

**COUNTY OF PITTSYLVANIA, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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

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## INTRODUCTORY SECTION

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# COUNTY OF PITTSYLVANIA, VIRGINIA

## BOARD OF SUPERVISORS

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Ronald Searce, Vice Chair	Robert "Bob" Warren, Chair	Ben Farmer
Tim W. Dudley		William "Vic" Ingram
Dr. Charles Miller, Jr.		Joe Davis

## COUNTY SCHOOL BOARD

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George Henderson, Vice Chair	J. Samuel Burton, Chair	Cassandra Crump
Calvin D. Doss		Raymond Ramsey
Don C. Moon		Kevin Mills
	Janet Hancock, Clerk	

## SOCIAL SERVICES BOARD

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Nancy Eanes, Vice Chairperson	Joseph Bray, Chairperson	Patricia Evans
Lee Cameron		Bob Carlberg
Andrea Johnson		Phillip Adams

## OTHER OFFICIALS

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Clerk of the Circuit Court .....	Mark W. Scarce
Commonwealth's Attorney.....	Robert "Bryan" Haskins
Commissioner of the Revenue .....	Robin Goard
Treasurer .....	Vincent E. Shorter
Sheriff.....	Michael W. Taylor
Superintendent of Schools.....	Mark R. Jones
Director of Social Services.....	Christopher Spain
County Administrator.....	David M. Smitherman
County Attorney.....	J. Vaden Hunt
County Finance Director .....	Kimberly G. Van Der Hyde

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## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

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**To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, Virginia**

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pittsylvania County Service Authority, which represent 43 percent, and 7 percent, respectively, of the assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pittsylvania County Service Authority is based solely on the report of the other auditors. 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 auditor's 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units - School Board and Industrial Development Authority, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Restatement of Beginning Balances***

As described in Note 28 to the financial statements, in 2020, the County restated beginning balances to correct several errors in the prior financial statements. 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 5-14, 101-103, and 104-126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial 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 and other auditors 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 Pittsylvania, Virginia's basic financial statements. The introductory section, other supplementary information and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



### *Supplementary and Other Information (Continued)*

The other supplementary information and 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of the County of Pittsylvania, 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 Pittsylvania, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Pittsylvania, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Robinson, Famer, Cox Associates". The signature is written in a cursive, flowing style.

Blacksburg, Virginia  
December 3, 2020

## **Management's Discussion and Analysis**

The following is a narrative overview and analysis of the financial activities of the County of Pittsylvania, Virginia for the fiscal year ended June 30, 2020. The purpose of this Management Discussion and Analysis is to provide an overview of the County's financial activity, to assist the reader in understanding significant financial issues and to provide information concerning changes in the County's financial position. This narrative provides additional information that should be read in conjunction with reviewing the County's Financial Statements.

### **Financial Highlights**

#### **Government-wide Financial Statements**

The governmental activities assets and deferred outflows of resources of the County of Pittsylvania, Virginia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$65,037,724 (net position). Of this amount, \$28,428,266 is unrestricted, or may be used to meet the government's ongoing obligations to creditors and citizens. Information concerning net position for the County, its business-type activities and its component units is located on Exhibit 1. The business-type activities include the Solid Waste Enterprise Fund. The business-type activities' assets and deferred outflows exceeded its liabilities and deferred inflows of resources by \$3,849,859, of which \$905,566 is unrestricted. The component units include the School Board's net position totaling \$(41,796,303) of which \$(80,848,450) is unrestricted, the Industrial Development Authority's net position totaling \$2,405,386, of which \$1,539,610 is unrestricted and Pittsylvania County Service Authority's net position totaling \$38,883,249 of which \$3,681,642 is unrestricted. (See Exhibit 1.) This Exhibit provides insight into the future by using a full accrual accounting method. This model considers all factors when showing the financial position of the County.

The County's governmental activities net position increased by \$12,978,196 (after restatement - Note 28). In addition, the School Board's net position decreased \$586,072 and the IDA's net position increased by \$65,499 (after restatement - Note 28) and the PCSA's net position increased by \$2,749,352. Business-type activities' net position increased by \$2,046,445 (after restatement - Note 28). (See Exhibit 2.)

#### **Fund Financial Statements**

Unlike the Government-wide Financial Statements which use a full accrual accounting approach, the Fund Financial Statements use a modified accrual method of accounting. This method differs from the full accrual method by showing a picture of the County's financial position at the present time. A reconciliation of the two methods is provided in Exhibit 4 and Exhibit 6. At the end of the current fiscal year, unassigned fund balance for the general fund was \$26,177,140 or 38 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2020 budget as well as County Capital Improvement Projects for fiscal year 2020. It is important to note that the School Board carryover amount totaling \$3,784,654 has been assigned for fiscal year 2020, which helps to demonstrate a more accurate unassigned fund balance than in prior years.

As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,617,170, an increase of \$8,465,178 from last year. Approximately 95% percent of this total amount, or \$33,921,281 (which includes committed, assigned and unassigned funds), is available for spending at the government's discretion. This unrestricted balance has three parts, (1) committed funds which represents \$2,071,613, (2) assigned funds which represent \$5,672,528 and (3) unassigned funds which represents \$26,177,140. (See Exhibit 3.)

## Overview of the Financial Statements

The Annual Financial Report consists of four sections: introductory, financial, statistical and compliance.

- The *introductory section* provides a listing of principal officers for 2019-2020.
- The *financial section* has three component parts - managements' discussion and analysis (this section), the basic financial statements which include government-wide financial statements and fund financial statements, and required supplemental information.
- The *other statistical information* includes selected financial and demographic data related to the County, generally presented on a multi-year basis.
- The *compliance section* is required under the provisions of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards* (Uniform Guidance).

Local government accounting and financial reporting originally focused on funds which were designed to enhance and demonstrate fiscal accountability. Now to be accompanied by government-wide financial statements, the objective of operational accountability will also be met. These objectives will provide financial statement users with both justification from the government that public monies have been used to comply with public decisions and as to whether operating objectives have been met efficiently and effectively and can continued to be met in the future.

## Government-wide Financial Statements

Government-wide financial statements provide financial statement users with a general overview of County finances. The statements include all assets and liabilities using the accrual basis of accounting. All current year revenue and expenses are taken into account regardless of when cash is received or paid. Both the financial overview and accrual accounting factors are used in the reporting of a private-sector business. Two financial statements are used to present this information: 1) the statement of net position and 2) the statement of activities.

The statement of net position presents all of the County's permanent accounts, or assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The difference between assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources) is reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other non-financial factors will also need to be considered to determine the overall financial position of the County.

The statement of activities presents information showing how the government's net position changed during the fiscal year. The statement is focused on the gross and net cost of various government functions which are supported by general tax and other revenue. The statement of activities presents expenses before revenues, emphasizing that in government revenues are generated for the express purpose of providing services rather than as an end in themselves.

Both government-wide financial statements separate governmental activities and business-type activities of the County. Governmental activities are principally supported by taxes and intergovernmental revenues. They include general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation and cultural; and community development. Business-type activities recover all or a significant portion of their costs through user fees and charges. The County currently has one business-type activity which is the Solid Waste Enterprise Fund.

## **Overview of the Financial Statements (continued)**

### **Government-wide Financial Statements (continued)**

The government-wide financial statements include, in addition to the primary government or County, three component units: 1) the Pittsylvania County School Board, 2) Industrial Development Authority and 3) Pittsylvania County Service Authority. Although these component units are legally separate entities, the County is accountable or financially accountable for them. A primary government is accountable for an organization if the primary government appoints a majority of the organization's governing body. A primary government is financially accountable if, in addition, either the government is able to impose its will on the organization or the organization is capable of imposing specific financial burdens on the primary government. For example, the primary government may approve debt issuances, rate structures and/or provide significant funding for operations of the component units.

### **Fund Financial Statements**

The fund financial statements will be more familiar to past financial statement users. The only difference from prior year presentation of the fund statements is that only major, or significant, funds will be presented. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental funds:***

Governmental funds are used to account for essentially the same functions, or services, reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, reconciliations between the two methods are presented in exhibits 4 and 6 of the financial section of this report.

