724</u>	<u>\$ 892,539</u>	<u>\$ 2,226,031</u>	<u>\$ 4,948,807</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 22,156,435	\$ -	\$ -	\$ -	\$ 22,156,435
Total deferred inflows of resources	<u>\$ 22,156,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,156,435</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	\$ 25,462	\$ -	\$ -	\$ -	\$ 25,462
Restricted:					
Public safety	103,079	-	-	-	103,079
Capital projects	-	-	10,111,839	-	10,111,839
Committed:					
Future projects/grant matching	-	-	-	443,296	443,296
Airport operations	-	-	-	443,111	443,111
E-911 operations	145,459	-	-	-	145,459
Courthouse maintenance	249,901	-	-	-	249,901
Law library	62,103	-	-	-	62,103
Assigned:					
Future capital projects	-	-	735,808	-	735,808
Budget carryovers	163,658	-	-	-	163,658
Long-term debt	6,907,833	-	-	-	6,907,833
Fiscal policy - capital and long-term debt	7,307,212	-	-	-	7,307,212
Unassigned	12,123,338	-	-	-	12,123,338
Total fund balances	<u>\$ 27,088,045</u>	<u>\$ -</u>	<u>\$ 10,847,647</u>	<u>\$ 886,407</u>	<u>\$ 38,822,099</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 49,498,993</u>	<u>\$ 1,575,724</u>	<u>\$ 11,740,186</u>	<u>\$ 3,112,438</u>	<u>\$ 65,927,341</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 38,822,099
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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	\$ 81,054,238	
Accumulated depreciation	<u>(28,285,740)</u>	52,768,498

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

Unavailable property taxes	2,990,078
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Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.

Deferred outflows - pension related	540,401	
Deferred outflows - OPEB related	76,389	
Deferred inflows - pension related	(515,151)	
Deferred inflows - OPEB related	<u>(138,659)</u>	(37,020)

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

Bonds and notes payable	\$ (47,421,702)	
Unamortized premium on bonds	(2,373,035)	
Accrued interest payable	(787,733)	
Net OPEB liabilities	(1,232,354)	
Compensated absences	(888,980)	
Net pension liability	(604,881)	
Landfill postclosure liability	<u>(1,718,651)</u>	<u>(55,027,336)</u>

Net position of governmental activities	\$ <u>39,516,319</u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Virginia Public Assistance	County Capital Projects	Total Nonmajor Governmental Funds	Total
REVENUES					
General property taxes	\$ 28,294,228	\$ -	\$ -	\$ -	\$ 28,294,228
Other local taxes	7,541,735	-	-	-	7,541,735
Permits, privilege fees, and regulatory licenses	152,055	-	-	-	152,055
Fines and forfeitures	63,844	-	-	-	63,844
Revenue from the use of money and property	302,683	-	314,478	78,161	695,322
Charges for services	437,610	-	-	-	437,610
Miscellaneous	451,413	44,280	-	326	496,019
Recovered costs	232,810	-	-	-	232,810
Intergovernmental:					
Local government	113,658	-	-	-	113,658
Commonwealth	5,994,201	3,786,290	-	803,890	10,584,381
Federal	58,351	2,483,592	-	2,207,406	4,749,349
Total revenues	\$ 43,642,588	\$ 6,314,162	\$ 314,478	\$ 3,089,783	\$ 53,361,011
EXPENDITURES					
Current:					
General government administration	\$ 2,494,071	\$ -	\$ -	\$ -	\$ 2,494,071
Judicial administration	1,711,366	-	-	180,975	1,892,341
Public safety	8,820,621	-	-	514,942	9,335,563
Public works	3,320,623	-	-	-	3,320,623
Health and welfare	453,757	7,325,918	-	-	7,779,675
Education	13,428,712	-	225,000	-	13,653,712
Parks, recreation, and cultural	432,752	-	-	5,000	437,752
Community development	970,993	-	-	118,610	1,089,603
Nondepartmental	90,269	-	-	-	90,269
Capital projects	-	-	5,518,949	2,208,654	7,727,603
Debt service:					
Principal retirement	4,244,984	-	-	-	4,244,984
Interest and other fiscal charges	2,087,125	-	-	-	2,087,125
Total expenditures	\$ 38,055,273	\$ 7,325,918	\$ 5,743,949	\$ 3,028,181	\$ 54,153,321
Excess (deficiency) of revenues over (under) expenditures	\$ 5,587,315	\$ (1,011,756)	\$ (5,429,471)	\$ 61,602	\$ (792,310)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 1,011,756	\$ 890,000	\$ -	\$ 1,901,756
Transfers out	(1,901,756)	-	-	-	(1,901,756)
Total other financing sources (uses)	\$ (1,901,756)	\$ 1,011,756	\$ 890,000	\$ -	\$ -
Net change in fund balances	\$ 3,685,559	\$ -	\$ (4,539,471)	\$ 61,602	\$ (792,310)
Fund balances - beginning	23,402,486	-	15,387,118	824,805	39,614,409
Fund balances - ending	\$ 27,088,045	\$ -	\$ 10,847,647	\$ 886,407	\$ 38,822,099

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

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

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

Net change in fund balances - total governmental funds	\$	(792,310)
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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. The following are the details of this difference:

Capital asset additions	\$	7,671,815	
Net transfer of joint tenancy assets		(2,377,308)	
Depreciation expense		<u>(1,915,403)</u>	3,379,104

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

Property taxes recognized as revenue	380,014
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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. The following are the details of these differences:

Principal payments	<u>4,244,984</u>	4,244,984
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in net OPEB liabilities	\$	70,816	
(Increase) decrease in premium on bond issuance		302,601	
(Increase) decrease in compensated absences		(29,553)	
(Increase) decrease in accrued interest payable		147,906	
(Increase) decrease in net pension liability		161,446	
(Increase) decrease in deferred inflows related to the measurement of the net OPEB liabilities		(61,538)	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		427,366	
Increase (decrease) in deferred outflows related to net pension liability		(22,578)	
Increase (decrease) in deferred outflows related to net OPEB liabilities		27,491	
(Increase) decrease in landfill postclosure liability		<u>(17,404)</u>	1,006,553

Change in net position of governmental activities	\$	<u><u>8,218,345</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 356,770
Total assets	\$ <u>356,770</u>
LIABILITIES	
Amounts held for social services clients	\$ 260,374
Amounts held for employees	938
Amounts held for other organizations	95,458
Total liabilities	\$ <u>356,770</u>

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019

Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Halifax, Virginia have been prepared in conformity with 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.

A. 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. 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 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).

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

A. Financial Statement Presentation: (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. The County does not allocate indirect expenses. The Operating grants include operating-specific and discretionary (operating or capital) grants while the capital grants column reflects capital specific grants. Internal service charges are eliminated and the net income or loss from internal service activities are allocated to the various functional expenses categories based on the internal charges to each function.

Separate financial statements are provided for governmental funds, proprietary funds, internal service 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. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget, final budget and actual results.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

B. 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 Halifax (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.

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

C. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units.

Discretely Presented Component Units.

The School Board members are elected by the citizens of Halifax 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 primary funding of the school board is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

The Halifax County Industrial Development Authority is responsible for industrial and commercial development in the County. The Authority's board members are appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2019. Complete financial statements for the Authority are available from the Authority in South Boston, Virginia.

The Halifax County - South Boston Regional Library provides public library services to residents of the County and Town. The County appoints four of the five members of the library board. The library is fiscally dependent upon the County for operating contributions. The financial statements of the library are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019. The library does not issue separate financial statements.

D. Other Related Organizations

Included in the County's Financial Report

None

Jointly Governed Organizations

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

The County, in conjunction with other localities, has created the Southside Community Services Board. The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$160,000 to the Southside Community Services Board.

The County in conjunction with the Towns of Halifax and South Boston jointly govern the Halifax County Service Authority, a regional authority providing water and sewer service. The Authority's governing body is appointed by the participating governments. The participating governments do not have access to resources and surpluses nor are they liable for the Authority's debt or deficits. During the year, the County contributed \$122,659 to the Halifax County Service Authority.

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

D. Other Related Organizations: (Continued)

Jointly Governed Organizations: (Continued)

The County, in conjunction with the Counties of Mecklenburg and Charlotte are members of the Southside Regional Public Service Authority. The Authority operates as a regional solid waste landfill facility. The County paid the Authority tipping fees of \$972,978 for solid waste transferred to the Authority in fiscal year 2019.

The County is a Member of the Blue Ridge Regional Jail Authority. The Authority provides regional detention and jail facilities to the Member localities. The Authority's governing body is appointed by the Member localities and includes the Sheriff from each locality. The County paid the Authority \$2,598,410 during fiscal year 2019.

E. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, 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 60 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.

Licenses, 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental 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 services, 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.

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the following funds: Virginia Public Assistance Fund, State and Federal Grants Fund and William M. Tuck Airport Fund.

The Virginia Public Assistance Fund is a major special revenue fund used to account for and report the administration of the County's social services program.

Capital Projects Funds - The Capital Projects Funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County Capital Projects Fund is reported as a major fund.

2. Proprietary Funds - 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. The County does not have a proprietary fund(s).
3. Fiduciary Funds - (Agency Funds) - Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. Agency funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. Agency Funds consist of the Special Welfare Fund, Halifax County War Memorial Fund, Heritage Festival Fund, Health Savings Fund and the Undistributed Local Sales tax Fund.
4. Component Unit

The Halifax County School Board has the following funds:

Governmental Funds:

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

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds consist of the following funds:

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

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

4. Component Unit: (Continued)

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

The School Textbook Fund - Accounts for and reports the operations of the textbook rental program. This fund is considered a nonmajor fund.

The Capital Projects Fund: Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The School Capital Projects Fund - Accounts for and reports all financial resources used for the acquisition or construction of major capital facilities. This fund is considered a major fund.

F. Cash and Cash Equivalents

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

G. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

H. 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."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 \$141,425 at June 30, 2019 for property taxes.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

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

H. Receivables and Payables: (Continued)

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
Due Date	December 5	December 5
Due Date	June 5	N/A
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The 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.

The Component Unit Industrial Development Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed at the business park.

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.

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

<u>Assets</u>	<u>Years</u>
Motor vehicles	5-10
Equipment	2-15
Infrastructure	25
Buildings	15-40

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to 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.

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. Fund Equity

The County reports fund balance in accordance with professional standards. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

L. Fund Equity: (Continued)

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

The County 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. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

M. Long-term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Bond Issuance Costs

Bond issuance costs are expensed as incurred.

O. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Component Unit-Industrial Development Authority consists of land held for resale. Inventory is valued and recorded at the lower of cost and market.

P. Net Position

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

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

Q. Net Position Flow Assumption

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities 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 multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

S. Pensions

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

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

T. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2—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 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; 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, and Capital Projects Funds of the Primary Government and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.

Expenditures exceeded appropriations in the following funds at June 30, 2019:

- School Capital Projects Fund
- William M. Tuck Airport Fund

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

The County does not have a formal investment policy addressing the various types of risks associated with investments.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

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

Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	\$ 1,087,713
State Non-Arbitrage Program	11,004,378
Total	\$ 12,092,091

Interest Rate Risk

The County reports investment maturities as follows:

Investment Type	Investment Maturity*	
	Fair Value	Less than 1
Local Government Investment Pool	\$ 1,087,713	\$ 1,087,713
State Non-Arbitrage Program	11,004,378	11,004,378
Total investments	\$ 12,092,091	\$ 12,092,091

* Weighted average maturity in years.

External Investment Pools

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 4—Due from Other Governments:

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

		Component Units	
	Primary Government	School Board	Industrial Development Authority
Component Units:			
Halifax County School Board	\$ 2,329,674	\$ -	\$ -
Halifax County Industrial Development Authority	249,400	-	-
Total due from component units	<u>\$ 2,579,074</u>	<u>\$ -</u>	<u>\$ -</u>
Other Governments:			
Commonwealth of Virginia:			
Local sales tax	\$ 647,770	\$ -	\$ -
Communications tax	157,312	-	-
Shared revenues	15,999	-	-
Shared expenses	274,282	-	-
VPA funds	116,064	-	-
CSA funds	1,209,968	-	-
State Sales Tax	-	686,816	-
Airport grants	178,584	-	-
Other state grants	21,785	1,796	239,659
Federal Government:			
School fund grants	-	1,212,553	-
VPA funds	198,280	-	-
Airport improvement grants	2,009,084	-	-
Other federal grants	34,636	-	8,142
Total due from other governments	<u>\$ 4,863,764</u>	<u>\$ 1,901,165</u>	<u>\$ 247,801</u>
Amounts due to other governments are as follows:			
Other Local Governments:			
Halifax County	<u>\$ -</u>	<u>\$ 2,329,674</u>	<u>\$ 249,400</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2019, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
General	\$ 1,575,724	\$ 4,261
State and Federal Grants	4,261	-
Virginia Public Assistance	-	1,575,724
Component Unit - School Board:		
School Operating	32,056	-
School Textbook	-	32,056
	<u> </u>	<u> </u>
Total	\$ <u>1,612,041</u>	\$ <u>1,612,041</u>

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,901,756
County Capital Projects	890,000	-
Virginia Public Assistance	1,011,756	-
Component Unit - School Board:		
School Operating	-	2,784
Cafeteria	2,784	-
	<u> </u>	<u> </u>
Total	\$ <u>1,904,540</u>	\$ <u>1,904,540</u>

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 and School Operating Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 7—Capital Assets:

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government:				
Capital assets not being depreciated:				
Land	\$ 5,075,550	\$ -	\$ -	\$ 5,075,550
Construction in progress	<u>5,904,392</u>	<u>7,485,302</u>	<u>2,619,754</u>	<u>10,769,940</u>
Total capital assets not being depreciated	\$ <u>10,979,942</u>	\$ <u>7,485,302</u>	\$ <u>2,619,754</u>	\$ <u>15,845,490</u>
Capital assets being depreciated:				
Buildings and systems	\$ 55,695,979	\$ 2,636,453	\$ 3,446,155	\$ 54,886,277
Machinery and equipment	<u>10,152,657</u>	<u>169,814</u>	<u>-</u>	<u>10,322,471</u>
Total capital asset being depreciated	\$ <u>65,848,636</u>	\$ <u>2,806,267</u>	\$ <u>3,446,155</u>	\$ <u>65,208,748</u>
Accumulated depreciation:				
Buildings and systems	\$ 18,489,535	\$ 1,407,645	\$ 1,068,847	\$ 18,828,333
Machinery and equipment	<u>8,949,649</u>	<u>507,758</u>	<u>-</u>	<u>9,457,407</u>
Total accumulated depreciation	\$ <u>27,439,184</u>	\$ <u>1,915,403</u>	\$ <u>1,068,847</u>	\$ <u>28,285,740</u>
Capital assets, depreciable, net	\$ <u>38,409,452</u>	\$ <u>890,864</u>	\$ <u>2,377,308</u>	\$ <u>36,923,008</u>
Net capital assets primary government	\$ <u><u>49,389,394</u></u>	\$ <u><u>8,376,166</u></u>	\$ <u><u>4,997,062</u></u>	\$ <u><u>52,768,498</u></u>
Component Unit-School Board:				
Capital assets not being depreciated:				
Land	\$ 130,523	\$ -	\$ -	\$ 130,523
Construction in progress	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>225,000</u>
Total capital assets not being depreciated	\$ <u>130,523</u>	\$ <u>225,000</u>	\$ <u>-</u>	\$ <u>355,523</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 9,967,322	\$ 391,798	\$ 115,750	\$ 10,243,370
Buildings and systems	<u>51,980,755</u>	<u>3,446,155</u>	<u>-</u>	<u>55,426,910</u>
Total capital assets being depreciated	\$ <u>61,948,077</u>	\$ <u>3,837,953</u>	\$ <u>115,750</u>	\$ <u>65,670,280</u>
Accumulated depreciation:				
Machinery and equipment	\$ 7,754,554	\$ 344,002	\$ 115,750	\$ 7,982,806
Buildings and systems	<u>25,579,697</u>	<u>2,127,047</u>	<u>-</u>	<u>27,706,744</u>
Total accumulated depreciation	\$ <u>33,334,251</u>	\$ <u>2,471,049</u>	\$ <u>115,750</u>	\$ <u>35,689,550</u>
Capital assets, depreciable, net	\$ <u>28,613,826</u>	\$ <u>1,366,904</u>	\$ <u>-</u>	\$ <u>29,980,730</u>
Net capital assets component unit school board	\$ <u><u>28,744,349</u></u>	\$ <u><u>1,591,904</u></u>	\$ <u><u>-</u></u>	\$ <u><u>30,336,253</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 7—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	55,335
Public safety		381,148
Public works and general buildings		662,609
Health and welfare		45,234
Parks, recreation and cultural		12,684
Community development		840
Subtotal depreciation expense - governmental activities	\$	1,157,850
Education - depreciation on joint tenancy assets		757,553
Total Governmental activities	\$	1,915,403
Component Unit School Board:		
Depreciation expense	\$	1,402,202
Depreciation on joint tenancy assets		1,068,847
Total Component Unit School Board	\$	2,471,049

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 Code of Virginia, 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 Halifax, Virginia for the year ended June 30, 2019, is that school financed assets in the amount of \$30,302,132 (excluding accumulated depreciation) are reported in the Primary Government for financial reporting purposes.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations:

Primary Government:

A summary of the long-term obligations' transactions are as follows:

	Balance July 1, 2018	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Other liabilities:					
Compensated absences	\$ 859,427	\$ 29,553	\$ -	\$ 888,980	\$ 88,898
Net OPEB liabilities	1,303,170	116,071	186,887	1,232,354	-
Net pension liability	766,327	3,315,055	3,476,501	604,881	-
Landfill postclosure and corrective action costs	1,701,247	17,404	-	1,718,651	-
Direct borrowings and direct placements:					
General obligation bond	237,000	-	58,000	179,000	59,000
Revenue bonds	17,181,000	-	695,000	16,486,000	730,000
Note payable	500,399	-	45,829	454,570	48,473
Total incurred by County	\$ 22,548,570	\$ 3,478,083	\$ 4,462,217	\$ 21,564,436	\$ 926,371
Incurred by School Board:					
Direct borrowings and direct placements:					
State Literary Fund Loans	\$ 2,800,131	-	\$ 466,670	\$ 2,333,461	\$ 466,670
General obligation bonds	30,948,156	-	2,979,485	27,968,671	3,118,537
Total incurred by School Board	\$ 33,748,287	-	\$ 3,446,155	\$ 30,302,132	\$ 3,585,207
Premium on bond issuance	2,675,636	-	302,601	2,373,035	285,093
Total incurred by School Board-					
Financial Statement Presentation	\$ 36,423,923	-	\$ 3,748,756	\$ 32,675,167	\$ 3,870,300
Total Governmental Activities Obligations	\$ 58,972,493	\$ 3,478,083	\$ 8,210,973	\$ 54,239,603	\$ 4,796,671

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Incurred by County					
	General Obligation Bond		Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 59,000	\$ 3,759	\$ 730,000	\$ 726,771	\$ 48,473	\$ 20,774
2021	60,000	2,520	756,000	696,141	50,236	18,428
2022	60,000	1,260	792,000	663,357	52,880	15,982
2023	-	-	735,000	627,188	55,523	13,515
2024	-	-	769,000	591,188	58,167	10,900
2025	-	-	809,000	553,393	60,811	8,042
2026	-	-	848,000	513,791	63,455	4,935
2027	-	-	888,000	472,265	65,025	1,675
2028	-	-	868,000	430,171	-	-
2029	-	-	913,000	387,529	-	-
2030	-	-	953,000	342,804	-	-
2031	-	-	1,003,000	295,866	-	-
2032	-	-	1,053,000	246,459	-	-
2033	-	-	1,099,000	199,311	-	-
2034	-	-	1,145,000	154,718	-	-
2035	-	-	1,000,000	108,281	-	-
2036	-	-	1,040,000	66,206	-	-
2037	-	-	1,085,000	22,378	-	-
Total	\$ <u>179,000</u>	\$ <u>7,539</u>	\$ <u>16,486,000</u>	\$ <u>7,097,817</u>	\$ <u>454,570</u>	\$ <u>94,251</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Incurred by School Board			
	General Obligation Bonds		State Literary Fund Loans	
	Principal	Interest	Principal	Interest
2020	\$ 3,118,537	\$ 1,100,136	\$ 466,670	\$ 46,669
2021	3,267,990	935,829	466,670	37,336
2022	3,413,489	774,824	466,670	28,002
2023	3,564,581	614,643	466,670	18,669
2024	3,730,870	440,355	466,781	9,336
2025	3,892,866	264,105	-	-
2026	4,065,754	84,108	-	-
2027	2,914,584	12,640	-	-
Total	\$ <u>27,968,671</u>	\$ <u>4,226,640</u>	\$ <u>2,333,461</u>	\$ <u>140,012</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Direct Placements:</u>	
<u>Revenue Bonds:</u>	
\$677,000 Public Facilities Lease Revenue Refunding Note, Series 2014 dated April 11, 2014, issued to refund the remaining balance of the \$985,995 Lease Revenue Refunding Bond dated May 8, 2009. The refunding bond is due in varying annual installments through May 2022 with interest payable semi-annually at a rate of 2.1%. The refunding resulted in an economic gain of \$30,000.	\$ 267,000
\$2,771,000 Lease Revenue Refunding Bonds, Series 2014 dated April 11, 2014 due in varying annual principal installments through May 2034 with interest payable semi-annually at a rate of 3.25%.	2,239,000
\$14,455,000 Lease Revenue Bonds, Series 2016C dated November 16, 2016 due in varying annual principal installments through October 2026 with interest payable semi-annually, interest at 3.062%.	13,560,000
\$670,000 Lease Revenue Bonds, Series 2011 (Energy Efficiency Improvements) dated April 15, 2011 due in varying annual principal installments through October 2026 with interest payable semi-annually, interest at 2.125% - 5.125%.	420,000
Total Revenue Bonds - Incurred by Primary Government	\$ 16,486,000
<u>General Obligation Bond - Incurred by County:</u>	
\$455,000 General Obligation Refunding Bond dated April 11, 2014, issued to refund the remaining balance of the \$663,075 General Obligation Refunding Bond dated May 8, 2009. The refunding bond is due in varying annual installments through May 2022 with interest payable semi-annually at a rate of 2.1%. The refunding resulted in an economic gain of \$20,000.	\$ 179,000
Total General Obligation Bond - Incurred by County	\$ 179,000
<u>General Obligation Bonds - Incurred by School Board:</u>	
\$16,615,000 School Bonds, issued November 10, 2005, through the Virginia Public School Authority, due in varying annual installments each July 15 through 2025, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 7,770,000
\$31,030,000 School Bonds, issued May 11, 2006, through Virginia Public School Authority, due in varying annual installments each July 15 through fiscal year 2027, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	16,145,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds - Incurred by School Board: (Continued)</u>	
\$8,920,992 School Bonds, issued November 9, 2006, through the Virginia Public School Authority due in varying annual installments each July 15 through 2026, interest payable semi-annually at rates ranging from 4.6% to 5.1%.	\$ 4,053,671
Premium on bonds issued	<u>2,373,035</u>
Total General Obligation Bonds - Incurred by School Board	\$ <u>30,341,706</u>
<u>State Literary Fund Loans:</u>	
\$2,500,000, authorized, due in annual principal installments of \$466,670 over 20 years, interest payable annually at 2%. Amount drawn to date.	\$ 565,149
\$4,000,000, authorized, due in annual principal installments of \$183,655 over 20 years, interest payable annually at 2%. Amount drawn to date.	918,282
\$3,500,000, authorized, due in annual principal installments of \$170,003 over 20 years, interest payable annually at 2%. Amount drawn to date.	<u>850,030</u>
Total State Literary Fund Loans	\$ <u>2,333,461</u>
<u>Note Payable:</u>	
\$900,000 note payable to the Town of South Boston for the Prizery renovations. The note is due in varying annual payments with interest at a rate of 1.94%. Principal and interest payable through fiscal year 2027.	\$ <u>454,570</u>
<u>Other Liabilities:</u>	
Compensated absences	\$ <u>888,980</u>
Net OPEB liabilities	\$ <u>1,232,354</u>
Landfill postclosure and corrective action costs	\$ <u>1,718,651</u>
Net pension liability	\$ <u>604,881</u>
Total long-term obligations	\$ <u><u>54,239,603</u></u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

The following is a summary of long-term debt transactions of the Component Units for the year ended June 30, 2019:

	<u>Balance July 1, 2018</u>	<u>Issuance/ Increases</u>	<u>Retirement/ Decreases</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due Within One Year</u>
<u>Component Unit—School Board:</u>					
Compensated absences	\$ 811,285	\$ 17,799	\$ -	\$ 829,084	\$ 82,908
Capital lease	1,579,034	-	180,603	1,398,431	184,725
Net pension liability	44,110,732	10,164,679	14,556,000	39,719,411	-
Net OPEB liability	<u>9,717,827</u>	<u>1,168,364</u>	<u>2,161,701</u>	<u>8,724,490</u>	<u>-</u>
Total long-term obligations	<u>\$ 56,218,878</u>	<u>\$ 11,350,842</u>	<u>\$ 16,898,304</u>	<u>\$ 50,671,416</u>	<u>\$ 267,633</u>

Capital Lease Obligations:

\$744,118 Equipment Lease Purchase Agreement dated June 25, 2013, secured by equipment due in annual installments of \$111,891 through July 2019, includes interest at 1.71%. Balance at June 30, 2018 was \$110,010.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 8—Long-Term Obligations: (Continued)

Component Units: (Continued)

Capital Lease Obligations: (Continued)

\$1,360,863 Lease Purchase Agreement dated January 5, 2018 to finance energy efficiency improvements. The lease is payable annually starting January 5, 2019 through January 5, 2033, includes interest at 3.14%. The balance at June 30, 2019 was \$1,288,421.

Year Ending June 30,	School Board	
	Capital Leases	
	Principal	Interest
2020	\$ 184,725	\$ 42,286
2021	77,057	38,062
2022	79,474	35,645
2023	81,966	33,153
2024	84,537	30,583
2025	87,188	27,931
2026	89,922	25,197
2027	92,742	22,377
2028	95,650	19,469
2029	98,650	16,469
2030	101,743	13,376
2031	104,934	10,185
2032	108,225	6,894
2033	111,618	3,500
Total	\$ 1,398,431	\$ 325,127

	Balance July 1, 2018	Issuance/ Increases	Retirement/ Decreases	Balance June 30, 2019	Amounts Due Within One Year
<u>Component Unit—Library:</u>					
Net pension liability	\$ 14,599	\$ 63,222	\$ 66,303	\$ 11,518	-
Net OPEB liability	9,700	100	3,800	6,000	-
Total long-term obligations	\$ 24,299	\$ 63,322	\$ 70,103	\$ 17,518	-

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 9—Landfill Postclosure Costs:

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County records a liability for a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Closure of the County's landfill site is complete. The \$1,306,757 reported as landfill postclosure care liability, and corrective action liability of \$404,316 at June 30, 2019, represents the cumulative amount reported based on the use of 100% percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all postclosure care and corrective action in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. Additionally, the County reports closure care liability in the amount of \$7,578, the estimated liability for the transfer station. The County intends to fund these costs from tipping fee revenues and from any fund accumulated for this purpose, including available bond issue proceeds in the County Capital Projects Fund. The County provides for financial assurance requirements for closure and postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code.

In addition to the landfill owned and operated by the County, the County participates in the Southside Regional Public Service Authority (SRPSA). SRPSA is a regional authority created by three localities to accept waste. The County is required to demonstrate financial assurance through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC-20-70 of the Virginia Administrative Code for the County's allocable portion of the future liability.

Note 10—Deferred Inflows of Resources:

Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows of resources from unavailable property taxes is comprised of the following:

Primary Government - Property Taxes

Governmental Activities - Exhibit 1:

Prepaid property taxes - property taxes paid in advance	\$ 1,792,057
2nd half property tax assessments	17,374,300
Total deferred inflows of resources - governmental activities (Exhibit 1)	<u>19,166,357</u>

Governmental Funds:

Delinquent taxes not collected within 60 days	2,990,078
Total deferred inflows of resources - governmental funds (Exhibit 3)	<u>\$ 22,156,435</u>

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

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 U.S. Office of Management and Budget Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

The County has the following contractual commitments at June 30, 2019:

<u>Project</u>	<u>Amount of Contract Outstanding</u>
Courthouse renovation and related projects	19,906,334
Airport Improvements	507,702

Note 12—Litigation:

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

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. 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 continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The Component Unit - School Board, carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 14—Pension Plan:

Plan Description

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

Benefit Structures

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

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

Note 14—Pension Plan: (Continued)***Average Final Compensation and Service Retirement Multiplier***

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	156	137
Inactive members:		
Vested inactive members	28	18
Non-vested inactive members	46	32
Inactive members active elsewhere in VRS	88	38
Total inactive members	162	88
Active members	199	84
Total covered employees	517	309

Note 14—Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 6.86% 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 \$497,066 and \$532,699 and Component Unit Regional Library were \$9,480 and \$10,159 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 5.63% 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 \$82,650 and \$141,618 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's (Primary Government and Component Unit Regional Library) and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Largest 10 - Non-Hazardous Duty:

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County (Primary Government and Component Unit Regional Library) and Component Unit School Board (nonprofessional) Retirement Plans 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, participating employers are assumed 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.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Primary Government			
Balances at June 30, 2017	\$ 35,862,243	\$ 35,095,916	\$ 766,327
Changes for the year:			
Service cost	\$ 780,915	\$ -	\$ 780,915
Interest	2,445,726	-	2,445,726
Differences between expected and actual experience	63,586	-	63,586
Assumption changes	-	-	-
Contributions - employer	-	532,347	(532,347)
Contributions - employee	-	367,811	(367,811)
Net investment income	-	2,576,343	(2,576,343)
Benefit payments, including refunds	(1,846,599)	(1,846,599)	-
Administrative expenses	-	(22,550)	22,550
Other changes	-	(2,278)	2,278
Net changes	\$ 1,443,628	\$ 1,605,074	\$ (161,446)
Balances at June 30, 2018	\$ 37,305,871	\$ 36,700,990	\$ 604,881
Component Unit-Library			
Balances at June 30, 2017	\$ 683,748	\$ 669,149	\$ 14,599
Changes for the year:			
Service cost	\$ 14,893	\$ -	\$ 14,893
Interest	46,643	-	46,643
Benefit changes	-	-	-
Differences between expected and actual experience	1,213	-	1,213
Assumption changes	-	-	-
Contributions - employer	-	10,153	(10,153)
Contributions - employee	-	7,015	(7,015)
Net investment income	-	49,135	(49,135)
Benefit payments, including refunds	(35,217)	(35,217)	-
Administrative expenses	-	(430)	430
Other changes	-	(43)	43
Net changes	\$ 27,532	\$ 30,613	\$ (3,081)
Balances at June 30, 2018	\$ 711,280	\$ 699,762	\$ 11,518

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability: (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Component School Board (nonprofessional)			
Balances at June 30, 2017	\$ 12,817,633	\$ 12,729,901	\$ 87,732
Changes for the year:			
Service cost	\$ 186,868	\$ -	\$ 186,868
Interest	867,664	-	867,664
Benefit changes	-	-	-
Differences between expected and actual experience	(103,806)	-	(103,806)
Assumption changes	-	-	-
Contributions - employer	-	141,618	(141,618)
Contributions - employee	-	78,998	(78,998)
Net investment income	-	924,578	(924,578)
Benefit payments, including refunds	(844,875)	(844,875)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(8,339)	8,339
Other changes	-	(808)	808
Net changes	\$ 105,851	\$ 291,172	\$ (185,321)
Balances at June 30, 2018	\$ 12,923,484	\$ 13,021,073	\$ (97,589)

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County Net Pension Liability (Asset)	\$ 5,250,724	\$ 604,881	\$ (3,263,276)
Component Unit Regional Library Net Pension Liability (Asset)	100,139	11,518	(62,235)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	1,219,226	(97,589)	(1,221,669)

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

For the year ended June 30, 2019, the Primary Government, Component Unit Regional Library and Component Unit School Board (nonprofessional) recognized pension expense of \$69,519, \$1,328 and \$(497,645), respectively. At June 30, 2019, the Primary Government, Component Unit Regional Library 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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,335	\$ 152,976
Change in assumptions	-	67,128
Net difference between projected and actual earnings on pension plan investments	-	295,047
Employer contributions subsequent to the measurement date	497,066	-
Total	\$ 540,401	\$ 515,151

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

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

Component Unit Regional Library			
Differences between expected and actual experience	\$	826	\$ 2,918
Change in assumptions		-	1,280
Net difference between projected and actual earnings on pension plan investments		-	5,627
Employer contributions subsequent to the measurement date		9,480	-
Total	\$	<u>10,306</u>	<u>\$ 9,825</u>
Component Unit School Board (nonprofessional)			
Differences between expected and actual experience	\$	-	\$ 38,519
Net difference between projected and actual earnings on pension plan investments		-	91,461
Employer contributions subsequent to the measurement date		82,650	-
Total	\$	<u>82,650</u>	<u>\$ 129,980</u>

\$497,066, \$9,480 and \$82,650 reported as deferred outflows of resources related to pensions resulting from the Primary Government, Component Unity Regional Library and Component Unit School Board (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit Regional Library	Component Unit School Board (nonprofessional)
2020	\$ (53,315)	\$ (1,017)	\$ 16,801
2021	(27,302)	(521)	(3,740)
2022	(360,481)	(6,875)	(131,911)
2023	(30,723)	(585)	(11,130)
2024	-	-	-
Thereafter	-	-	-

Note 14—Pension Plan: (Continued)

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 regarding the plan description can be found in the first section of this note.