#### ***Proprietary funds:***

There are two types of proprietary funds: enterprise funds which are established to account for the delivery of goods and services to the general public and internal service funds which account for the delivery of goods and services to other departments or agencies of the government. Proprietary funds use accrual basis accounting, similar to private sector business.

The County of Pittsylvania has one enterprise fund (Solid Waste) but has two internal service funds: Central Stores Fund and the Self-Insurance Fund. The Central Stores Fund accounts for the government's consolidated purchasing of office supplies and telephone charges. The Self-Insurance Fund accounts for insurance premiums paid by the County and School Board for all departments. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

#### ***Fiduciary funds:***

Fiduciary funds account for assets held by the government as a trustee or agent for another organization or individual. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds are not reflected in the government-wide financial statement because the funds are not available to support the County's own activities.

## **Overview of the Financial Statements (continued)**

### **Notes to the financial statements**

The notes provide additional information that is needed to fully understand the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

#### **Governmental Activities**

As previously noted, net position may serve as a useful indicator of a government's financial position. Again, the full accrual accounting method is used to derive these figures. For the County, the governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65,037,724 at the end of the fiscal year. The County's net position is divided into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted.

#### **County of Pittsylvania's Net Position**

	2020 Governmental Activities	2019 Governmental Activities
Current and other assets	\$ 74,187,303	\$ 63,068,440
Capital assets	90,315,532	93,040,890
Total assets	<u>\$ 164,502,835</u>	<u>\$ 156,109,330</u>
Deferred Outflows of Resources	\$ 7,079,593	\$ 5,481,313
Long-term liabilities	\$ 77,170,067	\$ 85,263,200
Other liabilities	7,892,566	6,918,414
Total liabilities	<u>\$ 85,062,633</u>	<u>\$ 92,181,614</u>
Deferred Inflows of Resources	\$ 21,482,071	\$ 19,984,973
Net Position:		
Net investment in capital assets	\$ 28,869,058	\$ 22,285,188
Restricted	7,740,400	6,513,536
Unrestricted	28,428,266	20,625,332
Total net position	<u>\$ 65,037,724</u>	<u>\$ 49,424,056</u>

For the County, investment in capital assets (i.e., land, buildings, machinery, and equipment), net of related debt used to acquire those assets that is still outstanding, represents 44 percent of total net position. The County uses these capital assets to provide services to citizens; therefore, 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.

The restricted net position represents resources that are subject to external restrictions on how they may be used. These assets include funds restricted for construction, grants and health insurance. Also included in these restricted assets are assets seized by the Sheriff's Department and can only be used for law enforcement. The County's restricted net position accounts for 12 percent of the total net position.

## **Government-wide Financial Analysis (continued)**

### **Governmental Activities (continued)**

The remaining balance of unrestricted net position, which is \$28,428,266 or 44 percent of total net position, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the County is able to report positive balances in all three categories of net position.

The County's net position increased by \$12,978,196 during the current fiscal year. The County's net position increased primarily due to a reduced contribution to the School Board, normal annual debt principal payments, COVID-19 related spending freezes, and normal salaries for public safety workers diverted from their normal job as a response to the COVID-19 pandemic. In March 2020, business completely changed from the manner in which we had previously known it. Our offices were closed from last March through the end of May 2020. During this time, the primary expenses that were being incurred were for the mitigation of the pandemic and we were fortunate to receive funding the CARES act to cover these expenses. In addition, while other localities were suffering from a loss of revenue, Pittsylvania did not experience such a loss. In fact, General Fund revenues were up by 5% over FY2019.

Governmental activities increased the County's net position by \$12,978,196. Key elements of this increase are as follows:

	2020	2020	2019	2019
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Revenues:				
Program revenues:				
Charges for services	\$ 623,059	\$ 3,990,204	\$ 639,705	\$ 5,104,351
Operating grants and contributions	19,872,881	-	20,829,443	-
Capital grants and contributions	207,619	-	179,825	-
General revenues:				
General property taxes	39,753,125	-	40,737,447	-
Other local taxes	8,062,226	-	7,728,921	-
Use of money and property	760,571	2,621	807,024	12,855
Miscellaneous	1,218,292	27,770	548,625	67,710
Grants and contributions not spec.	6,344,317	10,080	6,420,102	-
Extraordinary item	-	1,250,000	-	-
Transfers	(147,890)	147,890	(140,148)	140,148
Total Revenues	\$ 76,694,200	\$ 5,428,565	\$ 77,750,944	\$ 5,325,064
Expenses:				
General government	\$ 3,569,357	\$ -	\$ 3,231,084	\$ -
Judicial administration	2,149,914	-	1,884,640	-
Public safety	19,038,351	-	18,360,059	-
Public works	1,764,961	3,382,120	1,610,567	3,696,095
Health and welfare	12,615,529	-	13,146,418	-
Education	17,557,755	-	21,053,924	-
Parks, recreation, and cultural	2,112,555	-	2,010,342	-
Community development	2,847,052	-	7,912,185	-
Interest on long-term debt	2,060,530	-	3,013,133	-
Total Expenses	\$ 63,716,004	\$ 3,382,120	\$ 72,222,352	\$ 3,696,095
Increase/(Decrease) in net position	\$ 12,978,196	\$ 2,046,445	\$ 5,528,592	\$ 1,628,969
Net position, beginning (as restated)*	\$ 52,059,528	\$ 1,803,414	\$ 43,895,464	\$ (774,819)
Net position, ending	\$ 65,037,724	\$ 3,849,859	\$ 49,424,056	\$ 854,150

\*See Note 28

## **Financial Analysis of the Government's Funds**

### **Governmental funds**

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

At the end of the fiscal year, the County's governmental funds reported combined ending fund balances of \$35,617,170. Approximately 73 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is legally restricted for a specific purpose.

The general fund is the chief operating fund of the County. As of June 30, 2020, total fund balance of the general fund was \$32,183,029 of which \$26,177,140 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$15,556,837.

An analysis of the supporting schedules (modified accrual) for fiscal year 2020 and 2019 reveals:

- **Revenues:** Overall general property taxes were up 2% over FY2019. Significant increases occurred in three of the eight categories of general property tax. Categories experiencing increases were real property taxes with a 1% increase, public service corporations with a 6% increase and personal property taxes with a 6% increase. These increases speak to the dedication our citizens to pay their tax obligations during FY2020 despite the financial burdens many would have experienced from the pandemic crisis.
- **Revenues:** Other local taxes experienced an overall increase of 4% over FY2019 with both increases and decreases in various categories. Increases occurred in only two categories. These increases were experienced in Local Sales and Use Tax at 18% and Taxes on Recordation and Wills at 23%. Decreases occurred in the following other local taxes categories: Consumers' Utility Tax (1%), Consumption Tax (6%), Franchise License Tax (7%), Business Licenses (14%), Meals Tax (4%), Motor Vehicle Licenses (7%), and Bank Stock Tax (8%).
- **Expenses:** Overall primary government expenditures decreased by 11% from FY2019. This decrease resulted from several factors with both increases and decreases in various categories. Workforce Investment Act Expenditures decreased 17% over the prior year. Decreases also occurred in the following categories: Health and welfare, Contributions for Education, Debt and Interest on long-term debt and Industrial Development. The major decrease that occurred in the Industrial Development Fund was due to the completion of a large sewer project in the Southern Virginia Multimodal Park at Berry Hill. Most of the other categories listed in the General Fund experienced minor increases in expense over the prior year.
- **Expenses:** Education decreased 3% from FY2019. Increased expenditures occurred in the following educational category: Administration and health services (6%) Decreases occurred in the following educational categories: Instructional Costs (2%), Technology (5%), Pupil Transportation (7%), Operation and Maintenance (2%) and Food Service/Non-instructional (4%). These decreases are the direct result of the affects of the COVID-19 pandemic on the operation of the County's school system.

## **Financial Analysis of the Government's Funds (continued)**

### **Governmental funds (continued)**

The Following is a reconciliation of the Treasurer's books to the Audited Financial Statements.