Contributions

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

Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$4,248,189 and \$4,352,303 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$39,817,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .33858% as compared to .35797% at June 30, 2017.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

For the year ended June 30, 2019, the school division recognized pension expense of \$1,330,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,405,000
Change in assumptions	475,000	-
Net difference between projected and actual earnings on pension plan investments	-	844,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	260,000	3,671,000
Employer contributions subsequent to the measurement date	<u>4,248,189</u>	<u>-</u>
Total	<u>\$ 4,983,189</u>	<u>\$ 7,920,000</u>

\$4,248,189 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2020	\$ (1,510,000)
2021	(1,661,000)
2022	(2,471,000)
2023	(1,143,000)
2024	(400,000)

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

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 HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

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

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

Net Pension Liability

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional): (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan 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, school divisions are assumed 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.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability (Asset)	\$	60,821,000	\$ 39,817,000	\$ 22,431,000

Pension Plan Fiduciary Net Position

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 14—Pension Plan: (Continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
VRS Pension Plans:				
Primary Government	\$ 540,401	\$ 515,151	\$ 604,881	\$ 69,519
Component Unit Library	10,306	9,825	11,518	1,328
School Board Nonprofessional	82,650	129,980	(97,589)	(497,645)
School Board Professional	4,983,189	7,920,000	39,817,000	1,330,000
Totals	<u>\$ 5,616,546</u>	<u>\$ 8,574,956</u>	<u>\$ 40,335,810</u>	<u>\$ 903,202</u>

Note 15—Surety Bonds:

	<u>Amount</u>
Commonwealth of Virginia - Division of Risk Management - Surety	
Clerk of the Circuit Court	\$ 1,500,000
Treasurer	400,000
Commissioner of the Revenue	50,000
Sheriff	30,000
Above constitutional officers' employees - blanket bond	50,000
Nationwide Insurance Company - Surety	
Superintendent of Schools	50,000
Clerk of the School Board	50,000
Continental Insurance Company - Surety	
All County employees - blanket bond	25,000
Selective Insurance Company of America - Surety	
Faithful performance blanket position bond all social service employees	100,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

The County and School Board provide postemployment medical coverage for retired employees through a single-employer defined benefit plan. The County and School Board may change, add or delete coverage as they deem appropriate and with the approval of the Board of Supervisors. The plan does not grant retirees vested health benefits. The Plan does not issue separate financial statements.

Benefits Provided

Employees who retire from the County, Library or School Board with service eligible for VRS benefits (Plan 1 - Age 50 and 10 years of service or Age 55 and 5 years of service; Plan 2 - age 60 and 5 years of service; Hazardous duty - age 50 and 5 years of service) and who are participating in the medical coverage are eligible to elect post-retirement coverage. Retirees are eligible to remain on the medical plan with 100% of the premium paid by the retiree. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree. Retirees' coverage ceases at eligibility for Medicare.

Plan Membership

At July 1, 2018 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>Library</u>	<u>School Board</u>
Total active employees with coverage	176	4	735
Total inactive employees or retirees with coverage	<u>5</u>	<u>-</u>	<u>29</u>
Total	<u>181</u>	<u>4</u>	<u>764</u>

Contributions

The County, Library and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County, Library and School Board.

Total OPEB Liability

The County, Library and School Board's total OPEB liabilities were measured as of July 1, 2018. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2018.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Actuarial Assumptions

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

County, Library and School Board

Salary Increases	Increases of 2.5%
Discount Rate	3.62% as of June 30, 2018

Mortality rates for active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2017.

Discount Rate

The discount rate represents the Municipal GO AA 20-year yield curve rate as of June 30, 2018. The final equivalent single discount rate used for this year's valuation is 3.62% as of the end of the fiscal year with the expectation that the County, Library and School Board will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

Changes in Total OPEB Liability

	Changes in Net OPEB Liability		
	Primary Government- County Total OPEB Liability	Component Unit- Library Total OPEB Liability	Component Unit- School Board Total OPEB Liability
Balances at June 30, 2018	\$ 619,500	\$ 9,700	\$ 2,600,000
Changes for the year:			
Service cost	23,600	400	96,200
Interest	22,400	300	93,600
Difference between expected and actual experience	(54,600)	(3,500)	(454,200)
Changes in assumptions	(12,800)	(900)	(211,900)
Benefit payments	(31,500)	-	(135,200)
Net changes	(52,900)	(3,700)	(611,500)
Balances at June 30, 2019	\$ 566,600	\$ 6,000	\$ 1,988,500

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

The following amounts present the total OPEB liability of the County, Library 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 (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
County Liability	\$ 615,500	\$ 566,600	\$ 521,900
Library Liability	\$ 6,500	\$ 6,000	\$ 5,500
School Board Liability	\$ 2,160,300	\$ 1,988,500	\$ 1,831,700

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

The following presents the total OPEB liabilities of the County, Library and School Board, as well as what the total OPEB liabilities 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 rate used.

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
County Rate	\$ 508,000	\$ 566,600	\$ 635,300
Library Rate	\$ 5,400	\$ 6,000	\$ 6,700
School Board Rate	\$ 1,783,000	\$ 1,988,500	\$ 2,229,800

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

For the year ended June 30, 2019, the County, Library and School Board recognized OPEB expense in the amount of \$38,000, \$100 and \$95,000, respectively.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
County:		
Change in assumptions	\$ -	\$ 10,800
Net difference between projected and actual experience	-	46,000
Total	<u>\$ -</u>	<u>\$ 56,800</u>
Library:		
Change in assumptions	\$ -	\$ 800
Net difference between projected and actual experience	-	3,000
Total	<u>\$ -</u>	<u>\$ 3,800</u>
School Board:		
Change in assumptions	\$ -	\$ 178,600
Net difference between projected and actual experience	-	383,000
Total	<u>\$ -</u>	<u>\$ 561,600</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the health insurance OPEB will be recognized in expense in future periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>Library</u>	<u>School Board</u>
2020	\$ (10,600)	\$ (700)	\$ (104,400)
2021	(10,600)	(700)	(104,400)
2022	(10,600)	(700)	(104,400)
2023	(10,600)	(700)	(104,400)
2024	(10,600)	(700)	(104,400)
Thereafter	(3,800)	(300)	(39,600)

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 16—Other Postemployment Benefits: (Continued)

Group Life Insurance:

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$39,508 and \$40,141 for the years ended June 30, 2019 and June 30, 2018, respectively and \$151,034 and \$150,854 from the School Board.

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

At June 30, 2019, the County reported a liability of \$616,179 and the School Board \$2,301,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion for the County was .04237% as compared to .04295% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board was .15149% as compared to .16668% at June 30, 2017.

For the year ended June 30, 2019, the County and School Board recognized GLI OPEB expense of \$1,880 and (\$28,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,133	\$ 10,338
Net difference between projected and actual earnings on GLI OPEB program investments	-	19,736
Change in assumptions	-	25,375
Changes in proportion	-	7,518
Employer contributions subsequent to the measurement date	39,508	-
Total	\$ 68,641	\$ 62,967
School Board		
Differences between expected and actual experience	\$ 112,000	\$ 41,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	75,000
Change in assumptions	-	96,000
Changes in proportion	-	217,000
Employer contributions subsequent to the measurement date	151,034	-
Total	\$ 263,034	\$ 429,000

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

\$39,508 and \$151,034 (County and School Board) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2020	\$ (11,300)	\$ (71,000)
2021	(11,300)	(71,000)
2022	(11,300)	(71,000)
2023	(5,600)	(51,000)
2024	1,900	(23,000)
Thereafter	3,766	-

Actuarial Assumptions

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 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.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	790,372	\$ 616,179	\$ 453,923
School Board's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	3,007,000	\$ 2,301,000	\$ 1,728,000

GLI Program Fiduciary Net Position

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

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

Employees Covered by Benefit Terms

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

	<u>County</u>	<u>School Board</u>
Inactive members or their beneficiaries currently receiving benefits	24	54
Inactive members:		
Vested inactive members	3	1
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	<u>-</u>	<u>-</u>
Total inactive members	<u>27</u>	<u>55</u>
Active members	<u>89</u>	<u>84</u>
Total covered employees	<u>116</u>	<u>139</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Board's contractually required employer contribution rate for the year ended June 30, 2019 was .22% and .95%, respectively, of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016. 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 County and School Board to the HIC Program were \$7,748 and \$8,757 and \$14,864 and \$12,049 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

Net HIC OPEB Liability

The County and School Board’s net HIC OPEB liability was measured as of June 30, 2018. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

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

Discount Rate

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
County:			
Balances at June 30, 2017	\$ 172,357	\$ 108,625	\$ 63,732
Changes for the year:			
Service cost	\$ 4,505	\$ -	\$ 4,505
Interest	11,578	-	11,578
Assumption changes	(14,676)	-	(14,676)
Contributions - employer	-	8,757	(8,757)
Net investment income	-	7,560	(7,560)
Benefit payments	(13,907)	(13,907)	-
Administrative expenses	-	(173)	173
Other changes	-	(926)	926
Net changes	\$ (12,500)	\$ 1,311	\$ (13,811)
Balances at June 30, 2018	\$ 159,857	\$ 109,936	\$ 49,921
School Board - Nonprofessional:			
Balances at June 30, 2017	\$ 298,012	\$ 112,185	\$ 185,827
Changes for the year:			
Service cost	\$ 2,831	\$ -	\$ 2,831
Interest	19,926	-	19,926
Benefit changes	-	-	-
Differences between expected and actual experience	(10,851)	-	(10,851)
Assumption changes	-	-	-
Contributions - employer	-	12,049	(12,049)
Net investment income	-	7,501	(7,501)
Benefit payments	(26,709)	(26,709)	-
Administrative expenses	-	(160)	160
Other changes	-	(647)	647
Net changes	\$ (14,803)	\$ (7,966)	\$ (6,837)
Balances at June 30, 2018	\$ 283,209	\$ 104,219	\$ 178,990

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Health Insurance Credit (HIC) Program - County and School Board (Nonprofessional): (Continued)

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

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

	Rate		
	Current		
	1% Decrease (6.00%)	Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	\$ 65,493	\$ 49,575	\$ 35,973
School Board's (Nonprofessional) Net HIC OPEB Liability	202,175	178,990	158,695

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

For the year ended June 30, 2019, the County and School Board recognized HIC Program OPEB expense of \$5,359 and \$12,031, respectively. At June 30, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board's HIC Program from the following sources:

County:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,350
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,768
Change in assumptions	-	3,774
Employer contributions subsequent to the measurement date	7,748	-
Total	\$ 7,748	\$ 18,892

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

HIC (HIC) Program - County and School Board (Nonprofessional): (Continued)

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

<u>School Board - Nonprofessional:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,760
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,903
Change in assumptions	-	282
Employer contributions subsequent to the measurement date	14,864	-
Total	\$ 14,864	\$ 10,945

\$7,748 and \$14,864 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2020	\$ (4,080)	\$ (4,221)
2021	(4,080)	(4,155)
2022	(4,078)	(2,532)
2023	(3,198)	(37)
2024	(2,736)	-
Thereafter	(720)	-

HIC Program Plan Data

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

Note 16—Other Postemployment Benefits: (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Note 16—Other Postemployment Benefits: (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$329,264 and \$331,189 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$4,256,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .33521% as compared to .35477% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$289,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 21,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	37,000
Change in proportion	-	358,000
Employer contributions subsequent to the measurement date	<u>329,265</u>	<u>-</u>
Total	<u>\$ 329,265</u>	<u>\$ 419,000</u>

\$329,265 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (69,000)
2021	(69,000)
2022	(69,000)
2023	(67,000)
2024	(68,000)
Thereafter	(77,000)

Note 16—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Note 16—Other Postemployment Benefits: (Continued)**Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

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

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

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

Discount Rate

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 4,754,000	\$ 4,256,000	\$ 3,833,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF HALIFAX, VIRGINIA

Notes to Financial Statements
June 30, 2019 (Continued)

Note 16—Other Postemployment Benefits: (Continued)

Aggregate OPEB Information

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
Primary Government				
VRS OPEB Plans:				
Group Life Insurance Program:				
County	\$ 68,641	\$ 62,967	\$ 616,179	\$ 1,880
County Health Insurance Credit Program	7,748	18,892	49,575	5,359
County Stand-Alone Plan	-	56,800	566,600	38,000
Totals	<u>\$ 76,389</u>	<u>\$ 138,659</u>	<u>\$ 1,232,354</u>	<u>\$ 45,239</u>
Component Unit School Board				
VRS OPEB Plans:				
Group Life Insurance Program:				
School Board Nonprofessional	\$ 14,143	\$ 36,000	\$ 132,000	\$ (4,000)
School Board Professional	248,891	393,000	2,169,000	(24,000)
School Board Health Insurance Credit Program	14,864	10,945	178,990	12,031
Teacher Health Insurance Credit Program	329,265	419,000	4,256,000	289,000
School Stand-Alone Plan	-	561,000	1,988,500	133,200
Totals	<u>\$ 607,163</u>	<u>\$ 1,419,945</u>	<u>\$ 8,724,490</u>	<u>\$ 406,231</u>
Component Unit Library				
VRS OPEB Plans:				
Library Stand-Alone Plan	\$ -	\$ 3,800	\$ 6,000	\$ 100
Totals	<u>\$ -</u>	<u>\$ 3,800</u>	<u>\$ 6,000</u>	<u>\$ 100</u>

Note 17—Restricted Cash:

Cash is temporarily restricted for the following purposes:

Asset forfeiture	\$ 107,340
Unexpended debt proceeds	11,004,378

Note 18—Adoption of Accounting Principles:

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

The County early implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2019. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

Note 19—Upcoming Pronouncements:

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

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

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

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

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

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

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Required Supplementary Information

Note to Required Supplementary Information:

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

General Fund

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 27,569,000	\$ 27,569,000	\$ 28,294,228	\$ 725,228
Other local taxes	7,152,500	7,152,500	7,541,735	389,235
Permits, privilege fees, and regulatory licenses	321,000	321,000	152,055	(168,945)
Fines and forfeitures	95,000	95,000	63,844	(31,156)
Revenue from the use of money and property	271,819	271,819	302,683	30,864
Charges for services	484,000	494,400	437,610	(56,790)
Miscellaneous	100,154	310,282	451,413	141,131
Recovered costs	139,473	181,076	232,810	51,734
Intergovernmental:				
Local government	130,000	130,000	113,658	(16,342)
Commonwealth	5,887,473	6,066,124	5,994,201	(71,923)
Federal	45,000	45,000	58,351	13,351
Total revenues	\$ 42,195,419	\$ 42,636,201	\$ 43,642,588	\$ 1,006,387
EXPENDITURES				
Current:				
General government administration	\$ 2,411,802	\$ 2,585,493	\$ 2,494,071	\$ 91,422
Judicial administration	1,795,588	1,903,183	1,711,366	191,817
Public safety	9,230,202	9,488,299	8,820,621	667,678
Public works	3,357,725	3,448,017	3,320,623	127,394
Health and welfare	421,199	421,199	453,757	(32,558)
Education	14,346,396	14,346,396	13,428,712	917,684
Parks, recreation, and cultural	436,008	487,761	432,752	55,009
Community development	1,035,908	1,040,155	970,993	69,162
Nondepartmental	120,428	23,057	90,269	(67,212)
Debt service:				
Principal retirement	4,244,984	4,244,984	4,244,984	-
Interest and other fiscal charges	2,536,874	2,536,874	2,087,125	449,749
Total expenditures	\$ 39,937,114	\$ 40,525,418	\$ 38,055,273	\$ 2,470,145
Excess (deficiency) of revenues over (under) expenditures	\$ 2,258,305	\$ 2,110,783	\$ 5,587,315	\$ 3,476,532
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,563,305)	\$ (2,714,177)	\$ (1,901,756)	\$ 812,421
Issuance of capital lease	305,000	305,000	-	(305,000)
Total other financing sources (uses)	\$ (2,258,305)	\$ (2,409,177)	\$ (1,901,756)	\$ 507,421
Net change in fund balances	\$ -	\$ (298,394)	\$ 3,685,559	\$ 3,983,953
Fund balances - beginning	-	298,394	23,402,486	23,104,092
Fund balances - ending	\$ -	\$ -	\$ 27,088,045	\$ 27,088,045

Virginia Public Assistance Fund

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

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 44,280	\$ 44,280
Intergovernmental:				
Commonwealth	3,504,538	3,504,538	3,786,290	281,752
Federal	2,616,318	2,616,318	2,483,592	(132,726)
Total revenues	<u>\$ 6,120,856</u>	<u>\$ 6,120,856</u>	<u>\$ 6,314,162</u>	<u>\$ 193,306</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 7,906,927	\$ 7,906,927	\$ 7,325,918	\$ 581,009
Total expenditures	<u>\$ 7,906,927</u>	<u>\$ 7,906,927</u>	<u>\$ 7,325,918</u>	<u>\$ 581,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,786,071)</u>	<u>\$ (1,786,071)</u>	<u>\$ (1,011,756)</u>	<u>\$ 774,315</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,786,071	\$ 1,786,071	\$ 1,011,756	\$ (774,315)
Total other financing sources (uses)	<u>\$ 1,786,071</u>	<u>\$ 1,786,071</u>	<u>\$ 1,011,756</u>	<u>\$ (774,315)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF HALIFAX, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
 Primary Government and Component Unit Halifax County Regional Library
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018		2017	
	Primary Government	Regional Library	Primary Government	Regional Library
Total pension liability				
Service cost	\$ 780,915	\$ 14,893	\$ 793,955	\$ 15,142
Interest	2,445,726	46,643	2,395,636	45,688
Differences between expected and actual experience	63,586	1,213	(384,393)	(7,331)
Changes in assumptions	-	-	(187,001)	(3,566)
Benefit payments, including refunds of employee contributions	(1,846,599)	(35,217)	(1,958,626)	(37,354)
Net change in total pension liability	\$ 1,443,628	\$ 27,532	\$ 659,571	\$ 12,579
Total pension liability - beginning	35,862,461	683,748	35,202,890	671,169
Total pension liability - ending (a)	\$ 37,306,089	\$ 711,280	\$ 35,862,461	\$ 683,748
Plan fiduciary net position				
Contributions - employer	\$ 532,347	\$ 10,153	\$ 528,755	\$ 10,084
Contributions - employee	367,811	7,015	380,201	7,251
Net investment income	2,576,343	49,135	3,885,346	74,099
Benefit payments, including refunds of employee contributions	(1,846,599)	(35,217)	(1,958,626)	(37,354)
Administrative expense	(22,550)	(430)	(23,016)	(439)
Other	(2,278)	(43)	(3,430)	(65)
Net change in plan fiduciary net position	\$ 1,605,074	\$ 30,613	\$ 2,809,231	\$ 53,576
Plan fiduciary net position - beginning	35,096,134	669,149	32,286,903	615,573
Plan fiduciary net position - ending (b)	\$ 36,701,208	\$ 699,762	\$ 35,096,134	\$ 669,149
Net pension liability - ending (a) - (b)	\$ 604,881	\$ 11,518	\$ 766,327	\$ 14,599
Plan fiduciary net position as a percentage of the total pension liability	98.38%	98.38%	97.86%	97.86%
Covered payroll	\$ 7,655,707	\$ 146,005	\$ 7,511,881	\$ 145,187
Net pension liability as a percentage of covered payroll	7.90%	7.89%	10.20%	10.06%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, addit become available.

2016		2015		2014	
Primary Government	Regional Library	Primary Government	Regional Library	Primary Government	Regional Library
\$ 779,075	\$ 14,854	\$ 825,925	\$ 15,747	\$ 826,346	\$ 15,754
2,313,571	44,111	2,214,719	42,226	2,135,142	40,706
(112,741)	(2,150)	198,493	3,784	-	-
-	-	-	-	-	-
(1,656,210)	(31,577)	(1,997,565)	(38,086)	(1,651,739)	(31,490)
\$ 1,323,695	\$ 25,238	\$ 1,241,572	\$ 23,671	\$ 1,309,749	\$ 24,970
33,879,195	645,931	32,637,623	622,260	31,327,890	597,259
\$ 35,202,890	\$ 671,169	\$ 33,879,195	\$ 645,931	\$ 32,637,639	\$ 622,229
\$ 673,810	\$ 12,847	\$ 678,950	\$ 12,945	\$ 790,792	\$ 15,076
358,651	6,838	363,627	6,933	367,756	7,011
555,064	10,583	1,448,398	27,615	4,392,966	83,751
(1,656,210)	(31,577)	(1,997,565)	(38,086)	(1,651,739)	(31,490)
(20,213)	(385)	(20,446)	(390)	(23,867)	(455)
(234)	(5)	(303)	(6)	232	4
\$ (89,132)	\$ (1,699)	\$ 472,661	\$ 9,011	\$ 3,876,140	\$ 73,897
32,376,035	617,272	31,903,374	608,261	28,027,250	534,333
\$ 32,286,903	\$ 615,573	\$ 32,376,035	\$ 617,272	\$ 31,903,390	\$ 608,230
\$ 2,915,987	\$ 55,596	\$ 1,503,160	\$ 28,659	\$ 734,249	\$ 13,999
91.72%	91.72%	95.56%	95.56%	97.75%	97.75%
\$ 7,269,350	\$ 161,325	\$ 7,348,452	\$ 140,456	\$ 7,410,339	\$ 141,278
40.11%	34.46%	20.46%	20.40%	9.91%	9.91%

ional years will be included as they

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 186,868	\$ 190,138	\$ 234,268	\$ 325,663	\$ 332,205
Interest	867,664	918,297	949,873	936,401	905,803
Differences between expected and actual experience	(103,806)	(983,685)	(781,526)	(183,885)	-
Changes in assumptions	-	(31,127)	-	-	-
Benefit payments, including refunds of employee contributions	(844,875)	(789,037)	(918,376)	(853,050)	(748,730)
Net change in total pension liability	\$ 105,851	\$ (695,414)	\$ (515,761)	\$ 225,129	\$ 489,278
Total pension liability - beginning	12,817,633	13,513,047	14,028,808	13,803,679	13,314,401
Total pension liability - ending (a)	\$ 12,923,484	\$ 12,817,633	\$ 13,513,047	\$ 14,028,808	\$ 13,803,679
Plan fiduciary net position					
Contributions - employer	\$ 141,618	\$ 154,312	\$ 203,113	\$ 234,453	\$ 217,625
Contributions - employee	78,998	86,232	91,360	106,219	148,448
Net investment income	924,578	1,415,455	198,450	546,114	1,699,873
Benefit payments, including refunds of employee contributions	(844,875)	(789,037)	(918,376)	(853,050)	(748,730)
Administrative expense	(8,339)	(8,540)	(7,852)	(7,872)	(9,403)
Other	(808)	(1,244)	(87)	(115)	90
Net change in plan fiduciary net position	\$ 291,172	\$ 857,178	\$ (433,392)	\$ 25,749	\$ 1,307,903
Plan fiduciary net position - beginning	12,729,901	11,872,723	12,306,115	12,280,366	10,972,463
Plan fiduciary net position - ending (b)	\$ 13,021,073	\$ 12,729,901	\$ 11,872,723	\$ 12,306,115	\$ 12,280,366
School Division's net pension liability - ending (a) - (b)	\$ (97,589)	\$ 87,732	\$ 1,640,324	\$ 1,722,693	\$ 1,523,313
Plan fiduciary net position as a percentage of the total pension liability	100.76%	99.32%	87.86%	87.72%	88.96%
Covered payroll	\$ 1,650,535	\$ 1,781,410	\$ 1,868,079	\$ 2,143,702	\$ 2,946,669
School Division's net pension liability as a percentage of covered payroll	-5.91%	4.92%	87.81%	80.36%	51.70%

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

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

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.33858%	0.35797%	0.36974%	0.36544%	0.37552%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 39,817,000	\$ 44,023,000	\$ 51,816,000	\$ 45,996,000	\$ 45,380,000
Employer's Covered Payroll	27,147,195	27,984,897	28,206,524	26,974,861	27,484,133
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146.67%	157.31%	183.70%	170.51%	165.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	68.28%	68.28%	70.88%	70.88%

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

Schedule of Employer Contributions - Pension
For the Year Ended June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2015	\$ 687,092	\$ 687,092	\$ -	\$ 7,348,452	9.35%
2016	670,634	670,634	-	7,269,350	9.23%
2017	530,187	530,187	-	7,511,881	7.06%
2018	532,699	532,699	-	7,655,707	6.96%
2019	497,066	497,066	-	7,695,555	6.46%
Component Unit Regional Library					
2015	\$ 13,099	\$ 13,099	\$ -	\$ 140,456	9.33%
2016	14,883	14,883	-	161,325	9.23%
2017	9,588	9,588	-	145,187	6.60%
2018	10,159	10,159	-	146,005	6.96%
2019	9,480	9,480	-	146,765	6.46%
Component Unit School Board (nonprofessional)					
2015	\$ 235,378	\$ 235,378	\$ -	\$ 2,143,702	10.98%
2016	203,679	203,679	-	1,868,079	10.90%
2017	157,793	157,793	-	1,781,410	8.86%
2018	141,618	141,618	-	1,650,535	8.58%
2019	82,650	82,650	-	1,564,656	5.28%
Component Unit School Board (professional)					
2015	\$ 3,753,274	\$ 3,753,274	\$ -	\$ 26,974,861	13.91%
2016	3,927,810	3,927,810	-	28,206,524	13.93%
2017	4,281,961	4,281,961	-	27,984,897	15.30%
2018	4,352,303	4,352,303	-	27,147,195	16.03%
2019	4,248,189	4,248,189	-	27,499,728	15.45%

Schedule is intended to show information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included as available.

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

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

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

Largest 10 - Non-Hazardous Duty:

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

Largest 10 - Hazardous Duty:

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

OPEB - Health Insurance Plan
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Years Ended June 30, 2018 through June 30, 2019

	2019	2018
County:		
Total OPEB liability		
Service cost	\$ 23,600	\$ 23,000
Interest	22,400	22,000
Changes in assumptions	(12,800)	-
Differences between expected and actual experience	(54,600)	-
Benefit payments	(31,500)	(39,800)
Net change in total OPEB liability	\$ (52,900)	\$ 5,200
Total OPEB liability - beginning	619,500	614,300
Total OPEB liability - ending	\$ 566,600	619,500
Covered employee payroll	\$ 7,730,000	\$ 6,896,400
County's total OPEB liability (asset) as a percentage of covered payroll	7.3%	9.0%

Library:

Total OPEB liability		
Service cost	\$ 400	\$ 400
Interest	300	300
Changes in assumptions	(900)	-
Differences between expected and actual experience	(3,500)	-
Net change in total OPEB liability	\$ (3,700)	\$ 700
Total OPEB liability - beginning	9,700	9,000
Total OPEB liability - ending	\$ 6,000	9,700
Covered payroll	\$ 82,000	\$ 107,980
County's total OPEB liability (asset) as a percentage of covered payroll	7.3%	9.0%

School Board:

Total OPEB liability		
Service cost	\$ 96,200	\$ 93,900
Interest	93,600	92,500
Changes in assumptions	(211,900)	-
Differences between expected and actual experience	(454,200)	-
Benefit payments	(135,200)	(181,600)
Net change in total OPEB liability	\$ (611,500)	\$ 4,800
Total OPEB liability - beginning	2,600,000	2,595,200
Total OPEB liability - ending	\$ 1,988,500	2,600,000
Covered payroll	\$ 27,126,700	\$ 28,943,720
School Boards total OPEB liability (asset) as a percentage of covered payroll	7.3%	9.0%

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

OPEB - Health Insurance Plan
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018

Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability - County, Library and School Board:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.62% as of June 30, 2018; 3.56% as of June 30, 2017
Healthcare Trend Rate	6.00% for fiscal year ending 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	Increases of 2.5%
Retirement Age	Age 50 and 10 years of service or Age 55 and 5 years of service - Plan 1 employees; Age 60 and 5 years of service - Plan 2 employees
Mortality Rates	RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

Schedule of Share of Net OPEB Liability

Group Life Insurance Program

For the Measurement Dates of June 30, 2018 and 2017

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
County:					
2018	0.04237%	\$ 616,179	\$ 7,655,707	8.05%	51.22%
2017	0.04295%	619,938	7,511,881	8.25%	48.86%
School Board:					
2018	0.15149%	\$ 2,301,000	\$ 28,797,730	7.99%	51.22%
2017	0.16668%	2,431,000	29,791,538	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2018 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
2019	\$ 39,508	\$ 39,508	\$ -	\$ 7,597,949	0.52%
2018	40,141	40,141	-	7,655,707	0.52%
2017	39,475	39,475	-	7,511,881	0.52%
School Board:					
2019	\$ 151,034	\$ 151,034	\$ -	\$ 29,044,855	0.52%
2018	150,854	150,854	-	28,797,730	0.52%
2017	159,873	159,873	-	29,791,538	0.52%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

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

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

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

General State 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
Line of Duty Disability	Increased rate from 14% to 25%

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

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Program - County and School Board-Nonprofessional
For the Measurement Dates of June 30, 2018 and 2017

<u>County:</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability		
Service cost	\$ 4,505	\$ 5,294
Interest	11,578	11,579
Differences between expected and actual experience	(14,676)	-
Changes in assumptions	-	(5,456)
Benefit payments	(13,907)	(8,948)
Net change in total HIC OPEB liability	\$ (12,500)	\$ 2,469
Total HIC OPEB Liability - beginning	172,357	169,888
Total HIC OPEB Liability - ending (a)	\$ 159,857	\$ 172,357
Plan fiduciary net position		
Contributions - employer	\$ 8,757	\$ 6,705
Net investment income	7,560	11,277
Benefit payments	(13,907)	(8,948)
Administrative expense	(173)	(182)
Other	580	580
Net change in plan fiduciary net position	\$ 2,817	\$ 9,432
Plan fiduciary net position - beginning	108,625	99,193
Plan fiduciary net position - ending (b)	\$ 111,442	\$ 108,625
County's net HIC OPEB liability - ending (a) - (b)	\$ 48,415	\$ 63,732
Plan fiduciary net position as a percentage of the total HIC OPEB liability	69.71%	63.02%
Covered payroll	\$ 3,648,680	\$ 3,520,054
County's net HIC OPEB liability as a percentage of covered payroll	1.33%	1.81%
<u>School Board - Nonprofessional:</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability		
Service cost	\$ 2,831	\$ 3,295
Interest	19,926	20,068
Differences between expected and actual experience	(10,851)	-
Changes in assumptions	-	(630)
Benefit payments	(26,709)	(22,828)
Net change in total HIC OPEB liability	\$ (14,803)	\$ (95)
Total HIC OPEB Liability - beginning	298,012	298,107
Total HIC OPEB Liability - ending (a)	\$ 283,209	\$ 298,012
Plan fiduciary net position		
Contributions - employer	\$ 12,049	\$ 12,990
Net investment income	7,501	11,933
Benefit payments	(26,709)	(22,828)
Administrative expense	160	(178)
Other	(647)	647
Net change in plan fiduciary net position	\$ (7,646)	\$ 2,564
Plan fiduciary net position - beginning	112,185	109,621
Plan fiduciary net position - ending (b)	\$ 104,539	\$ 112,185
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 178,670	\$ 185,827
Plan fiduciary net position as a percentage of the total HIC OPEB liability	63.09%	62.36%
Covered payroll	\$ 1,650,535	\$ 1,781,410
School Board's net HIC OPEB liability as a percentage of covered payroll	10.82%	10.43%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

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

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)

School Board - Professional:

2018	0.33521% \$	4,256,000 \$	27,109,935	15.70%	8.08%
2017	0.35477%	4,501,000	27,998,178	16.08%	7.04%

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

Schedule of Employer Contributions
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2017 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
2019	\$ 7,748	\$ 7,748	\$ -	\$ 3,521,860	0.22%
2018	8,757	8,757	-	3,648,680	0.24%
2017	8,448	8,448	-	3,520,054	0.24%
School Board - Non-professional:					
2019	\$ 14,864	\$ 14,864	\$ -	\$ 1,564,656	0.95%
2018	12,049	12,049	-	1,650,535	0.73%
2017	12,990	12,990	-	1,781,410	0.73%
School Board - Professional:					
2019	\$ 329,265	\$ 329,265	\$ -	\$ 27,438,738	1.11%
2018	331,189	331,189	-	27,109,935	1.11%
2017	310,780	310,780	-	27,998,178	1.11%

Schedule is intended to show information for 10 years. Additional information will be reported in future years when available.