	<i>Per Treasurer 6/30/2019 <u>Cash Balance</u></i>	<i>Per Treasurer 6/30/2020 <u>Cash Balance</u></i>
General Fund	17,372,590	24,869,513
Beautification Fund	5,662	21,475
Pet Center Fund	49,070	26,853
Debt Reserve - Human Services Fund	38,594	6,233
Jail Inmate Management Fund	266,729	310,341
Bond Fund	2,400	-
Grants Fund	677,331	543,855
Capital Improvements Fund	564,908	682,962
Coronavirus Relief Fund	-	5,025,874
E911 Bond Fund	905,266	113,256
Rural Roads Fund	268,781	268,781
Courthouse Construction Fund	20,754	39,132
Courthouse Security Fund	242,218	101,023
Jail Processing Fee Fund	23,136	25,408
Library Gifts Fund	100,752	77,842
Courthouse Maintenance Fund	57,604	96,170
Law Library Fund	34,459	39,561
Rescue Billing Fund	6,783	15,778
	<hr/>	<hr/>
Total cash per Treasurer	20,637,037	32,264,057
Audit Adjustments to Cash:		
Tax collections held in bank	328,115	-
Entry to cash for overdraft Central Stores	(37,086)	(1,783)
Adjustments to cash by Finance	(122)	100
Reversion of School Salaries Payable Fund	2,624,646	2,691,987
	<hr/>	<hr/>
Total cash as adjusted	23,552,590	34,954,361
Other Adjustments:		
Taxes receivable (60 day collections)	5,007,430	3,384,917
Prepaid tax revenue	(3,510,116)	(4,160,456)
Accounts receivables	600,780	630,160
Due (to)/from other funds	(256,274)	1,783
Due (to)/from School Board	(1,431,926)	(559,626)
Due from the other governments	3,254,433	3,267,511
Accounts payables	(1,856,060)	(1,685,461)
Salaries payable	(127,458)	(94,106)
Unearned grants	-	(3,556,054)
Total accrual adjustments	<hr/> 1,680,809	<hr/> (2,771,332)
Ending General Fund - Fund Balance	25,233,399	32,183,029
(Exhibit 3)	25,233,399	32,183,029
	-	-



## **Financial Analysis of the Government's Funds (continued)**

### **Governmental funds (continued)**

The fund balance of the County's general fund increased by \$6,949,630 during the current fiscal year. Most of this increase can be attributed to a reduction of the contribution to the local School Board and a related increase in the annual carryover amount. A reduction in total debt service and normal salaries diverted to mitigating the pandemic which were reimbursed under the CARES Act also contributed to the increase in fund balance. It is important to note, that the vast difference in the cash balance of the General Fund was due to the change in the changing our due date back to June 10<sup>th</sup> to ensure that tax revenues could be realized prior to June 30.

### **General Fund Budgetary Highlights**

Differences between the original General Fund budgeted appropriations and the final amended budgeted appropriations were net increase of \$12,397,047. This increase occurred because of various budget increases/reductions that occurred after the 2020 budget process was complete. There were also increases that were made to the 2020 budget because of unforeseen events that occurred during the year. Significant budgetary supplements are included below:

- Reappropriation of approved carryovers from fiscal year 2019 totaled \$2,032,404, of which \$1,513,422 was for schools
- Appropriation of Coronavirus Relief Funds (CRF) totaling \$5,265,654
- Various Grant Fund Appropriations totaling \$1,309,440
- An additional reappropriation of prior year CSA funds in the amount of \$700,000

### **Capital Asset and Debt Administration**

#### **Capital assets**

The County's investment in capital assets for its governmental activities as of June 30, 2020 is \$90,315,532 (net of accumulated depreciation) and for its Business-type activities is \$4,497,668 (net of accumulated depreciation). This investment in capital assets includes land buildings and system, machinery and equipment, and construction in progress.

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

- Wayside Park Improvements - \$499,569
- Ambulance - \$326,172
- Server Upgrades - \$153,290
- Land purchases for Compactor Site Locations - \$111,227

#### **County of Pittsylvania, Virginia Capital Assets (net of depreciation)**

	<b>2020 Governmental Activities</b>	<b>2020 Business-type Activities</b>	<b>2019 Governmental Activities</b>	<b>'19 Business-type Activities (Restated)</b>
Land	\$ 5,510,544	\$ 206,227	5,510,544	\$ 114,550
Buildings and system	73,541,872	-	75,622,843	-
Machinery and equipment	9,233,535	1,455,525	10,408,025	1,270,449
Infrastructure	-	2,732,790	-	2,723,687
Construction in progress	2,029,581	103,126	1,499,478	11,199
Total	<u>\$ 90,315,532</u>	<u>\$4,497,668</u>	<u>93,040,890</u>	<u>\$4,119,885</u>

## **Capital Asset and Debt Administration (continued)**

### **Capital assets (continued)**

School Board Assets financed with debt are considered assets of the General government until debt on these assets has been defeased. As such, the above listed assets include School Board Assets net of related depreciation of \$62,020,271. Additional information on the County's capital assets can be found in the notes to the financial statements.

### **Long-term debt**

At the end of the fiscal year the County had the following outstanding debt:

#### **County of Pittsylvania's Outstanding Debt (As Restated)**

	2020	2020	2019	2019
	Governmental activities	Business-type activities	Governmental activities (Restated)	Business-type activities
General obligation bonds	\$51,136,112	-	\$56,785,157	-
Lease Revenue Notes	3,036,582	\$1,500,577	3,486,901	\$1,875,643
Deferred Amounts:				
Bond Premium	2,584,316	52,798	3,466,067	87,996
Landfill closure/post-closure	-	3,219,713	-	3,169,490
Capital leases	7,912,215	-	8,835,120	-
Net pension liability	7,956,410	263,021	5,168,026	219,657
Net OPEB Obligation	3,098,309	107,410	3,020,520	128,381
Compensated absences	1,196,123	40,846	1,365,937	35,245
Contingency for CSA	250,000	-	500,000	-
Total	<u>\$77,170,067</u>	<u>\$5,184,365</u>	<u>\$82,627,728</u>	<u>\$5,516,412</u>

Legislations enacted in fiscal year ended June 30, 2002 requires that debt historically reported by the School Board has been assumed by the Primary Government. The legislation affects the reporting of local school capital assets as well.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

- At June 30, 2020, the unemployment rate for the County was 7.8 percent, which is a increase from the rate of 3.1 percent a year ago. This compares favorably to the state's average unemployment rate of 8.4 percent and favorably to the national average rate of 11.2 percent.
- Pittsylvania County continues to work jointly with the City of Danville through a joint authority known as the Danville-Pittsylvania County Regional Industrial Facilities Authority and jointly with the City of Danville and the Town of Hurt in the Staunton-River Regional Industrial Facility Authority. These authorities work to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$45,382 compared to the State median household income of \$71,564.
- Pittsylvania County's population was estimated at 60,354 in 2019 compared with 63,506 based on US Census Bureau information from 2010.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year. Appropriations for County funds lapse at fiscal year end, with the exception of the Capital Projects Fund, therefore, it is not anticipated that fund balance will be used to finance daily operations for the 2021 budget year.

## **Requests for Information**

This financial report is designed to provide readers with a general overview of the County of Pittsylvania's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, P.O. Box 426, Chatham, Virginia 24531. The County's website at [www.pittsylvaniacountyva.org](http://www.pittsylvaniacountyva.org) may also be visited to obtain valuable information about the County.

Information relative to the Pittsylvania County Public Service Authority and the Pittsylvania County Industrial Development Authority financial statements may be obtained from those organizations directly.