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

School Board - Professional:

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

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Other Supplementary Information

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Combining and Individual Fund Financial Statements and Schedules

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

County Capital Projects Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 314,478	\$ 314,478
Miscellaneous	-	-	-	-
Total revenues	\$ -	\$ -	\$ 314,478	\$ 314,478
EXPENDITURES				
Current:				
Education	\$ 225,000	\$ 225,000	\$ 225,000	\$ -
Capital projects	665,000	15,739,613	5,518,949	10,220,664
Total expenditures	\$ 890,000	\$ 15,964,613	\$ 5,743,949	\$ 10,220,664
Excess (deficiency) of revenues over (under) expenditures	\$ (890,000)	\$ (15,964,613)	\$ (5,429,471)	\$ 10,535,142
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 744,585	\$ 744,585	\$ 890,000	\$ 145,415
Total other financing sources (uses)	\$ 744,585	\$ 744,585	\$ 890,000	\$ 145,415
Net change in fund balances	\$ (145,415)	\$ (15,220,028)	\$ (4,539,471)	\$ 10,680,557
Fund balances - beginning	145,415	15,220,028	15,387,118	167,090
Fund balances - ending	\$ -	\$ -	\$ 10,847,647	\$ 10,847,647

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 885,873	\$ 885,873
Due from other funds	4,261	4,261
Due from other governmental units	2,222,304	2,222,304
Total assets	\$ <u>3,112,438</u>	\$ <u>3,112,438</u>
LIABILITIES		
Accounts payable	\$ 2,226,031	\$ 2,226,031
Total liabilities	\$ <u>2,226,031</u>	\$ <u>2,226,031</u>
FUND BALANCES		
Committed:		
Future projects/grant matching	\$ 443,296	\$ 443,296
Airport operations	443,111	443,111
Total fund balances	\$ <u>886,407</u>	\$ <u>886,407</u>
Total liabilities and fund balances	\$ <u>3,112,438</u>	\$ <u>3,112,438</u>

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

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Revenue from the use of money and property	\$ 78,161	78,161
Miscellaneous	326	\$ 326
Intergovernmental:		
Commonwealth	807,875	807,875
Federal	2,207,406	2,207,406
Total revenues	\$ <u>3,093,768</u>	\$ <u>3,093,768</u>
EXPENDITURES		
Current:		
Judicial administration	\$ 180,975	\$ 180,975
Public safety	514,942	514,942
Parks, recreation, and cultural	5,000	5,000
Community development	122,595	122,595
Capital projects	2,208,654	2,208,654
Total expenditures	\$ <u>3,032,166</u>	\$ <u>3,032,166</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>61,602</u>	\$ <u>61,602</u>
Net change in fund balances	\$ 61,602	\$ 61,602
Fund balances - beginning	824,805	824,805
Fund balances - ending	\$ <u><u>886,407</u></u>	\$ <u><u>886,407</u></u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
ASSETS			
Cash and cash equivalents	\$ 449,725	\$ 436,148	\$ 885,873
Due from other funds	4,261	-	4,261
Due from other governmental units	34,636	2,187,668	2,222,304
Total assets	<u>\$ 488,622</u>	<u>\$ 2,623,816</u>	<u>\$ 3,112,438</u>
LIABILITIES			
Accounts payable	\$ 45,326	\$ 2,180,705	\$ 2,226,031
Total liabilities	<u>\$ 45,326</u>	<u>\$ 2,180,705</u>	<u>\$ 2,226,031</u>
FUND BALANCES			
Committed:			
Future projects/grant matching	\$ 443,296	\$ -	\$ 443,296
Airport operations	-	443,111	443,111
Total fund balances	<u>\$ 443,296</u>	<u>\$ 443,111</u>	<u>\$ 886,407</u>
Total liabilities and fund balances	<u>\$ 488,622</u>	<u>\$ 2,623,816</u>	<u>\$ 3,112,438</u>

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

	State and Federal Grants Fund	William M. Tuck Airport Fund	Total
REVENUES			
Revenue from the use of money and property	\$ -	\$ 78,161	\$ 78,161
Miscellaneous	326	-	326
Intergovernmental:			
Commonwealth	605,533	198,357	803,890
Federal	168,005	2,039,401	2,207,406
Total revenues	<u>\$ 773,864</u>	<u>\$ 2,315,919</u>	<u>\$ 3,089,783</u>
EXPENDITURES			
Current:			
Judicial administration	\$ 180,975	\$ -	\$ 180,975
Public safety	514,942	-	514,942
Parks, recreation, and cultural	5,000	-	5,000
Community development	34,928	83,682	118,610
Capital projects	-	2,208,654	2,208,654
Total expenditures	<u>\$ 735,845</u>	<u>\$ 2,292,336</u>	<u>\$ 3,028,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 38,019</u>	<u>\$ 23,583</u>	<u>\$ 61,602</u>
Net change in fund balances	\$ 38,019	\$ 23,583	\$ 61,602
Fund balances - beginning	405,277	419,528	824,805
Fund balances - ending	<u><u>\$ 443,296</u></u>	<u><u>\$ 443,111</u></u>	<u><u>\$ 886,407</u></u>

COUNTY OF HALIFAX, VIRGINIA

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

	State and Federal Grants Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	27,649	27,649	326	(27,323)
Intergovernmental:				
Commonwealth	544,780	1,150,295	605,533	(544,762)
Federal	189,990	994,060	168,005	(826,055)
Total revenues	\$ 762,419	\$ 2,172,004	\$ 773,864	\$ (1,398,140)
EXPENDITURES				
Current:				
Judicial administration	\$ 230,578	\$ 232,165	\$ 180,975	\$ 51,190
Public safety	508,841	515,348	514,942	406
Parks, recreation, and cultural	10,000	10,000	5,000	5,000
Community development	18,000	1,423,703	34,928	1,388,775
Capital projects	-	-	-	-
Total expenditures	\$ 767,419	\$ 2,181,216	\$ 735,845	\$ 1,445,371
Excess (deficiency) of revenues over (under) expenditures	\$ (5,000)	\$ (9,212)	\$ 38,019	\$ 47,231
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,000	\$ 9,212	\$ -	\$ (9,212)
Total other financing sources (uses)	\$ 5,000	\$ 9,212	\$ -	\$ (9,212)
Net change in fund balances	\$ -	\$ -	\$ 38,019	\$ 38,019
Fund balances - beginning	-	-	405,277	405,277
Fund balances - ending	\$ -	\$ -	\$ 443,296	\$ 443,296

William M. Tuck Airport Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 60,000	\$ 60,000	\$ 78,161	\$	18,161
-	-	-		-
-	-	198,357		198,357
-	-	2,039,401		2,039,401
\$ 60,000	\$ 60,000	\$ 2,315,919	\$	2,255,919
\$ -	\$ -	\$ -	\$	-
-	-	-		-
-	-	-		-
60,000	60,000	83,682		(23,682)
-	-	2,208,654		(2,208,654)
\$ 60,000	\$ 60,000	\$ 2,292,336	\$	(2,232,336)
\$ -	\$ -	\$ 23,583	\$	23,583
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ 23,583	\$	23,583
-	-	419,528		419,528
\$ -	\$ -	\$ 443,111	\$	443,111

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

	Agency Funds				
	Special Welfare	Halifax County War Memorial	Heritage Festival	Health Savings Account	Total
ASSETS					
Cash and cash equivalents	\$ <u>260,374</u>	\$ <u>13,893</u>	\$ <u>81,565</u>	\$ <u>938</u>	\$ <u>356,770</u>
LIABILITIES					
Amounts held for social services clients	\$ 260,374	\$ -	\$ -	\$ -	\$ 260,374
Amounts held for employees	-	-	-	938	938
Amounts held for other organizations	-	13,893	81,565	-	95,458
Total liabilities	\$ <u>260,374</u>	\$ <u>13,893</u>	\$ <u>81,565</u>	\$ <u>938</u>	\$ <u>356,770</u>

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ <u>176,334</u>	\$ <u>154,864</u>	\$ <u>70,824</u>	\$ <u>260,374</u>
Liabilities:				
Amounts held for social service clients	\$ <u>176,334</u>	\$ <u>154,864</u>	\$ <u>70,824</u>	\$ <u>260,374</u>
Heritage Festival:				
Assets:				
Cash and cash equivalents	\$ <u>94,637</u>	\$ <u>25,251</u>	\$ <u>38,323</u>	\$ <u>81,565</u>
Liabilities:				
Amounts held for other organizations	\$ <u>94,637</u>	\$ <u>25,251</u>	\$ <u>38,323</u>	\$ <u>81,565</u>
Halifax County War Memorial:				
Assets:				
Cash and cash equivalents	\$ <u>13,893</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,893</u>
Liabilities:				
Accrued liabilities	\$ <u>13,893</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,893</u>
Undistributed Local Sales Tax:				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>496,317</u>	\$ <u>496,317</u>	\$ <u>-</u>
Liabilities:				
Amounts held for other organizations	\$ <u>-</u>	\$ <u>496,317</u>	\$ <u>496,317</u>	\$ <u>-</u>
Health Savings Account:				
Assets:				
Cash and cash equivalents	\$ <u>683</u>	\$ <u>3,209</u>	\$ <u>2,954</u>	\$ <u>938</u>
Liabilities:				
Amounts held for employees	\$ <u>683</u>	\$ <u>3,209</u>	\$ <u>2,954</u>	\$ <u>938</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>285,547</u>	\$ <u>679,641</u>	\$ <u>608,418</u>	\$ <u>356,770</u>
Liabilities:				
Amounts held for social service clients	\$ 176,334	\$ 154,864	\$ 70,824	\$ 260,374
Amounts held for employees	683	3,209	2,954	938
Amounts held for other organizations	<u>108,530</u>	<u>521,568</u>	<u>534,640</u>	<u>95,458</u>
Total liabilities	\$ <u>285,547</u>	\$ <u>679,641</u>	\$ <u>608,418</u>	\$ <u>356,770</u>

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Discretely Presented Component Units

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

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,015,479	\$ 185,590	\$ 743,868	\$ 3,944,937
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	-	-	-
Due from other funds	32,056	-	-	32,056
Due from other governmental units	1,615,334	-	285,831	1,901,165
Prepaid items	530,889	-	-	530,889
Total assets	<u>\$ 5,193,758</u>	<u>\$ 185,590</u>	<u>\$ 1,029,699</u>	<u>\$ 6,409,047</u>
LIABILITIES				
Accounts payable	\$ 74,075	\$ -	\$ -	\$ 74,075
Accrued liabilities	2,790,009	-	48,710	2,838,719
Due to other funds	-	-	32,056	32,056
Due to primary government	2,329,674	-	-	2,329,674
Total liabilities	<u>\$ 5,193,758</u>	<u>\$ -</u>	<u>\$ 80,766</u>	<u>\$ 5,274,524</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	\$ 530,889	\$ -	\$ -	\$ 530,889
Committed:				
Education - major capital projects	-	185,590	-	185,590
Education - food service	-	-	782,581	782,581
Unassigned	(530,889)	-	166,352	(364,537)
Total fund balances	<u>\$ -</u>	<u>\$ 185,590</u>	<u>\$ 948,933</u>	<u>\$ 1,134,523</u>
Total liabilities and fund balances	<u>\$ 5,193,758</u>	<u>\$ 185,590</u>	<u>\$ 1,029,699</u>	<u>\$ 6,409,047</u>

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

Total fund balances per above \$ 1,134,523

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

Capital assets	\$ 66,025,803	
Accumulated depreciation	<u>(35,689,550)</u>	30,336,253

Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.

Deferred outflows - pension related	5,065,839	
Deferred outflows - OPEB related	607,163	
Deferred inflows - pension related	(8,049,980)	
Deferred inflows - OPEB related	<u>(1,420,545)</u>	(3,797,523)

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

Accrued interest payable	\$ (20,202)	
Net OPEB liabilities	(8,724,490)	
Net pension liability	(39,719,411)	
Capital lease	(1,398,431)	
Compensated absences	<u>(829,084)</u>	(50,691,618)

Net position of governmental activities \$ (23,018,365)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2019

	School Operating Fund	School Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 481	\$ -	\$ 481
Charges for services	142,563	-	703,389	845,952
Miscellaneous	22,254	-	-	22,254
Intergovernmental:				
Local government	13,557,393	-	-	13,557,393
Commonwealth	36,194,810	-	40,193	36,235,003
Federal	4,097,155	-	2,567,160	6,664,315
Total revenues	<u>\$ 54,014,175</u>	<u>\$ 481</u>	<u>\$ 3,310,742</u>	<u>\$ 57,325,398</u>
EXPENDITURES				
Current:				
Education	\$ 53,784,380	\$ -	\$ 3,191,543	\$ 56,975,923
Capital projects	-	678,780	-	678,780
Debt service:				
Principal retirement	180,603	-	-	180,603
Interest and other fiscal charges	46,408	-	-	46,408
Total expenditures	<u>\$ 54,011,391</u>	<u>\$ 678,780</u>	<u>\$ 3,191,543</u>	<u>\$ 57,881,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,784</u>	<u>\$ (678,299)</u>	<u>\$ 119,199</u>	<u>\$ (556,316)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,784	\$ 2,784
Transfers out	(2,784)	-	-	(2,784)
Total other financing sources (uses)	<u>\$ (2,784)</u>	<u>\$ -</u>	<u>\$ 2,784</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (678,299)	\$ 121,983	\$ (556,316)
Fund balances - beginning	-	863,889	826,950	1,690,839
Fund balances - ending	<u>\$ -</u>	<u>\$ 185,590</u>	<u>\$ 948,933</u>	<u>\$ 1,134,523</u>

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

Net change in fund balances - total governmental funds - per above	\$ (556,316)
--	--------------

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 capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 616,798	
Net transfer of joint tenancy assets	3,446,155	
Depreciation expense	<u>(2,471,049)</u>	1,591,904

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 assets. Also, governmental funds report the effect of issuance costs, 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	\$ 180,603	180,603
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in net OPEB liabilities	\$ 993,337	
(Increase) decrease in accrued interest payable	1,136	
Increase (decrease) in deferred outflows related to net pension liability	(437,082)	
Increase (decrease) in deferred outflows related to net OPEB liabilities	113,071	
(Increase) decrease in deferred inflows related to the measurement of net OPEB liabilities	(834,419)	
(Increase) decrease in deferred inflows related to the measurement of net pension liability	(430,058)	
(Increase) decrease in net pension liability	4,391,321	
(Increase) decrease in compensated absences	<u>(17,799)</u>	3,779,507

Change in net assets of governmental activities	\$ 4,995,698
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COUNTY OF HALIFAX, VIRGINIA

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	800,000	800,000	142,563	(657,437)
Miscellaneous	581,512	581,512	22,254	(559,258)
Intergovernmental:				
Local government	14,250,077	14,250,077	13,557,393	(692,684)
Commonwealth	35,450,543	35,450,543	36,194,810	744,267
Federal	5,217,645	5,217,645	4,097,155	(1,120,490)
Total revenues	\$ 56,299,777	\$ 56,299,777	\$ 54,014,175	\$ (2,285,602)
EXPENDITURES				
Current:				
Education	\$ 56,072,766	\$ 56,072,766	\$ 53,784,380	\$ 2,288,386
Capital projects	-	-	-	-
Debt service:				
Principal retirement	180,603	180,603	180,603	-
Interest and other fiscal charges	46,408	46,408	46,408	-
Total expenditures	\$ 56,299,777	\$ 56,299,777	\$ 54,011,391	\$ 2,288,386
	2,850,000			
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 2,784	\$ 2,784
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (2,784)	\$ (2,784)
Total other financing sources (uses)	\$ -	\$ -	\$ (2,784)	\$ (2,784)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Capital Projects Fund				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ -	\$ -	\$ 481	\$	481
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
\$ -	\$ -	\$ 481	\$	481
\$ -	\$ -	\$ -	\$	-
-	-	678,780		(678,780)
-	-	-		-
-	-	-		-
\$ -	\$ -	\$ 678,780	\$	(678,780)
\$ -	\$ -	\$ (678,299)	\$	(678,299)
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ -	\$	-
\$ -	\$ -	\$ (678,299)	\$	(678,299)
-	-	863,889		863,889
\$ -	\$ -	\$ 185,590	\$	185,590

Combining Balance Sheet

Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board

June 30, 2019

	School Cafeteria Fund	School Textbook Fund	Total
ASSETS			
Cash and cash equivalents	\$ 545,460	\$ 198,408	\$ 743,868
Due from other governmental units	285,831	-	285,831
Total assets	<u>\$ 831,291</u>	<u>\$ 198,408</u>	<u>\$ 1,029,699</u>
LIABILITIES			
Accrued liabilities	\$ 48,710	\$ -	\$ 48,710
Due to other funds	-	32,056	32,056
Total liabilities	<u>\$ 48,710</u>	<u>\$ 32,056</u>	<u>\$ 80,766</u>
FUND BALANCES			
Committed:			
Education - food service	\$ 782,581	\$ -	\$ 782,581
Education - textbooks	-	166,352	166,352
Total fund balances	<u>\$ 782,581</u>	<u>\$ 166,352</u>	<u>\$ 948,933</u>
Total liabilities and fund balances	<u>\$ 831,291</u>	<u>\$ 198,408</u>	<u>\$ 1,029,699</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2019

	School Cafeteria Fund	School Textbook Fund	Total
REVENUES			
Charges for services	\$ 341,716	\$ 361,673	\$ 703,389
Intergovernmental:			
Commonwealth	40,193	-	40,193
Federal	2,567,160	-	2,567,160
Total revenues	<u>\$ 2,949,069</u>	<u>\$ 361,673</u>	<u>\$ 3,310,742</u>
EXPENDITURES			
Current:			
Education	\$ 2,777,119	\$ 414,424	\$ 3,191,543
Total expenditures	<u>\$ 2,777,119</u>	<u>\$ 414,424</u>	<u>\$ 3,191,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 171,950</u>	<u>\$ (52,751)</u>	<u>\$ 119,199</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 2,784	\$ -	\$ 2,784
Total other financing sources (uses)	<u>\$ 2,784</u>	<u>\$ -</u>	<u>\$ 2,784</u>
Net change in fund balances	\$ 174,734	\$ (52,751)	\$ 121,983
Fund balances - beginning	607,847	219,103	826,950
Fund balances - ending	<u>\$ 782,581</u>	<u>\$ 166,352</u>	<u>\$ 948,933</u>

COUNTY OF HALIFAX, VIRGINIA

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

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 341,716	\$ (658,284)
Intergovernmental:				
Commonwealth	-	-	40,193	40,193
Federal	1,850,000	1,850,000	2,567,160	717,160
Total revenues	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,949,069</u>	<u>\$ 99,069</u>
EXPENDITURES				
Current:				
Education	\$ 2,850,000	\$ 2,850,000	\$ 2,777,119	\$ 72,881
Total expenditures	<u>\$ 2,850,000</u>	<u>\$ 2,850,000</u>	<u>\$ 2,777,119</u>	<u>\$ 72,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,950</u>	<u>\$ 171,950</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 2,784	\$ 2,784
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,784</u>	<u>\$ 2,784</u>
Net change in fund balances	\$ -	\$ -	\$ 174,734	\$ 174,734
Fund balances - beginning	-	-	607,847	607,847
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 782,581</u>	<u>\$ 782,581</u>

School Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 361,673	\$ 361,673
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 361,673	\$ 361,673
\$ -	\$ -	\$ 414,424	\$ (414,424)
\$ -	\$ -	\$ 414,424	\$ (414,424)
\$ -	\$ -	\$ (52,751)	\$ (52,751)
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ (52,751)	\$ (52,751)
-	-	219,103	219,103
\$ -	\$ -	\$ 166,352	\$ 166,352

Balance Sheet

Discretely Presented Component Unit - Regional Library

June 30, 2019

		<u>Regional Library</u>
ASSETS		
Cash and cash equivalents	\$	19,813
Total assets	\$	<u>19,813</u>
FUND BALANCES		
Assigned		
Library operations	\$	19,813
Total fund balance	\$	<u>19,813</u>
Total liabilities and fund balances	\$	<u>19,813</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	19,813
Items related to measurement of the net pension and OPEB liabilities are considered deferred outflows or deferred inflows and will be amortized and recognized in pension and OPEB expense over future years.		
Deferred outflows - pension related	\$	10,306
Deferred inflows - pension related		(9,825)
Deferred inflows - OPEB related		<u>(3,800)</u>
		(3,319)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liability	\$	(6,000)
Net pension liability		<u>(11,518)</u>
		<u>(17,518)</u>
Net position of governmental activities	\$	<u>(1,024)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - Regional Library
For the Year Ended June 30, 2019

		<u>Regional Library</u>
REVENUES		
Charges for services	\$	31,712
Miscellaneous		44,449
Intergovernmental:		
Local government		293,643
Commonwealth		120,896
Total revenues	\$	<u>490,700</u>
EXPENDITURES		
Current:		
Parks, recreation, and cultural	\$	473,958
Total expenditures	\$	<u>473,958</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>16,742</u>
Net change in fund balances	\$	16,742
Fund balances - beginning		3,071
Fund balances - ending	\$	<u><u>19,813</u></u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Net change in fund balances - total governmental funds - per above	\$	16,742
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Increase (decrease) in deferred outflows related to net pension liability	\$	(430)
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		8,149
(Increase) decrease in deferred inflows related to the measurement of net OPEB liabilities		(3,800)
(Increase) decrease in net OPEB liability		3,700
(Increase) decrease in net pension liability		3,081
		<u>10,700</u>
Change in net position of governmental activities	\$	<u><u>27,442</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, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,960,000	\$ 12,960,000	\$ 12,894,244	\$ (65,756)
Real and personal public service corporation taxes	5,445,000	5,445,000	5,565,240	120,240
Personal property taxes	6,935,000	6,935,000	7,432,702	497,702
Mobile home taxes	75,000	75,000	69,342	(5,658)
Machinery and tools taxes	1,364,000	1,364,000	1,435,072	71,072
Penalties and administrative fees	490,000	490,000	576,220	86,220
Interest	300,000	300,000	321,408	21,408
Total general property taxes	\$ 27,569,000	\$ 27,569,000	\$ 28,294,228	\$ 725,228
Other local taxes:				
Local sales and use taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,254,495	\$ 154,495
Consumers' utility taxes	950,000	950,000	971,581	21,581
Utility consumption tax	125,000	125,000	112,292	(12,708)
Business license taxes	325,000	325,000	393,609	68,609
Utility license taxes	45,000	45,000	39,908	(5,092)
Motor vehicle licenses	975,000	975,000	1,148,063	173,063
Solid waste disposal fee	937,500	937,500	922,772	(14,728)
Taxes on recordation and wills	190,000	190,000	169,978	(20,022)
Transient lodging tax	205,000	205,000	248,530	43,530
Meals tax	300,000	300,000	280,507	(19,493)
Total other local taxes	\$ 7,152,500	\$ 7,152,500	\$ 7,541,735	\$ 389,235
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 40,000	\$ 40,000	\$ 33,662	\$ (6,338)
Transfer fees	1,000	1,000	1,155	155
Building permits	280,000	280,000	117,238	(162,762)
Total permits, privilege fees, and regulatory licenses	\$ 321,000	\$ 321,000	\$ 152,055	\$ (168,945)
Fines and forfeitures:				
Court fines and forfeitures	\$ 95,000	\$ 95,000	\$ 63,844	\$ (31,156)
Revenue from use of money and property:				
Revenue from use of money	\$ 10,000	\$ 10,000	\$ 27,335	\$ 17,335
Revenue from use of property	261,819	261,819	275,348	13,529
Total revenue from use of money and property	\$ 271,819	\$ 271,819	\$ 302,683	\$ 30,864
Charges for services:				
Charges for law library	\$ 8,500	\$ 18,500	\$ 10,526	\$ (7,974)
Sheriff fees	2,500	2,500	-	(2,500)
Charges for courthouse maintenance	22,000	22,000	13,970	(8,030)
Courthouse construction fees	25,000	25,000	20,303	(4,697)
Charges for courthouse security	62,500	62,500	47,408	(15,092)
Charges for commonwealth's attorney	4,500	4,500	4,753	253
Animal redemption fees	2,000	2,400	1,673	(727)
Charges for sanitation and waste removal	330,000	330,000	317,594	(12,406)
Charges for parks and recreation	7,000	7,000	8,184	1,184
Charges for planning fees	20,000	20,000	11,049	(8,951)
Charges for project lifesaver program	-	-	2,150	2,150
Total charges for services	\$ 484,000	\$ 494,400	\$ 437,610	\$ (56,790)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 82,654	\$ 146,801	\$ 277,699	\$ 130,898
County fair donations and other revenue	17,500	17,500	23,497	5,997
Insurance recoveries	-	22,981	26,537	3,556
Sale of property	-	123,000	122,955	(45)
Crime prevention collections	-	-	725	725
Total miscellaneous	\$ 100,154	\$ 310,282	\$ 451,413	\$ 141,131
Recovered costs:				
Soil and water conservation technician	\$ 129,473	\$ 136,333	\$ 152,050	\$ 15,717
Detention home refund	-	31,742	31,742	-
Other recovered costs	10,000	13,001	49,018	36,017
Total recovered costs	\$ 139,473	\$ 181,076	\$ 232,810	\$ 51,734
Total revenue from local sources	\$ 36,132,946	\$ 36,395,077	\$ 37,476,378	\$ 1,081,301
Intergovernmental:				
Revenue from local government:				
Town of South Boston	\$ 130,000	\$ 130,000	\$ 113,658	\$ (16,342)
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 70,000	\$ 70,000	\$ 63,055	\$ (6,945)
Mobile home titling tax	50,000	50,000	50,575	575
Motor vehicle rental tax	3,050	3,050	10,839	7,789
State recordation tax	46,000	46,000	40,102	(5,898)
Personal property tax relief funds	1,503,234	1,503,234	1,503,234	-
Communications taxes	1,100,000	1,100,000	985,605	(114,395)
Total noncategorical aid	\$ 2,772,284	\$ 2,772,284	\$ 2,653,410	\$ (118,874)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 470,176	\$ 470,176	\$ 487,477	\$ 17,301
Drug prosecutor	121,000	121,000	123,881	2,881
Sheriff	1,584,645	1,584,645	1,574,517	(10,128)
Commissioner of revenue	139,296	139,296	145,802	6,506
Treasurer	119,414	119,414	122,151	2,737
Registrar/electoral board	41,896	41,896	42,436	540
Clerk of the Circuit Court	320,000	354,914	337,793	(17,121)
Total shared expenses	\$ 2,796,427	\$ 2,831,341	\$ 2,834,057	\$ 2,716
Other categorical aid:				
Emergency medical services grants	\$ 35,000	\$ 38,000	\$ 42,094	\$ 4,094
E-911 grants	125,000	253,954	308,851	54,897
Virginia juvenile community crime control act grant	63,762	63,762	63,762	-
Fire program funds	80,000	91,783	91,783	-
Other state funds	15,000	15,000	244	(14,756)
Total other categorical aid	\$ 318,762	\$ 462,499	\$ 506,734	\$ 44,235
Total categorical aid	\$ 3,115,189	\$ 3,293,840	\$ 3,340,791	\$ 46,951
Total revenue from the Commonwealth	\$ 5,887,473	\$ 6,066,124	\$ 5,994,201	\$ (71,923)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 45,000	\$ 45,000	\$ 46,155	\$ 1,155
Categorical aid:				
Homeland security grant program	\$ -	\$ -	\$ 12,196	\$ 12,196
Total categorical aid	\$ -	\$ -	\$ 12,196	\$ 12,196
Total revenue from the federal government	\$ 45,000	\$ 45,000	\$ 58,351	\$ 13,351
Total General Fund	\$ 42,195,419	\$ 42,636,201	\$ 43,642,588	\$ 1,006,387
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous	\$ -	\$ -	\$ 44,280	\$ 44,280
Total revenue from local sources	\$ -	\$ -	\$ 44,280	\$ 44,280
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,471,679	\$ 1,471,679	\$ 1,368,910	\$ (102,769)
Children Services Act	2,032,859	2,032,859	2,417,380	384,521
Total categorical aid	\$ 3,504,538	\$ 3,504,538	\$ 3,786,290	\$ 281,752
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,616,318	\$ 2,616,318	\$ 2,420,211	\$ (196,107)
Comprehensive Services Act program - Federal	-	-	63,381	63,381
Total categorical aid	\$ 2,616,318	\$ 2,616,318	\$ 2,483,592	\$ (132,726)
Total Virginia Public Assistance Fund	\$ 6,120,856	\$ 6,120,856	\$ 6,314,162	\$ 193,306
State and Federal Grants Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 27,649	\$ 27,649	\$ 326	\$ (27,323)
Total miscellaneous	\$ 27,649	\$ 27,649	\$ 326	\$ (27,323)
Total revenue from local sources	\$ 27,649	\$ 27,649	\$ 326	\$ (27,323)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Litter control grant	\$ 18,000	\$ 18,000	\$ 17,470	\$ (530)
Tobacco Commission grants	-	367,900	56,297	(311,603)
Community corrections board grant	508,841	515,348	515,348	-
Crime victims grant	12,939	12,939	11,205	(1,734)
Commission for the arts grant	5,000	5,000	4,500	(500)
Other state funds	-	231,108	713	(230,395)
Total categorical aid	\$ 544,780	\$ 1,150,295	\$ 605,533	\$ (544,762)
Total revenue from the Commonwealth	\$ 544,780	\$ 1,150,295	\$ 605,533	\$ (544,762)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Community development block grant	\$ -	\$ 804,070	\$ 7,830	\$ (796,240)
Alcohol open container requirements	-	-	3,511	3,511
State and community highway safety	-	-	3,957	3,957
Drug forfeiture	116,666	116,666	91,125	(25,541)
Crime victim assistance	73,324	73,324	61,582	(11,742)
Total categorical aid	\$ 189,990	\$ 994,060	\$ 168,005	\$ (826,055)
Total revenue from the federal government	\$ 189,990	\$ 994,060	\$ 168,005	\$ (826,055)
Total State and Federal Grants Fund	\$ 762,419	\$ 2,172,004	\$ 773,864	\$ (1,398,140)
William M. Tuck Airport Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 60,000	\$ 60,000	\$ 78,161	\$ 18,161
Total revenue from local sources	\$ 60,000	\$ 60,000	\$ 78,161	\$ 18,161
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Airport aid	\$ -	\$ -	\$ 198,357	\$ 198,357
Total categorical aid	\$ -	\$ -	\$ 198,357	\$ 198,357
Total revenue from the Commonwealth	\$ -	\$ -	\$ 198,357	\$ 198,357
Revenue from the federal government:				
Categorical aid:				
Airport aid - FAA	\$ -	\$ -	\$ 2,039,401	\$ 2,039,401
Total revenue from the federal government	\$ -	\$ -	\$ 2,039,401	\$ 2,039,401
Total William M. Tuck Airport Fund	\$ 60,000	\$ 60,000	\$ 2,315,919	\$ 2,255,919
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 314,478	\$ 314,478
Total revenue from use of money and property	\$ -	\$ -	\$ 314,478	\$ 314,478
Total revenue from local sources	\$ -	\$ -	\$ 314,478	\$ 314,478
Total County Capital Projects Fund	\$ -	\$ -	\$ 314,478	\$ 314,478
Total Primary Government	\$ 49,138,694	\$ 50,989,061	\$ 53,361,011	\$ 2,371,950

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Charges for services:				
Charges for education	\$ 800,000	\$ 800,000	\$ 142,563	\$ (657,437)
Total charges for services	\$ 800,000	\$ 800,000	\$ 142,563	\$ (657,437)
Miscellaneous:				
Other miscellaneous	\$ 581,512	\$ 581,512	\$ 22,254	\$ (559,258)
Total revenue from local sources	\$ 1,381,512	\$ 1,381,512	\$ 164,817	\$ (1,216,695)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Halifax, Virginia	\$ 14,250,077	\$ 14,250,077	\$ 13,557,393	\$ (692,684)
Total revenues from local governments	\$ 14,250,077	\$ 14,250,077	\$ 13,557,393	\$ (692,684)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 5,775,968	\$ 5,775,968	\$ 5,271,276	\$ (504,692)
Basic school aid	15,641,591	15,641,591	15,586,417	(55,174)
Medicaid	-	-	280,816	280,816
Gifted and talented	161,271	161,271	161,073	(198)
Remedial education	832,160	832,160	831,136	(1,024)
Special education	3,864,059	3,864,059	3,859,304	(4,755)
Vocational standards of quality payments	422,531	422,531	422,011	(520)
Fringe benefits	3,635,054	3,635,054	3,630,581	(4,473)
Early reading intervention	98,272	98,272	116,991	18,719
Lottery payments	1,084,001	1,084,001	1,173,093	89,092
K-3 Primary class	810,791	810,791	805,887	(4,904)
At risk payments	1,707,090	1,707,090	1,620,782	(86,308)
Other state funds	1,417,755	1,417,755	2,435,443	1,017,688
Total categorical aid	\$ 35,450,543	\$ 35,450,543	\$ 36,194,810	\$ 744,267
Total revenue from the Commonwealth	\$ 35,450,543	\$ 35,450,543	\$ 36,194,810	\$ 744,267
Revenue from the federal government:				
Categorical aid:				
Title I	\$ -	\$ -	\$ 1,852,339	\$ 1,852,339
Title VI-B, special education flow-through	-	-	1,546,363	1,546,363
Vocational education	-	-	158,315	158,315
Title VI-B, special education pre-school	-	-	100,613	100,613
English language acquisition grants	-	-	44	44
School improvement grants	-	-	20,027	20,027
Title II, Part A; Improving teacher quality - state grants	-	-	245,517	245,517
JROTC	-	-	37,369	37,369
Title VI, Rural and low income schools	-	-	95,974	95,974
Student support and academic enrichment program	-	-	40,594	40,594
Other federal funds	5,217,645	5,217,645	-	(5,217,645)
Total categorical aid	\$ 5,217,645	\$ 5,217,645	\$ 4,097,155	\$ (1,120,490)
Total revenue from the federal government	5,217,645	5,217,645	4,097,155	(1,120,490)
Total School Operating Fund	\$ 56,299,777	\$ 56,299,777	\$ 54,014,175	\$ (2,285,602)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 1,000,000	\$ 1,000,000	\$ 341,716	\$ (658,284)
Total revenue from local sources	\$ 1,000,000	\$ 1,000,000	\$ 341,716	\$ (658,284)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ -	\$ -	\$ 40,193	\$ 40,193
Total revenue from the Commonwealth	\$ -	\$ -	\$ 40,193	\$ 40,193
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,850,000	\$ 1,850,000	\$ 2,567,160	\$ 717,160
Total revenue from the federal government	\$ 1,850,000	\$ 1,850,000	\$ 2,567,160	\$ 717,160
Total School Cafeteria Fund	\$ 2,850,000	\$ 2,850,000	\$ 2,949,069	\$ 99,069
School Textbook Fund:				
Revenue from local sources:				
Charges for services:				
Textbook rentals	\$ -	\$ -	\$ 361,673	\$ 361,673
Total charges for services	\$ -	\$ -	\$ 361,673	\$ 361,673
Total School Textbook Fund	\$ -	\$ -	\$ 361,673	\$ 361,673
Capital Projects Fund:				
School Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 481	\$ 481
Total revenue from use of money and property	\$ -	\$ -	\$ 481	\$ 481
Total revenue from local sources	\$ -	\$ -	\$ 481	\$ 481
Total School Capital Improvements Fund	\$ -	\$ -	\$ 481	\$ 481
Total Discretely Presented Component Unit-School Board	\$ 59,149,777	\$ 59,149,777	\$ 57,325,398	\$ (1,824,379)