## **Basic Financial Statements**

County of Pittsylvania, Virginia  
Statement of Net Position  
June 30, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	Pittsylvania County Service Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 38,836,687	\$ 2,830,983	\$ 41,667,670	\$ 1,595,720	\$ 909,459	\$ 886,067
Investments	5,192,700	-	5,192,700	-	-	2,268,283
Receivables (net of allowance for uncollectibles):						
Taxes receivable	24,651,223	-	24,651,223	-	-	-
Accounts receivable	1,913,105	2,061,731	3,974,836	392,031	23,104	385,849
Notes receivable	-	-	-	-	1,744,720	-
Capital lease receivable	-	-	-	-	-	20,889
Due from primary government	-	-	-	559,626	-	-
Due from other governmental units	3,587,609	-	3,587,609	2,740,407	-	346,124
Inventories	5,979	-	5,979	-	-	39,768
Assets held for resale - Industrial sites	-	-	-	-	1,303,700	-
Prepaid items	-	-	-	1,060,619	1,488	55,701
Restricted assets:						
Cash and cash equivalents	-	-	-	46,414	-	-
Investments	-	-	-	-	-	260,592
Noncurrent assets:						
Notes receivable	-	-	-	-	3,239,334	-
Capital lease receivable	-	-	-	-	-	137,243
Capital assets (net of accumulated depreciation):						
Land	5,510,544	206,227	5,716,771	2,709,971	193,345	-
Buildings and improvements	73,541,872	-	73,541,872	30,588,154	672,431	-
Machinery and equipment	9,233,535	1,455,525	10,689,060	3,871,002	-	-
Infrastructure	-	2,732,790	2,732,790	-	-	35,201,607
Construction in progress	2,029,581	103,126	2,132,707	218,514	-	-
Total assets	\$ 164,502,835	\$ 9,390,382	\$ 173,893,217	\$ 43,782,458	\$ 8,087,581	\$ 39,602,123
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	\$ 3,222,751	\$ -	\$ 3,222,751	\$ -	\$ -	\$ -
OPEB related items	496,931	17,403	514,334	2,749,385	-	-
Pension related items	3,359,911	186,157	3,546,068	16,487,357	-	72,477
Total deferred outflows of resources	\$ 7,079,593	\$ 203,560	\$ 7,283,153	\$ 19,236,742	\$ -	\$ 72,477
<b>LIABILITIES</b>						
Accounts payable	\$ 1,805,010	\$ 54,024	\$ 1,859,034	\$ 973,654	\$ 17,804	\$ 166,351
Salaries payable	94,106	28,845	122,951	2,696,038	-	6,846
Customer deposits	-	-	-	-	6,750	202,537
Estimate of incurred but unreported health claims	1,057,168	-	1,057,168	-	-	-
Accrued interest payable	804,824	20,483	825,307	-	35,634	-
Amounts held for rescue squads	15,778	-	15,778	-	-	-
Due to component units	559,626	-	559,626	-	-	-
Unearned revenue	3,556,054	437,844	3,993,898	-	-	62,314
Long-term liabilities:						
Due within one year	9,766,516	459,344	10,225,860	1,342,661	1,724,126	-
Due in more than one year	67,403,551	4,725,021	72,128,572	90,490,907	3,897,881	169,369
Total liabilities	\$ 85,062,633	\$ 5,725,561	\$ 90,788,194	\$ 95,503,260	\$ 5,682,195	\$ 607,417
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	\$ 20,303,233	\$ -	\$ 20,303,233	\$ -	\$ -	\$ -
OPEB related items	487,042	17,217	504,259	1,444,808	-	-
Pension related items	691,796	1,305	693,101	7,867,435	-	183,934
Total deferred inflows of resources	\$ 21,482,071	\$ 18,522	\$ 21,500,593	\$ 9,312,243	\$ -	\$ 183,934
<b>NET POSITION</b>						
Net investment in capital assets	\$ 28,869,058	\$ 2,944,293	\$ 31,813,351	\$ 37,387,641	\$ 865,776	\$ 35,201,607
Restricted:						
Grant funds	1,214,780	-	1,214,780	-	-	-
Asset forfeiture funds	481,109	-	481,109	-	-	-
Health insurance	6,044,511	-	6,044,511	-	-	-
School nutrition	-	-	-	1,664,506	-	-
Unrestricted	28,428,266	905,566	29,333,832	(80,848,450)	1,539,610	3,681,642
Total net position	\$ 65,037,724	\$ 3,849,859	\$ 68,887,583	\$ (41,796,303)	\$ 2,405,386	\$ 38,883,249

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

County of Pittsylvania, Virginia  
Statement of Activities  
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	School Board	Industrial Development Authority	Pittsylvania County Service Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,569,357	\$ 100,697	\$ 443,527	\$ -	\$ (3,025,133)	\$ -	\$ -	\$ -	\$ -
Judicial administration	2,149,914	13,673	1,026,084	-	(1,110,157)	-	-	-	-
Public safety	19,038,351	427,617	7,094,736	207,619	(11,308,379)	-	-	-	-
Public works	1,764,961	12,881	15,841	-	(1,736,239)	-	-	-	-
Health and welfare	12,615,529	-	9,752,835	-	(2,862,694)	-	-	-	-
Education	17,557,755	-	-	-	(17,557,755)	-	-	-	-
Parks, recreation, and cultural	2,112,555	68,191	167,646	-	(1,876,718)	-	-	-	-
Community development	2,847,052	-	1,372,212	-	(1,474,840)	-	-	-	-
Interest on long-term debt	2,060,530	-	-	-	(2,060,530)	-	-	-	-
Total governmental activities	\$ 63,716,004	\$ 623,059	\$ 19,872,881	\$ 207,619	\$ (43,012,445)	\$ -	\$ -	\$ -	\$ -
Business-type activities:									
Landfill	\$ 3,382,120	\$ 3,990,204	\$ -	\$ 10,080	\$ -	\$ 618,164	\$ -	\$ -	\$ -
Total primary government	\$ 67,098,124	\$ 4,613,263	\$ 19,872,881	\$ 217,699	\$ (43,012,445)	\$ 618,164	\$ -	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 91,590,447	\$ 1,309,419	\$ 72,214,300	\$ -	\$ -	\$ (18,066,728)	\$ -	\$ -	\$ -
Industrial Development Authority	286,423	-	-	-	-	-	(286,423)	-	-
Pittsylvania County Service Authority	3,840,374	2,788,486	-	3,707,718	-	-	-	-	2,655,830
Total component units	\$ 95,717,244	\$ 4,097,905	\$ 72,214,300	\$ 3,707,718	\$ (18,066,728)	\$ (286,423)	\$ -	\$ -	\$ 2,655,830
General revenues:									
General property taxes					\$ 39,753,125	\$ -	\$ -	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					3,131,819	-	-	-	-
Consumers' utility taxes					1,281,445	-	-	-	-
Motor vehicle licenses					2,177,232	-	-	-	-
Meals taxes					739,010	-	-	-	-
Other local taxes					732,720	-	-	-	-
Unrestricted revenues from use of money and property					2,621	763,192	25,131	277,435	92,622
Miscellaneous					27,770	1,246,062	536,003	1,775	900
Payments from the County of Pittsylvania					-	-	16,919,522	-	-
Grants and contributions not restricted to specific programs					6,344,317	-	-	72,712	-
Extraordinary items					1,250,000	-	-	-	-
Transfers					147,890	-	-	-	-
Total general revenues and transfers					\$ 57,418,922	\$ 17,480,656	\$ 351,922	\$ 65,499	\$ 93,522
Change in net position					2,046,445	(586,072)	-	2,749,352	2,749,352
Net position - beginning, as restated					53,862,942	(41,210,231)	2,339,887	36,133,897	36,133,897
Net position - ending					\$ 68,887,583	\$ (41,796,303)	\$ 2,405,386	\$ 38,883,249	\$ 38,883,249