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 213,708	\$ 261,066	\$ 286,459	\$ (25,393)
General and financial administration:				
County administrator	\$ 284,518	\$ 400,853	\$ 387,174	\$ 13,679
Legal services	65,000	65,000	44,204	20,796
Commissioner of revenue	389,213	397,994	392,948	5,046
Assessment	198,595	190,465	187,374	3,091
Treasurer	448,602	454,724	442,165	12,559
Central accounting	551,411	554,443	522,867	31,576
Professional services	61,500	61,500	49,250	12,250
Total general and financial administration	\$ 1,998,839	\$ 2,124,979	\$ 2,025,982	\$ 98,997
Board of elections:				
Electoral board and officials	\$ 88,957	\$ 88,831	\$ 71,252	\$ 17,579
Registrar	110,298	110,617	110,378	239
Total board of elections	\$ 199,255	\$ 199,448	\$ 181,630	\$ 17,818
Total general government administration	\$ 2,411,802	\$ 2,585,493	\$ 2,494,071	\$ 91,422
Judicial administration:				
Courts:				
Circuit court	\$ 50,676	\$ 51,651	\$ 49,486	\$ 2,165
General district court	15,700	14,482	12,278	2,204
Special magistrates	2,900	2,900	2,680	220
Juvenile and domestic relations district court	19,750	19,394	12,442	6,952
Law library	8,500	18,500	14,633	3,867
Courthouse security	310,453	315,071	263,403	51,668
Courthouse maintenance	22,000	22,000	-	22,000
Clerk of the circuit court	542,292	600,902	528,234	72,668
Total courts	\$ 972,271	\$ 1,044,900	\$ 883,156	\$ 161,744
Commonwealth's attorney:				
Commonwealth's attorney	\$ 663,822	\$ 691,197	\$ 664,942	\$ 26,255
Multi-jurisdictional drug prosecutor	159,495	167,086	163,268	3,818
Total commonwealth's attorney	\$ 823,317	\$ 858,283	\$ 828,210	\$ 30,073
Total judicial administration	\$ 1,795,588	\$ 1,903,183	\$ 1,711,366	\$ 191,817
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,124,892	\$ 3,283,478	\$ 2,964,769	\$ 318,709
Emergency operations center	1,236,563	1,381,163	1,201,242	179,921
Total law enforcement and traffic control	\$ 4,361,455	\$ 4,664,641	\$ 4,166,011	\$ 498,630

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 796,122	\$ 756,064	\$ 754,317	\$ 1,747
Ambulance and rescue services	261,100	263,800	262,577	1,223
Emergency services	110,155	110,795	95,401	15,394
Forestry service	31,887	31,887	32,975	(1,088)
Total fire and rescue services	<u>\$ 1,199,264</u>	<u>\$ 1,162,546</u>	<u>\$ 1,145,270</u>	<u>\$ 17,276</u>
Correction and detention:				
Regional jail and other corrections	<u>\$ 3,165,846</u>	<u>\$ 3,165,846</u>	<u>\$ 3,048,029</u>	<u>\$ 117,817</u>
Inspections:				
Building	<u>\$ 234,940</u>	<u>\$ 220,223</u>	<u>\$ 187,837</u>	<u>\$ 32,386</u>
Other protection:				
Animal control	\$ 268,197	\$ 274,543	\$ 273,094	\$ 1,449
Medical examiner	500	500	380	120
Total other protection	<u>\$ 268,697</u>	<u>\$ 275,043</u>	<u>\$ 273,474</u>	<u>\$ 1,569</u>
Total public safety	<u>\$ 9,230,202</u>	<u>\$ 9,488,299</u>	<u>\$ 8,820,621</u>	<u>\$ 667,678</u>
Public works:				
Sanitation and waste removal:				
Public works and environmental services	\$ 2,393,833	\$ 2,483,636	\$ 2,508,118	\$ (24,482)
Contribution to Halifax County Service Authority -debt service	122,659	122,659	122,659	-
Total sanitation and waste removal	<u>\$ 2,516,492</u>	<u>\$ 2,606,295</u>	<u>\$ 2,630,777</u>	<u>\$ (24,482)</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 841,233</u>	<u>\$ 841,722</u>	<u>\$ 689,846</u>	<u>\$ 151,876</u>
Total public works	<u>\$ 3,357,725</u>	<u>\$ 3,448,017</u>	<u>\$ 3,320,623</u>	<u>\$ 127,394</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ 249,199</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ -</u>
Welfare:				
Tax relief for the elderly	\$ -	\$ -	\$ 32,558	\$ (32,558)
Other social services	12,000	12,000	12,000	-
Total welfare	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 44,558</u>	<u>\$ (32,558)</u>
Total health and welfare	<u>\$ 421,199</u>	<u>\$ 421,199</u>	<u>\$ 453,757</u>	<u>\$ (32,558)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 96,319	\$ 96,319	\$ 96,319	\$ -
Contribution to County School Board	14,250,077	14,250,077	13,332,393	917,684
Total education	<u>\$ 14,346,396</u>	<u>\$ 14,346,396</u>	<u>\$ 13,428,712</u>	<u>\$ 917,684</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 195,508	\$ 248,281	\$ 194,549	\$ 53,732
Contribution to YMCA	6,500	6,500	-	6,500
County fair	34,000	32,980	38,203	(5,223)
Total parks and recreation	<u>\$ 236,008</u>	<u>\$ 287,761</u>	<u>\$ 232,752</u>	<u>\$ 55,009</u>
Library:				
Contribution to county library	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 436,008</u>	<u>\$ 487,761</u>	<u>\$ 432,752</u>	<u>\$ 55,009</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 58,009	\$ 57,925	\$ 53,157	\$ 4,768
Tri-County Community Action Agency	50,766	63,459	63,455	4
Southside Planning District	45,301	45,301	45,301	-
Halifax County tourism	130,843	131,108	119,363	11,745
Contribution to Industrial Development Authority	419,802	419,802	361,042	58,760
Total planning and community development	<u>\$ 704,721</u>	<u>\$ 717,595</u>	<u>\$ 642,318</u>	<u>\$ 75,277</u>
Environmental management:				
Environmental management	<u>\$ 147,473</u>	<u>\$ 153,782</u>	<u>\$ 184,225</u>	<u>\$ (30,443)</u>
Cooperative extension program:				
Extension office	\$ 116,954	\$ 116,954	\$ 111,495	\$ 5,459
Agricultural development agent	66,760	51,824	32,955	18,869
Total cooperative extension program	<u>\$ 183,714</u>	<u>\$ 168,778</u>	<u>\$ 144,450</u>	<u>\$ 24,328</u>
Total community development	<u>\$ 1,035,908</u>	<u>\$ 1,040,155</u>	<u>\$ 970,993</u>	<u>\$ 69,162</u>
Nondepartmental:				
Miscellaneous	\$ 120,428	\$ 23,057	\$ 90,269	\$ (67,212)
Total nondepartmental	<u>\$ 120,428</u>	<u>\$ 23,057</u>	<u>\$ 90,269</u>	<u>\$ (67,212)</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 4,244,984	\$ 4,244,984	\$ 4,244,984	\$ -
Interest and other fiscal charges	2,536,874	2,536,874	2,087,125	449,749
Total debt service	<u>\$ 6,781,858</u>	<u>\$ 6,781,858</u>	<u>\$ 6,332,109</u>	<u>\$ 449,749</u>
Total General Fund	<u>\$ 39,937,114</u>	<u>\$ 40,525,418</u>	<u>\$ 38,055,273</u>	<u>\$ 2,470,145</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration and assistance	\$ 5,177,381	\$ 5,177,381	\$ 4,391,296	\$ 786,085
Comprehensive services	2,729,546	2,729,546	2,934,622	(205,076)
Total welfare and social services	<u>\$ 7,906,927</u>	<u>\$ 7,906,927</u>	<u>\$ 7,325,918</u>	<u>\$ 581,009</u>
Total Virginia Public Assistance Fund	<u>\$ 7,906,927</u>	<u>\$ 7,906,927</u>	<u>\$ 7,325,918</u>	<u>\$ 581,009</u>
State and Federal Grants Fund:				
Judicial administration:				
Courts:				
Crime victims grant	\$ 86,263	\$ 87,525	\$ 90,148	\$ (2,623)
Federal drug court	144,315	144,640	90,827	53,813
Total judicial administration	<u>\$ 230,578</u>	<u>\$ 232,165</u>	<u>\$ 180,975</u>	<u>\$ 51,190</u>
Public safety:				
Correction and detention:				
Community corrections board	\$ 508,841	\$ 515,348	\$ 514,942	\$ 406
Total public safety	<u>\$ 508,841</u>	<u>\$ 515,348</u>	<u>\$ 514,942</u>	<u>\$ 406</u>
Parks, recreation, and cultural:				
Cultural enrichment:				
Commission for the Arts	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Community development:				
Planning and community development:				
Improvement council	\$ 18,000	\$ 18,000	\$ 16,488	\$ 1,512
Housing project	-	806,695	18,440	788,255
Broadband	-	231,108	-	231,108
Tobacco heritage	-	367,900	-	367,900
Total community development	<u>\$ 18,000</u>	<u>\$ 1,423,703</u>	<u>\$ 34,928</u>	<u>\$ 1,388,775</u>
Total State and Federal Grants Fund	<u>\$ 767,419</u>	<u>\$ 2,181,216</u>	<u>\$ 735,845</u>	<u>\$ 1,445,371</u>

Schedule of Expenditures - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
William M. Tuck Airport Fund:				
Community development:				
Planning and community development:				
Airport expenditures	\$ 60,000	\$ 60,000	\$ 83,682	\$ (23,682)
Capital projects:				
Capital projects	\$ -	\$ -	\$ 2,208,654	\$ (2,208,654)
Total William M. Tuck Airport Fund	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 2,292,336</u>	<u>\$ (2,232,336)</u>
Capital Projects Fund:				
County Capital Projects Fund:				
Education:				
Contribution to County School Board	\$ 225,000	\$ 225,000	\$ 225,000	\$ -
Capital projects expenditures:				
VFD capital project	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
VISION - CAMA system	-	60,742	-	60,742
Broadband system	-	214,031	16,000	198,031
Public works equipment	160,000	160,000	-	160,000
Accounting software	-	44,970	15,338	29,632
Collection centers	75,000	75,000	30,058	44,942
Commonwealth Attorney renovation	-	-	53,884	(53,884)
Phase I: Sheriffs office renovation	-	415,247	258,336	156,911
STEM Center renovation	-	135,700	-	135,700
Event center	-	222,119	84,494	137,625
Courthouse renovation	-	13,956,804	4,685,839	9,270,965
Volunteer fire department projects	250,000	250,000	250,000	-
Other capital projects	80,000	105,000	25,000	80,000
Total capital projects	<u>\$ 665,000</u>	<u>\$ 15,739,613</u>	<u>\$ 5,518,949</u>	<u>\$ 10,220,664</u>
Total County Capital Projects Fund	<u>\$ 890,000</u>	<u>\$ 15,964,613</u>	<u>\$ 5,743,949</u>	<u>\$ 10,220,664</u>
Total Primary Government	<u>\$ 49,561,460</u>	<u>\$ 66,638,174</u>	<u>\$ 54,153,321</u>	<u>\$ 12,484,853</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
School board and administration	\$ 3,106,411	\$ 3,106,411	\$ 4,174,493	\$ (1,068,082)
Instruction costs:				
Elementary and secondary schools	\$ 39,054,467	\$ 39,054,467	\$ 36,163,545	\$ 2,890,922
Federal programs	4,738,288	4,738,288	3,676,608	1,061,680
Total instruction costs	<u>\$ 43,792,755</u>	<u>\$ 43,792,755</u>	<u>\$ 39,840,153</u>	<u>\$ 3,952,602</u>
Operating costs:				
Pupil transportation	\$ 4,212,598	\$ 4,212,598	\$ 4,444,126	\$ (231,528)
Operation and maintenance of school plant	4,961,002	4,961,002	5,325,608	(364,606)
Total operating costs	<u>\$ 9,173,600</u>	<u>\$ 9,173,600</u>	<u>\$ 9,769,734</u>	<u>\$ (596,134)</u>
Total education	<u>\$ 56,072,766</u>	<u>\$ 56,072,766</u>	<u>\$ 53,784,380</u>	<u>\$ 2,288,386</u>

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

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ 180,603	\$ 180,603	\$ 180,603	\$ -
Interest and other fiscal charges	46,408	46,408	46,408	-
Total debt service	<u>\$ 227,011</u>	<u>\$ 227,011</u>	<u>\$ 227,011</u>	<u>\$ -</u>
 Total School Operating Fund	 <u>\$ 56,299,777</u>	 <u>\$ 56,299,777</u>	 <u>\$ 54,011,391</u>	 <u>\$ 2,288,386</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services	\$ 2,850,000	\$ 2,850,000	\$ 2,777,119	\$ 72,881
 Total School Cafeteria Fund	 <u>\$ 2,850,000</u>	 <u>\$ 2,850,000</u>	 <u>\$ 2,777,119</u>	 <u>\$ 72,881</u>
School Textbook Fund:				
Education:				
Instruction	\$ -	\$ -	\$ 414,424	\$ (414,424)
 Total School Textbook Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 414,424</u>	 <u>\$ (414,424)</u>
School Capital Projects Fund:				
Capital projects expenditures:				
School construction projects	\$ -	\$ -	\$ 678,780	\$ (678,780)
Total capital projects	<u>-</u>	<u>-</u>	<u>678,780</u>	<u>(678,780)</u>
 Total School Capital Projects Fund	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 678,780</u>	 <u>\$ (678,780)</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 59,149,777</u>	 <u>\$ 59,149,777</u>	 <u>\$ 57,881,714</u>	 <u>\$ 1,268,063</u>

Other Statistical Information

COUNTY OF HALIFAX, VIRGINIA

Table 1

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Administration	Public Safety		Public Works	Health and Welfare		Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-term Debt		Business-Type Activities (1)	Total
	Administration														
2009-10	\$ 3,090,119	\$ 1,429,764	\$ 7,325,326	\$ 3,812,180	\$ 7,787,497	\$ 16,063,821	\$ 552,569	\$ 2,002,198	\$ 2,585,383	\$ -	\$ 44,648,857				
2010-11	2,418,864	1,482,464	7,564,127	5,195,264	7,904,249	17,312,615	632,558	1,680,884	2,471,149	-	46,662,174				
2011-12	2,272,954	1,487,486	7,594,784	3,752,716	7,760,643	16,442,784	436,121	2,132,612	2,346,703	-	44,226,803				
2012-13	2,325,357	1,596,842	7,458,534	3,531,002	7,551,029	16,578,196	474,772	2,754,844	2,240,418	-	44,510,994				
2013-14	2,198,400	1,638,022	7,190,142	3,810,125	6,813,100	17,009,842	454,679	2,014,030	1,177,375	-	42,305,715				
2014-15	2,245,594	1,623,467	8,236,832	3,238,819	6,958,509	16,189,829	413,002	1,249,001	2,000,501	-	42,155,554				
2015-16	2,173,095	1,971,714	8,892,448	3,380,010	7,117,283	17,100,618	418,643	1,313,406	1,815,323	-	44,182,540				
2016-17	2,390,611	1,852,914	8,463,570	3,627,228	7,371,651	17,174,191	407,567	1,139,119	2,307,304	-	44,734,155				
2017-18	2,404,121	1,814,319	9,147,202	3,928,409	7,072,573	18,762,954	416,412	1,196,735	1,880,020	-	46,622,745				
2018-19	2,487,574	1,923,476	9,625,493	3,952,621	7,542,410	16,788,573	426,953	906,153	1,636,618	-	45,289,871				

Table includes primary government only.

(1) The water and sewer operations, including the blended component unit, were transferred to the Halifax County Service Authority during FY 2008.