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

County of Pittsylvania, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2020

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 29,761,661	\$ 2,071,613	\$ 408,620	\$ 691,078	\$ 32,932,972
Investments	5,192,700	-	-	-	5,192,700
Receivables (net of allowance for uncollectibles):					
Taxes receivable	24,651,223	-	-	-	24,651,223
Accounts receivable	630,160	-	64,065	-	694,225
Due from other funds	1,783	-	-	-	1,783
Due from other governmental units	3,267,511	-	320,098	-	3,587,609
Total assets	<u>\$ 63,505,038</u>	<u>\$ 2,071,613</u>	<u>\$ 792,783</u>	<u>\$ 691,078</u>	<u>\$ 67,060,512</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,669,683	\$ -	\$ 115,456	\$ 5,877	\$ 1,791,016
Salaries payable	94,106	-	-	-	94,106
Amounts held for rescue squads	15,778	-	-	-	15,778
Due to component unit	559,626	-	-	-	559,626
Unearned revenue - COVID-19 CRF	3,556,054	-	-	-	3,556,054
Total liabilities	<u>\$ 5,895,247</u>	<u>\$ -</u>	<u>\$ 115,456</u>	<u>\$ 5,877</u>	<u>\$ 6,016,580</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ 25,426,762	\$ -	\$ -	\$ -	\$ 25,426,762
<b>FUND BALANCES</b>					
Restricted:					
Grant funds	\$ 537,453	\$ -	\$ 677,327	\$ -	\$ 1,214,780
Asset Forfeiture Fund	-	-	-	481,109	481,109
Committed:					
Special revenue funds	-	2,071,613	-	-	2,071,613
Assigned:					
Pet Center Fund	26,853	-	-	-	26,853
Beautification Fund	21,474	-	-	-	21,474
Law Library Fund	39,561	-	-	-	39,561
Library Gifts Fund	77,842	-	-	-	77,842
Capital Outlay Fund	682,962	-	-	-	682,962
Jail Inmate Management Fund	310,341	-	-	-	310,341
Courthouse Maintenance Fund	96,170	-	-	-	96,170
Courthouse Security Fund	89,025	-	-	-	89,025
Courthouse Construction Fund	39,132	-	-	-	39,132
Jail Processing Fund	25,408	-	-	-	25,408
Rural Road Addition Fund	268,781	-	-	-	268,781
Debt Service Reserve Fund	-	-	-	204,092	204,092
Social Services Bond Fund	6,233	-	-	-	6,233
School carryover	3,784,654	-	-	-	3,784,654
Unassigned	26,177,140	-	-	-	26,177,140
Total fund balances	<u>\$ 32,183,029</u>	<u>\$ 2,071,613</u>	<u>\$ 677,327</u>	<u>\$ 685,201</u>	<u>\$ 35,617,170</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,505,038</u>	<u>\$ 2,071,613</u>	<u>\$ 792,783</u>	<u>\$ 691,078</u>	<u>\$ 67,060,512</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 35,617,170
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Jointly owned assets are included in the total capital assets.

Land	\$ 5,510,544	
Buildings and improvements	73,541,872	
Machinery and equipment	9,233,535	
Construction in progress	<u>2,029,581</u>	90,315,532

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

Unavailable revenue - property taxes	5,123,529
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

6,055,629

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

Deferred charge on refunding	\$ 3,222,751	
Pension related items	3,359,911	
OPEB related items	<u>496,931</u>	7,079,593

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

Bonds payable	\$ (54,172,694)	
Capital leases	(7,912,215)	
Unamortized premiums	(2,584,316)	
Accrued interest payable	(804,824)	
Net OPEB liabilities	(3,098,309)	
Net pension liability	(7,956,410)	
Compensated absences	(1,196,123)	
Due to the Commonwealth - CSA	<u>(250,000)</u>	(77,974,891)

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

Pension related items	\$ (691,796)	
OPEB related items	<u>(487,042)</u>	<u>(1,178,838)</u>

Net position of governmental activities	<u>\$ 65,037,724</u>
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The accompanying notes to the financial statements are an integral part of this statement.



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

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>					
General property taxes	\$ 41,191,363	\$ -	\$ -	\$ -	\$ 41,191,363
Other local taxes	8,062,226	-	-	-	8,062,226
Permits, privilege fees, and regulatory licenses	212,697	-	-	-	212,697
Fines and forfeitures	133,108	-	-	-	133,108
Revenue from the use of money and property	421,115	-	337,852	1,604	760,571
Charges for services	277,254	-	-	-	277,254
Miscellaneous	1,159,821	-	43,146	15,325	1,218,292
Recovered costs	1,161,558	7,082	-	-	1,168,640
Intergovernmental	22,850,057	1,372,212	1,892,911	59,637	26,174,817
Total revenues	<u>\$ 75,469,199</u>	<u>\$ 1,379,294</u>	<u>\$ 2,273,909</u>	<u>\$ 76,566</u>	<u>\$ 79,198,968</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,887,073	\$ -	\$ -	\$ -	\$ 3,887,073
Judicial administration	2,115,096	-	-	-	2,115,096
Public safety	18,566,102	-	-	105,852	18,671,954
Public works	1,114,173	-	-	-	1,114,173
Health and welfare	10,785,961	-	2,138,221	-	12,924,182
Education	15,567,265	-	-	9,355	15,576,620
Parks, recreation, and cultural	2,053,465	-	-	-	2,053,465
Community development	1,770,753	1,182,709	-	-	2,953,462
Nondepartmental	35,031	-	-	-	35,031
Capital projects	1,549,326	-	-	-	1,549,326
Debt service:					
Principal retirement	7,985,897	-	-	-	7,985,897
Interest and other fiscal charges	2,683,249	-	-	-	2,683,249
Total expenditures	<u>\$ 68,113,391</u>	<u>\$ 1,182,709</u>	<u>\$ 2,138,221</u>	<u>\$ 115,207</u>	<u>\$ 71,549,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,355,808</u>	<u>\$ 196,585</u>	<u>\$ 135,688</u>	<u>\$ (38,641)</u>	<u>\$ 7,649,440</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ -	\$ 1,221,916	\$ -	\$ -	\$ 1,221,916
Transfers out	(1,369,806)	-	-	-	(1,369,806)
Issuance of capital leases	963,628	-	-	-	963,628
Total other financing sources (uses)	<u>\$ (406,178)</u>	<u>\$ 1,221,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815,738</u>
Net change in fund balances	\$ 6,949,630	\$ 1,418,501	\$ 135,688	\$ (38,641)	\$ 8,465,178
Fund balances - beginning	25,233,399	653,112	541,639	723,842	27,151,992
Fund balances - ending	<u>\$ 32,183,029</u>	<u>\$ 2,071,613</u>	<u>\$ 677,327</u>	<u>\$ 685,201</u>	<u>\$ 35,617,170</u>

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

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

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

Net change in fund balances - total governmental funds \$ 8,465,178

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

Capital outlays	\$ 3,243,715	
Depreciation expense	(5,025,450)	(1,781,735)

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

Disposals of assets	\$ (4,332)	
Contribution of debt related assets to School Board, net	(939,291)	(943,623)

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

Property taxes		(1,438,238)
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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.

Debt Issued or Incurred:

Issuance of capital lease	\$ (963,628)	
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Principal Payments

Bonds payable	6,099,364	
Capital leases	1,886,533	
Due to Commonwealth - CSA	250,000	7,272,269

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

Change in compensated absences	\$ 169,814	
Change in accrued interest payable	104,682	
Change in net OPEB liabilities and related items	173,617	
Change in net pension liability and related items	(840,195)	
Amortization of bond premium	881,751	
Amortization of loss on refunding	(363,714)	125,955

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

1,278,390

Change in net position of governmental activities		\$ 12,978,196
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The accompanying notes to the financial statements are an integral part of this statement.

County of Pittsylvania, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Enterprise Fund Solid Waste Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,830,983	\$ 5,903,715
Accounts receivables, net of allowances for uncollectibles	2,061,731	1,218,880
Inventories	-	5,979
Total current assets	<u>\$ 4,892,714</u>	<u>\$ 7,128,574</u>
Noncurrent assets:		
Capital assets: (net of related depreciation)		
Land	\$ 206,227	\$ -
Construction in progress	103,126	-
Machinery and equipment	1,455,525	-
Infrastructure	2,732,790	-
Total capital assets	<u>\$ 4,497,668</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 4,497,668</u>	<u>\$ -</u>
Total assets	<u>\$ 9,390,382</u>	<u>\$ 7,128,574</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
OPEB related items	\$ 17,403	\$ -
Pension related items	186,157	-
Total deferred outflows of resources	<u>\$ 203,560</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 54,024	\$ 13,994
Estimate of incurred but unreported health claims	-	1,057,168
Accrued salaries	28,845	-
Due to other funds	-	1,783
Interest payable	20,483	-
Unearned revenue	437,844	-
Compensated absences - current portion	30,635	-
Bonds payable - current portion	428,709	-
Total current liabilities	<u>\$ 1,000,540</u>	<u>\$ 1,072,945</u>
Noncurrent liabilities:		
Landfill closure/postclosure liability	\$ 3,219,713	\$ -
Bonds payable - net of current portion	1,124,666	-
Compensated absences - net of current portion	10,211	-
Net pension liability	263,021	-
Net OPEB liabilities	107,410	-
Total noncurrent liabilities	<u>\$ 4,725,021</u>	<u>\$ -</u>
Total liabilities	<u>\$ 5,725,561</u>	<u>\$ 1,072,945</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB related items	\$ 17,217	\$ -
Pension related items	1,305	-
Total deferred inflows of resources	<u>\$ 18,522</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 2,944,293	\$ -
Restricted for health insurance claims	-	6,044,511
Unrestricted	905,566	11,118
Total net position	<u>\$ 3,849,859</u>	<u>\$ 6,055,629</u>