COUNTY OF HALIFAX, VIRGINIA

Table 2

Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes (1)	Unrestricted Investment Earnings	Miscellaneous	Restricted to Specific Programs (1)	
2009-10	\$ 695,753	\$ 9,934,844	\$ 347,708	\$ 23,945,473	\$ 4,686,780	\$ 411,274	\$ 1,104,045	\$ 2,658,996	\$ 43,784,873
2010-11	690,073	9,353,614	440,717	23,996,264	4,834,750	406,707	854,368	2,577,185	43,153,678
2011-12	620,628	9,329,540	1,442,756	22,779,396	5,236,780	394,117	519,922	2,602,321	42,925,460
2012-13	672,784	9,034,629	1,461,144	24,306,577	6,164,352	343,065	302,982	2,667,870	44,953,403
2013-14	706,508	8,537,054	928,245	24,807,716	6,583,756	343,804	507,624	2,897,174	45,311,881
2014-15	741,032	8,951,159	201,229	25,366,255	7,086,089	314,961	309,273	2,874,716	45,844,714
2015-16	694,359	9,104,536	17,124	26,313,725	6,725,483	346,296	521,278	2,837,831	46,560,632
2016-17	706,430	9,430,222	639,097	27,264,924	6,680,061	427,396	358,835	2,823,257	48,330,222
2017-18	712,528	9,579,646	98,609	28,200,822	6,686,235	637,656	649,995	2,783,539	49,349,030
2018-19	653,509	10,708,422	2,039,401	28,674,243	7,541,735	695,322	496,019	2,699,565	53,508,216

Table includes primary government only.

(1) Beginning in fiscal year 2010 communication tax revenue is reported as noncategorical aid from Commonwealth. In prior years, communication tax revenue was reported as other local taxes.

COUNTY OF HALIFAX, VIRGINIA

Table 3

General Governmental Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government		Judicial Adminis- tration	Health and Welfare		Parks, Recreation, and Cultural	Community Development	Non- Departmental	Debt		
	Adminis- tration			Public Safety	Public Works				Education (1)	Service	Total
2009-10	\$ 2,630,693	\$ 1,419,225	\$ 7,397,339	\$ 3,175,611	\$ 7,733,969	\$ 61,376,043	\$ 584,207	\$ 2,387,062	\$ 418,979	\$ 5,885,023	\$ 93,008,151
2010-11	2,186,834	1,471,621	7,242,714	3,712,592	7,875,823	61,062,113	598,521	1,778,597	351,167	6,126,876	92,406,858
2011-12	2,170,032	1,466,653	7,524,324	3,111,801	7,765,276	57,736,555	397,131	2,347,462	236,293	5,496,482	88,252,009
2012-13	2,241,420	1,589,595	7,625,905	3,322,434	7,524,746	57,919,116	427,362	2,866,356	133,077	5,503,566	89,153,577
2013-14	2,233,023	1,654,197	7,794,656	3,080,549	6,744,418	55,173,973	442,560	2,090,780	131,883	4,784,580	84,130,619
2014-15	2,208,915	1,656,372	8,468,444	3,477,487	7,128,536	55,971,025	412,663	1,382,070	753	5,640,779	86,347,044
2015-16	2,143,280	1,748,263	8,867,753	3,186,652	7,379,474	57,061,154	443,764	1,419,642	64,342	5,617,723	87,932,047
2016-17	2,276,628	1,833,593	8,478,787	2,962,589	7,479,213	57,381,775	425,325	1,256,108	112,162	5,852,201	88,058,381
2017-18	2,374,957	1,868,812	8,822,307	3,261,862	7,190,834	58,368,213	412,002	1,353,714	82,542	6,544,571	90,279,814
2018-19	2,494,071	1,892,341	9,335,563	3,320,623	7,779,675	57,072,242	437,752	1,089,603	90,269	6,559,120	90,071,259

Table includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

(1) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

COUNTY OF HALIFAX, VIRGINIA

Table 4

General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes		Other Local Taxes (2)		Permits, Privilege Fees, Regulatory Licenses		Fines and Forfeitures		Revenue from the Use of Money and Property		Charges for Services		Miscellaneous		Recovered Costs		Inter-governmental (1)(2)		Total	
2009-10	\$	23,509,675	\$	4,686,780	\$	130,416	\$	62,043	\$	413,567	\$	2,131,400	\$	2,786,770	\$	124,571	\$	59,105,452	\$	92,950,674
2010-11		24,004,456		4,834,750		141,352		74,226		407,741		1,555,945		2,718,034		261,080		56,726,586		90,724,170
2011-12		22,052,531		5,236,780		134,832		60,924		394,157		1,438,063		2,545,673		427,976		54,432,215		86,723,151
2012-13		24,546,393		6,164,352		154,721		62,785		343,065		1,355,080		1,959,857		903,938		54,462,534		89,952,725
2013-14		24,894,828		6,583,756		185,344		73,681		342,926		1,159,147		1,945,739		739,564		52,160,431		88,085,416
2014-15		25,975,109		7,083,089		181,932		89,105		311,928		1,267,571		2,002,311		612,170		52,608,090		90,131,305
2015-16		26,236,246		6,725,483		144,763		66,606		339,598		1,309,056		2,027,740		202,997		52,962,072		90,014,561
2016-17		26,818,027		6,680,061		173,170		111,148		344,945		1,237,451		1,109,865		458,276		54,723,696		91,656,639
2017-18		28,211,449		6,686,235		149,386		86,070		400,530		2,074,076		1,285,937		248,521		53,654,040		92,796,244
2018-19		28,294,228		7,541,735		152,055		63,844		380,844		1,283,562		518,273		232,810		58,346,706		96,814,057

Table includes General and Special Revenue funds of the Primary Government and Discretely Presented Component Unit - School Board.

(1) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.

(2) Beginning in fiscal year 2010 communication tax revenue is reported as noncategorical aid from Commonwealth. In prior years, communication tax revenue was reported as other local taxes.

COUNTY OF HALIFAX, VIRGINIA

Table 5

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax		Delinquent Tax		Total Tax		Percent of Current Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Current Tax Levy	
	Levy (1,3,4)	Collections (1)	Collections (1)(5)	Tax	Collections	Tax	Collections	Tax	to Tax Levy	Taxes (1,2)	Tax Levy			
2009-10	\$ 24,450,576	\$ 23,182,891	\$ 1,252,839	\$ 24,435,730	\$ 94.82%	\$ 2,279,104	9.32%							
2010-11	24,968,092	22,516,171	2,446,207	24,962,378	90.18%	2,380,138	9.53%							
2011-12	23,760,658	20,348,558	2,546,293	22,894,851	85.64%	1,856,116	7.81%							
2012-13	25,032,718	22,313,363	2,972,629	25,285,992	89.14%	1,742,146	6.96%							
2013-14	25,423,840	23,063,969	2,718,690	25,782,659	90.72%	1,886,208	7.42%							
2014-15	26,260,762	22,795,740	3,834,801	26,630,541	86.81%	1,906,508	7.26%							
2015-16	27,063,589	24,486,314	2,443,952	26,930,266	90.48%	2,254,834	8.33%							
2016-17	27,820,071	24,555,238	2,936,579	27,491,817	88.26%	2,457,035	8.83%							
2017-18	28,865,077	26,422,667	2,308,198	28,730,865	91.54%	2,557,521	8.86%							
2018-19	29,446,294	27,163,849	1,735,984	28,899,833	92.25%	2,828,415	9.61%							

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

(4) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5

(5) Delinquent tax collections represent total delinquent taxes collected by fiscal year not tax assessment year.

COUNTY OF HALIFAX, VIRGINIA

Table 6

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)(3)	Personal Property (1)	Machinery and Tools		Mobile Homes	Public Utility (2)	Total
2009-10	\$ 2,642,838,286	\$ 194,222,175	\$ 105,229,100	\$	24,281,492	\$ 1,071,208,087	\$ 4,037,779,140
2010-11	2,682,107,141	195,399,423	102,266,400		21,607,200	1,144,472,640	4,145,852,804
2011-12	2,642,140,247	208,849,364	104,232,700		21,636,849	1,043,796,759	4,020,655,919
2012-13	2,611,941,867	206,995,250	115,491,600		21,858,449	939,796,330	3,896,083,496
2013-14	2,604,844,290	216,430,806	109,754,900		21,548,300	974,075,062	3,926,653,358
2014-15	2,592,875,041	214,359,000	113,167,200		18,805,800	1,012,476,276	3,951,683,317
2015-16	2,610,672,606	220,453,300	104,637,400		19,919,600	1,060,511,659	4,016,194,565
2016-17	2,626,126,937	232,771,900	108,532,100		18,811,900	1,092,693,520	4,078,936,357
2017-18	2,625,339,034	242,403,900	108,262,200		18,806,000	1,122,256,625	4,117,067,759
2018-19	2,655,433,747	247,643,900	113,507,800		19,437,900	1,135,037,315	4,171,060,662

(1) Real estate and personal property is assessed at 100% of fair market value.

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

(3) Starting in FY 2009, real estate is collected semi-annually, assessments are reported on the fiscal year basis.

COUNTY OF HALIFAX, VIRGINIA

Table 7

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate (2)	Personal Property	Machinery and Tools
2009-10	\$.44 / .43	\$ 3.60	\$ 1.26
2010-11	.43 / .43	3.60	1.26
2011-12	.43 / .45	3.60	1.26
2012-13	.45 / .45	3.60	1.26
2013-14	.45 / .46	3.60	1.26
2014-15	.46 / .48	3.60	1.26
2015-16	.48 / .48	3.60	1.26
2016-17	.48 / .48	3.60	1.26
2017-18	.48 / .48	3.85	1.26
2018-19	.48 / .50	3.85	1.26

(1) Per \$100 of assessed value.

(2) In fiscal year 2008 the County assessed and billed property taxes in installments, Dec. 5 and June 5

The rates include first and second half installments, respectively.

COUNTY OF HALIFAX, VIRGINIA

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2009-10	36,700	\$ 2,642,838	\$ 58,708,346	\$ 58,708,346	2.22%	\$ 1,600
2010-11	36,241	2,682,107	55,850,717	55,850,717	2.08%	1,541
2011-12	36,241	2,642,140	53,109,975	53,109,975	2.01%	1,465
2012-13	35,849	2,611,942	50,276,791	50,276,791	1.92%	1,402
2013-14	35,407	2,604,844	47,353,729	47,353,729	1.82%	1,337
2014-15	35,200	2,592,875	44,325,482	44,325,482	1.71%	1,259
2015-16	35,125	2,610,673	41,173,927	41,173,927	1.58%	1,172
2016-17	35,125	2,626,127	37,898,511	37,898,511	1.44%	1,079
2017-18	34,563	2,625,339	34,485,686	34,485,686	1.31%	998
2018-19	34,563	2,655,434	30,935,702	30,935,702	1.16%	895

(1) US Census Bureau - population estimates

(2) Includes only real property. Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, general obligation notes, and literary fund loans.

Excludes revenue bonds, landfill liabilities, capital leases, compensated absences, net pension liability and OPEB liabilities.

COUNTY OF HALIFAX, VIRGINIA

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2009-10	\$ 3,118,375	\$ 2,816,570	\$ 5,934,945	\$ 93,008,151	6.38%
2010-11	3,293,277	2,649,193	5,942,470	92,406,858	6.43%
2011-12	2,938,897	2,557,585	5,496,482	88,252,009	6.23%
2012-13	3,055,320	2,448,246	5,503,566	89,153,577	6.17%
2013-14	3,281,525	1,503,055	4,784,580	84,130,619	5.69%
2014-15	3,028,247	1,933,163	4,961,410	86,347,044	5.75%
2015-16	3,601,356	2,016,367	5,617,723	87,932,047	6.39%
2016-17	3,677,311	2,174,890	5,852,201	88,058,381	6.65%
2017-18	4,269,791	2,274,780	6,544,571	90,279,814	7.25%
2018-19	4,425,587	2,133,533	6,559,120	90,071,259	7.28%

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

Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Halifax, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Halifax, Virginia's basic financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Halifax, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Halifax, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Halifax, 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 Halifax, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 22, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Halifax, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Halifax, Virginia's major federal programs for the year ended June 30, 2019. County of Halifax, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Halifax, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Halifax, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Halifax, Virginia's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Halifax, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Halifax, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Halifax, Virginia's internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 22, 2019

COUNTY OF HALIFAX, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950117/0950118	\$ 2,618
TANF Cluster:			
Temporary Assistance for Needy Families (TANF)	93.558	0400118/0400119	384,202
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	260
Low-income Home Energy Assistance	93.568	0600419/0600418	63,162
Child Care and Development Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760118	69,613
Chafee Education and Training Vouchers Program	93.599	9160118	461
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	464
Foster Care - Title IV-E	93.658	1100119/1100118	324,569
Adoption Assistance	93.659	1120119/1120118	267,655
Social Services Block Grant	93.667	1000119/1000118	322,704
Chafee Foster Care Independence Program	93.674	9150118	5,175
Children's Health Insurance Program	93.767	0540119/0540118	11,156
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119/1200118	536,893
Total Department of Health and Human Services			\$ 1,988,932
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Food Distribution	10.555	2019IN109941/2018IN16109941	\$ 184,701
Department of Education:			
National School Lunch Program	10.555	2019IN109941/2018IN16109941	1,635,135
Subtotal CFDA 10.555			\$ 1,819,836
School Breakfast Program	10.553	2019IN109941/2018IN16109941	557,515
Summer Food Service Program for Children	10.559	N/A	45,743
Subtotal Child Nutrition Cluster			\$ 2,423,094
Department of Education:			
Child and Adult Care Food Program	10.558	201818N202041/201919N109941	33,316
Fresh Fruit and Vegetable Program	10.582	2019IL180341/2018IL170341	110,750
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010118/0040118/0040119	481,598
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort Under SNAP	10.596	0060115	13,062
Total Department of Agriculture			\$ 3,061,820
Department of Defense:			
Direct payments:			
ROTC Language and Culture Training Grants	12.357	N/A	\$ 37,369
Total Department of Defense			\$ 37,369

COUNTY OF HALIFAX, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grant/States' Program and Non-Entitlement Grants in Hawaii	14.228	CAMS 17PG04	\$ 7,830
Total Department of Housing and Urban Development			\$ 7,830
Department of Justice:			
Direct payments:			
Drug Court Discretionary Grant Program	16.585	N/A	\$ 91,125
Pass Through Payments:			
Virginia Department of Criminal Justice:			
Crime Victim Assistance	16.575	16VAGX0039/17VAGX0018	\$ 61,582
Total Department of Justice			\$ 152,707
Department of Transportation:			
Direct payments:			
Airport Improvement Program	20.106	N/A	\$ 2,039,401
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2018-57184-6833	\$ 3,957
Alcohol Open Container Requirements	20.607	154AL-2018-57185-6834	3,511
Total Department of Transportation			\$ 2,046,869
Department of Homeland Security			
Pass Through Payments:			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	201707019787	\$ 12,196
Total Department of Homeland Security			\$ 12,196
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	S010A180046/S010A160046/S010A170046	\$ 1,852,339
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A180107/H027A170107	1,546,363
Special Education - Preschool Grants	84.173	H173A180112/H173A170112	100,613
Subtotal Special Education Cluster			1,646,976
Career and Technical Education: Basic Grants to States	84.048	V048A180046/V048A170046	158,315
Supporting Effective Instruction State Grants	84.367	S367A170044/S367A140044	245,517
School Improvement Grants	84.377	S377A140047	20,027
English Language Acquisition State Grants	84.365	S365A160048/S365A170046	44
Rural Education	84.358	S358B160046/S358B170046	95,974
Student Support and Academic Enrichment Grants	84.424	S424A170048	40,594
Total Department of Education - pass through			\$ 4,059,786
Total Department of Education			\$ 4,059,786
Total Expenditures of Federal Awards			\$ 11,367,509

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF HALIFAX, VIRGINIA

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and distributed.

Note 4 - Indirect Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - 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	\$	58,351
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Special Revenue Funds:

Virginia Public Assistance Fund		2,483,592
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State and Federal Grants Fund		168,005
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William M. Tuck Airport Fund		2,039,401
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Total primary government	\$	<u>4,749,349</u>
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Component Unit School Board:

School Operating Fund	\$	4,097,155
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School Cafeteria Fund		2,567,160
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Total component unit School Board	\$	<u>6,664,315</u>
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Less amounts not reported on Schedule of Expenditures of Federal Awards

Department of Interior - Payments in lieu of taxes	15.226	<u>(46,155)</u>
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Total federal expenditures per basic financial statements	\$	<u>11,367,509</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>11,367,509</u></u>
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Note 7 - Loan Balances

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

COUNTY OF HALIFAX, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant Deficiency(ies) identified? No

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.555	National School Lunch Program
10.555	Food Distribution
10.559	Summer Food Service Program for Children
10.553	School Breakfast Program
20.106	Airport Improvement Program
84.010	Title I: Grants to Local Educational Agencies
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

None