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

County of Pittsylvania, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2020

	Enterprise Fund Solid Waste Fund	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services:		
Solid waste collections	\$ 3,889,525	\$ -
Recycling	3,687	-
Materials and supplies	-	233,440
Insurance premiums	-	13,310,588
Penalties and interest	96,992	-
Miscellaneous	27,770	-
Total operating revenues	<u>\$ 4,017,974</u>	<u>\$ 13,544,028</u>
<b>OPERATING EXPENSES</b>		
Supplies, insurance and telephone	\$ -	\$ 225,585
Insurance claims and expenses	-	12,040,053
Salaries	577,938	-
Fringes	334,405	-
Contractual services	1,053,607	-
Utilities	58,246	-
Insurance	24,923	-
Fuel	164,454	-
Supplies	246,855	-
Landfill monitoring	163,958	-
Improvements and closure costs	74,105	-
Miscellaneous	222,339	-
Depreciation	431,101	-
Total operating expenses	<u>\$ 3,351,931</u>	<u>\$ 12,265,638</u>
Change in Net Position	<u>\$ 666,043</u>	<u>\$ 1,278,390</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	\$ 2,621	\$ -
Interest expense	(30,189)	-
Total nonoperating revenues (expenses)	<u>\$ (27,568)</u>	<u>\$ -</u>
Income before transfers, capital contributions, construction grants, and extraordinary item	\$ 638,475	\$ 1,278,390
Capital contributions and construction grants	10,080	-
Extraordinary item (see Note 26)	1,250,000	-
Transfers in	147,890	-
Change in Net Position	<u>\$ 2,046,445</u>	<u>\$ 1,278,390</u>
Total net position - beginning, as restated	1,803,414	4,777,239
Total net position - ending	<u>\$ 3,849,859</u>	<u>\$ 6,055,629</u>

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

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

	Enterprise Fund Solid Waste Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 4,362,746	\$ -
Receipts for materials and supplies	-	248,694
Receipts for insurance premiums	-	13,367,702
Receipts for extraordinary items	250,000	-
Payments to suppliers	(1,981,860)	(213,391)
Payments to employees	(870,395)	-
Payments for insurance premiums	-	(12,171,977)
Net cash provided by (used for) operating activities	<u>\$ 1,760,491</u>	<u>\$ 1,231,028</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund borrowings	<u>\$ 441,250</u>	<u>\$ (35,303)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of utility plant	\$ (808,884)	\$ -
Capital contributions	10,080	-
Principal payments on bonds	(375,066)	-
Interest expense	(69,867)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,243,737)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends received	<u>\$ 2,621</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 960,625	\$ 1,195,725
Cash and cash equivalents - beginning (including investments of \$210,211)	1,870,358	4,707,990
Cash and cash equivalents - ending	<u><u>\$ 2,830,983</u></u>	<u><u>\$ 5,903,715</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ 666,043	\$ 1,278,390
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	431,101	-
(Increase) decrease in accounts receivable	272,639	72,368
(Increase) decrease in inventories	-	755
Increase (decrease) in accrued salaries	4,717	-
Increase (decrease) in closure/postclosure liability	50,223	-
Increase (decrease) in accounts payable	(23,596)	(120,485)
Increase (decrease) in compensated absences	5,601	-
Increase (decrease) in unearned revenue	72,133	-
Increase (decrease) in net pension liability	43,364	-
Increase (decrease) in net OPEB liabilities	(20,971)	-
Receipts from extraordinary items	250,000	-
Changes in deferred outflows related to pension	27,929	-
Changes in deferred inflows related to pension	(7,288)	-
Changes in deferred outflows related to OPEB	(7,053)	-
Changes in deferred inflows related to OPEB	(4,351)	-
Total adjustments	<u>\$ 1,094,448</u>	<u>\$ (47,362)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,760,491</u></u>	<u><u>\$ 1,231,028</u></u>

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

County of Pittsylvania, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,059,849
Cash in custody of others	13,346
Total assets	<u>\$ 1,073,195</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 43,580
Amounts held for developers	1,016,269
Amounts held for inmates	13,346
Total liabilities	<u>\$ 1,073,195</u>

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

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies:**

The financial statements of the County of Pittsylvania, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**A. Financial Reporting Entity**

The County of Pittsylvania, Virginia is a municipal corporation governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the County's discretely presented component units.

The Pittsylvania County School Board operates the elementary and secondary public schools in the County. School Board members are popularly elected. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type and does not issue a separate financial statement.

The Industrial Development Authority of Pittsylvania County (IDA) encourages and provides financing for industrial development in Pittsylvania County. The IDA is deemed to be a discretely presented component unit of the County. The IDA's fiscal year end is June 30<sup>th</sup> and financial data presented herewith for the Authority is for the fiscal year ended June 30, 2020. The IDA issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

The Pittsylvania County Service Authority (Service Authority) provides water and sewer service to residents of Pittsylvania County. The Service Authority is deemed to be a discretely presented component unit of the County. The Service Authority's fiscal year end is December 31st and financial data presented herewith for the Service Authority is for the fiscal year ended December 31, 2019. The Service Authority issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

Related Organizations - The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies: (continued)**

A. Financial Reporting Entity (continued)

Jointly Governed Organizations - The County, in conjunction with the City of Danville, participates in supporting the Danville-Pittsylvania 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 \$386,221 to the Community Services Board.

The County in conjunction with the City of Danville participates in supporting the Danville-Pittsylvania Regional Industrial Facilities Authority (DPRIFA). The governing bodies of these organizations are appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$252,260 to DPRIFA. The County has a moral obligation to continue to provide funding to the IFA for debt service and ongoing construction projects.

The County along with the Town of Hurt and City of Danville are part of the jointly governed organization Staunton River Regional Industrial Facility Authority (SRRIFA). SRRIFA's mission is to improve the regional economy through the attraction of global industry. During the year, the County contributed \$50,000 to SRRIFA.

B. Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies: (continued)**

**B. Government-wide and Fund Financial Statements (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*.

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

**C. 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 the 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*. 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. 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)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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 in the month 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 expenditure. 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 the government receives cash.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the activities of the CARES Act, Social Services, Debt Reserve, Bond, Zoning, Grants, CIP, Jail Operations, Rural Roads, Building Code Academy, Courthouse Security, Jail Inmate Management, Landfill Bond, Library Gifts, Courthouse Maintenance, Law Library, Animal Friendly Plates, and Jail Processing Funds. The aforementioned Funds have been merged with the General Fund for financial reporting purposes.

The Industrial Development and Workforce Investment Act Funds serve as the County's major *Special Revenue Funds*. The Industrial Development Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for industrial and community development benefiting the County. The Industrial Development Fund includes the activities of the cyclical and non-cyclical industrial development funds. The Workforce Investment Act Fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for administering programs to improve the workforce of Pittsylvania County and surrounding jurisdictions.

**Note 1-Summary of Significant Accounting Policies: (continued)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government reports the following nonmajor governmental funds:

The Forfeited Assets is a *Special Revenue Fund* that accounts for and reports financial resources to be used in connection with the Sheriff and Commonwealth Attorney's asset forfeiture funds.

The School Capital Improvements Fund is the County's capital projects fund related to school improvements.

The Debt Service Reserve Fund is the County's only *Debt Service Fund*. It accounts for and reports financial resources to be used for the payment of debt of the County as well as jointly governed organizations.

The government reports the following major enterprise funds:

The Solid Waste Fund accounts for the activities of the landfill, including charges for services, expenses, assets, and related debts.

Additionally, the government reports the following fund types:

*Internal Service Funds* account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Funds consist of the Central Stores and Self Insurance Funds.

*Fiduciary funds* (Trust and Agency funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Cash Bond, Land Sales, and Sheriff's Inmate Trust and Canteen Account Funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Funds are charges to departments for sales and health insurance. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:

1. Cash and Cash Equivalents

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

2. Investments

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

4. Property Taxes

Property is assessed at its value on January 1<sup>st</sup>. Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Real estate taxes are payable in installments on June 10<sup>th</sup> and December 10<sup>th</sup>. Personal property taxes are due and collectible in installments on June 10<sup>th</sup> and December 10<sup>th</sup>. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$723,143 at June 30, 2020 and is comprised of property taxes (\$681,283) and solid waste charges (\$41,860).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(continued)

6. 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.

7. Prepaid Items

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment and infrastructure of the primary government, as well as the Component Unit - School Board, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30

**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(continued)

9. Deferred Outflows/Inflows of Resources

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

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

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(continued)

10. Long-term Obligations (continued)

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.

11. 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. In accordance with the current accounting standards, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

12. 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.

13. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

***Health Insurance***

The County and School Board offer retirees the option to remain on the health insurance plan resulting in an implicit subsidy OPEB liability. For more information see the related note disclosure.

**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(continued)

14. Fund Balance

The County reports fund balance in accordance with current financial reporting 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 prepaid expenditures) 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.

The Board of Supervisors is the County's highest level of decision-making authority and a resolution is required prior to the last day of the fiscal year in order to establish, modify, or rescind a fund balance commitment. The amount subject to the constraint may be determined in the subsequent period.

The County's Board of Supervisors has authorized the Finance Director to assign fund balance in accordance with the County's fund balance policy.

The County will maintain an unassigned fund balance in the general fund equal to 10% of expenditures/revenues. The County considers a balance of less than 10% to be cause for concern, barring unusual, or deliberate circumstances.

The County considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unassigned, assigned, or committed fund balances are available, unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the County considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 1-Summary of Significant Accounting Policies: (continued)**

D. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:  
(continued)

15. 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.

16. 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.

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary Information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All Funds of the County have legally adopted budgets with the exception of Agency Funds.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Fund) and the School Capital Projects Funds. The School Operating Fund and School Capital Projects Fund are integrated only at the level of legal adoption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 2-Stewardship, Compliance, and Accountability:** (Continued)

A. Budgetary Information (Continued)

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. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Excess of expenditures over appropriations

At June 30, 2020, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2020, no funds had deficit fund equity.

**Note 3-Deposits and Investments:**

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.

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

**Custodial Credit Risk (Investments)**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor its discretely presented component unit has an investment policy for custodial credit risk. As of June 30, 2020, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 3-Deposits and Investments: (Continued)**Concentration of Credit Risk

At June 30, 2020, the County did not have any investments meeting the definition requiring concentration of credit risk disclosures that exceeded 5% of total investments.

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk.

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Type	Investment Maturities (in years)	
	Fair Value	Less than 1 year
Certificates of Deposit	\$ 5,192,700	\$ 5,192,700

**Note 4-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	Primary Government	Component Unit School Board
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	\$ 588,425	\$ -
Communication sales tax	308,812	-
State sales tax	-	1,296,637
Noncategorical aid	95,391	-
Categorical aid - shared expenses	538,002	-
Categorical aid - Virginia Public Assistance funds	78,553	-
Categorical aid - CSA funds	1,384,226	-
Categorical aid - other	85,425	296,561
<b><u>Federal Government:</u></b>		
Categorical aid - Virginia Public Assistance funds	168,579	-
Categorical aid - Workforce Investment Act funds	320,098	-
Categorical aid - other	20,098	1,147,209
Totals	\$ 3,587,609	\$ 2,740,407

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 5-Interfund/Component-Unit Obligations:**

<b>Fund</b>	<b>Due from Primary Government/ Component Unit</b>	<b>Due to Primary Government/ Component Unit</b>
<b>Primary Government:</b>		
General Fund	\$ -	\$ 559,626
<b>Component Unit - School Board:</b>		
School Fund	\$ 559,626	\$ -

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

<b>Fund</b>	<b>Due from</b>	<b>Due to</b>
<b>Primary Government:</b>		
<b>Major Governmental Funds:</b>		
General Fund	\$ 1,783	\$ -
<b>Internal Service Funds:</b>		
Central Stores Fund	-	1,783
Total	\$ 1,783	\$ 1,783

All balances are the results of time lag between dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The County expects all balances to be repaid within one year.

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

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Primary Government:</b>		
<b>Major Governmental Funds:</b>		
General Fund	\$ -	\$ 1,369,806
Industrial Development Fund	1,221,916	-
<b>Enterprise Funds:</b>		
Solid Waste Fund	147,890	-
Total	\$ 1,369,806	\$ 1,369,806

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 6-Long-Term Obligations:****Primary Government - Governmental Activities Indebtedness**

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

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 56,785,157	\$ -	\$ (5,649,045)	\$ 51,136,112
Direct borrowings:				
Lease revenue bonds	3,486,901	-	(450,319)	3,036,582
Unamortized bond premiums	3,466,067	-	(881,751)	2,584,316
Capital leases	8,835,120	963,628	(1,886,533)	7,912,215
Due to Commonwealth (CSA)	500,000	-	(250,000)	250,000
Compensated absences	1,365,937	854,639	(1,024,453)	1,196,123
Net pension liability	5,168,026	8,932,008	(6,143,624)	7,956,410
Net OPEB liabilities	3,020,520	580,242	(502,453)	3,098,309
Total	<u>\$ 82,627,728</u>	<u>\$ 11,330,517</u>	<u>\$ (16,788,178)</u>	<u>\$ 77,170,067</u>

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

Year Ending June 30,	General Obligation Bonds		Direct Borrowing	
	Principal	Interest	Lease Revenue Bonds Principal	Interest
2021	\$ 5,899,907	\$ 2,085,304	\$ 285,116	\$ 105,572
2022	6,167,744	1,797,469	287,997	95,578
2023	6,453,720	1,493,994	290,966	85,480
2024	5,272,448	1,207,464	294,025	75,276
2025	5,512,293	947,120	297,178	64,962
2026-2030	20,680,000	2,188,213	1,358,941	170,733
2031-2035	1,150,000	34,500	222,359	7,791
Totals	<u>\$ 51,136,112</u>	<u>\$ 9,754,064</u>	<u>\$ 3,036,582</u>	<u>\$ 605,392</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Governmental Activities Indebtedness: (continued)**

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>General Obligation Bonds:</b>							
General obligation bond (2)	3.00-5.00%	8/21/2015	2/1/2030	\$625,000-3,600,000 a+	\$ 37,660,000	\$ 31,895,000	\$ 2,990,000
General obligation bond (1)	3.00-5.00%	6/2/2016	6/15/2031	\$605,000-1,150,000 a+	13,275,000	10,595,000	760,000
General obligation bond (1)	4.10-5.60%	11/10/2004	7/15/2024	\$999,906-1,010,000 a+	15,735,749	4,706,112	899,907
General obligation bond	2.00-5.00%	4/22/2010	3/1/2023	\$1,189,963-1,414,500 a+	12,485,000	3,940,000	1,250,000
Total general obligation bonds						<u>\$ 51,136,112</u>	<u>\$ 5,899,907</u>
<b>Direct Borrowings - Lease Revenue Bonds:</b>							
Revenue bond - IDA	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$ 1,803,802	\$ 597,051	\$ 65,674
QECB Energy Revenue Bond	3.47%	1/20/2016	3/1/2031	\$216,581-224,519 a+	3,313,595	2,439,531	219,442
Total direct borrowings - lease revenue bonds						<u>\$ 3,036,582</u>	<u>\$ 285,116</u>
Deferred amounts:							
Plus:							
Unamortized Premium						<u>\$ 2,584,316</u>	<u>\$ 747,333</u>
<b>Other Obligations:</b>							
Capital leases (Note 7)						\$ 7,912,215	\$ 1,687,068
Due to Commonwealth (CSA)						250,000	250,000
Compensated absences						1,196,123	897,092
Net pension liability						7,956,410	-
Net OPEB liability						3,098,309	-
Total other obligations						<u>\$ 20,413,057</u>	<u>\$ 2,834,160</u>
Total long-term obligations						<u>\$ 77,170,067</u>	<u>\$ 9,766,516</u>
(1) Refunding bond							
(2) Advanced refunding bond							
(a+) annual principal installments shown does not include semi-annual interest installments							

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020Note 6-Long-Term Obligations: (continued)Primary Government - Business-type Activities Indebtedness

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

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings:				
Lease revenue bonds	\$ 1,875,643	\$ -	\$ (375,066)	\$ 1,500,577
Unamortized bond premiums	87,996	-	(35,198)	52,798
Landfill closure/post-closure liability	3,169,490	50,223	-	3,219,713
Compensated absences	35,245	32,035	(26,434)	40,846
Net pension liability	219,657	293,711	(250,347)	263,021
Net OPEB liabilities	128,381	17,076	(38,047)	107,410
Total	\$ 5,516,412	\$ 393,045	\$ (725,092)	\$ 5,184,365

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

Year Ending June 30,	Direct Borrowings	
	Lease Revenue Bonds	
	Principal	Interest
2021	\$ 393,510	\$ 53,689
2022	412,079	35,642
2023	105,776	24,001
2024	109,609	20,169
2025	113,579	16,198
2026-2030	366,024	23,307
Totals	\$ 1,500,577	\$ 173,006

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 6-Long-Term Obligations: (continued)**

**Primary Government - Business-type Activities Indebtedness (continued)**

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Installment Amounts	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Direct Borrowing - Lease Revenue Bonds:</b>							
	2.125-						
Lease revenue bond	5.125%	11/16/2011	11/1/2021	\$268,616-317,944 a+	\$2,555,000	\$ 605,000	\$ 295,000
Lease revenue bond	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$1,803,802	895,577	98,510
Total direct borrowing- lease revenue bonds						<u>\$ 1,500,577</u>	<u>\$ 393,510</u>
Deferred amounts:							
Plus:							
Unamortized Premium						<u>\$ 52,798</u>	<u>\$ 35,199</u>
<b>Other Obligations:</b>							
Landfill closure/post-closure liability						\$ 3,219,713	\$ -
Compensated absences						40,846	30,635
Net pension liability						263,021	-
Net OPEB liabilities						107,410	-
Total other obligations						<u>\$ 3,630,990</u>	<u>\$ 30,635</u>
Total long-term obligations						<u>\$ 5,184,365</u>	<u>\$ 459,344</u>

**Collateral:** The County's lease revenue bond issued August 5, 2006 and the lease revenue bond issued January 30, 2018 are secured by the Human Services building. The County's lease revenue bond issued November 16, 2011 for the landfill construction is secured by the County Administration (Moses) building.

**Events of Default:** The County's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the County's State aid is redirected to bond holders to cure any event(s) of default.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 7-Capital Leases:**Primary Government

The School Board issued a lease purchase agreement to purchase school buses. The County entered into a capital lease agreement to upgrade its E-911 equipment as well as improve its IT network. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	School Buses	County Network	E-911 Equipment	Totals
Machinery and equipment	\$ 963,565	\$ -	\$ 15,257,523	\$ 16,221,088
Construction in progress	-	153,290	-	153,290
Less: Accumulated depreciation	(93,717)	-	(7,989,389)	(8,083,106)
Net capital assets	<u>\$ 869,848</u>	<u>\$ 153,290</u>	<u>\$ 7,268,134</u>	<u>\$ 8,291,272</u>

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

Year Ending June 30,	School Buses	County Network	E-911 Equipment	Total
2021	\$ 328,139	\$ 55,529	\$ 1,481,632	\$ 1,865,300
2022	328,140	-	1,484,796	1,812,936
2023	-	-	1,488,039	1,488,039
2024	-	-	1,491,360	1,491,360
2025	-	-	913,358	913,358
2026-2030	-	-	893,609	893,609
Sub-total	\$ 656,279	\$ 55,529	\$ 7,752,794	\$ 8,464,602
Less: Amount representing interest	<u>(20,790)</u>	<u>(1,217)</u>	<u>(530,380)</u>	<u>(552,387)</u>
Present Value of Lease Agreements	<u>\$ 635,489</u>	<u>\$ 54,312</u>	<u>\$ 7,222,414</u>	<u>\$ 7,912,215</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 8-Long-Term Obligations-Component Unit School Board:**Discretely Presented Component Unit-School Board-Indebtedness

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2020:

	Beginning Balance	Increases / Issuances	Decreases / Retirements	Ending Balance
Compensated absences	\$ 1,683,656	\$ 1,369,301	\$ (1,262,742)	\$ 1,790,215
Net pension liability	65,056,964	26,086,905	(19,687,523)	71,456,346
Net OPEB liabilities	18,331,829	3,125,430	(2,870,252)	18,587,007
Total	\$ 85,072,449	\$ 30,581,636	\$ (23,820,517)	\$ 91,833,568

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b><u>Other Obligations:</u></b>		
Compensated absences	\$ 1,790,215	\$ 1,342,661
Net pension liability	71,456,346	-
Net OPEB liabilities	18,587,007	-
Total other obligations	\$ 91,833,568	\$ 1,342,661
Total long-term obligations	\$ 91,833,568	\$ 1,342,661

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**Note 9—Pension Plans:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

**Note 9—Pension Plans: (continued)**

***Benefit Structures (continued)***

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

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)*****Employees Covered by Benefit Terms***

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	250	172
Inactive members:		
Vested inactive members	36	10
Non-vested inactive members	83	46
Inactive members active elsewhere in VRS	96	33
Total inactive members	215	89
Active members	334	141
Total covered employees	799	402

***Contributions***

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

The County's contractually required employee contribution rate for the year ended June 30, 2020 was 9.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,383,314 and \$1,353,100 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2020 was 7.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9—Pension Plans: (continued)**

***Contributions (continued)***

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 Pittsylvania County School Board's nonprofessional employees were \$200,303 and \$203,666 for the years ended June 30, 2020 and June 30, 2019, 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 and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9—Pension Plans: (continued)**

***Actuarial Assumptions - General Employees (continued)***

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9—Pension Plans: (continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits***

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

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

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

**Mortality rates:**

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 9—Pension Plans: (continued)****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (continued)**

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

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

**Long-term Expected Rate of Return**

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**Note 9—Pension Plans:** (continued)

***Long-term Expected Rate of Return (continued)***

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

***Discount Rate***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)*****Changes in Net Pension Liability***

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 70,271,242	\$ 64,883,559	\$ 5,387,683
Changes for the year:			
Service cost	\$ 1,566,727	\$ -	\$ 1,566,727
Interest	4,787,083	-	4,787,083
Differences between expected and actual experience	687,864	-	687,864
Assumption changes	2,091,004	-	2,091,004
Contributions - employer	-	1,356,116	(1,356,116)
Contributions - employee	-	710,681	(710,681)
Net investment income	-	4,279,923	(4,279,923)
Benefit payments, including refunds of employee contributions	(3,768,690)	(3,768,690)	-
Administrative expenses	-	(43,099)	43,099
Other changes	-	(2,691)	2,691
Net changes	\$ 5,363,988	\$ 2,532,240	\$ 2,831,748
Balances at June 30, 2019	\$ 75,635,230	\$ 67,415,799	\$ 8,219,431

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)****Changes in Net Pension Liability**

	Component Unit - School Board (Nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 14,504,957	\$ 13,804,993	\$ 699,964
Changes for the year:			
Service cost	\$ 283,647	\$ -	\$ 283,647
Interest	983,847	-	983,847
Differences between expected and actual experience	(133,520)	-	(133,520)
Assumption changes	363,620	-	363,620
Contributions - employer	-	202,266	(202,266)
Contributions - employee	-	133,890	(133,890)
Net investment income	-	900,296	(900,296)
Benefit payments, including refunds of employee contributions	(899,996)	(899,996)	-
Administrative expenses	-	(9,304)	9,304
Other changes	-	(564)	564
Net changes	\$ 597,598	\$ 326,588	\$ 271,010
Balances at June 30, 2019	\$ 15,102,555	\$ 14,131,581	\$ 970,974

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

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

	Current		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 17,573,291	\$ 8,219,431	\$ 733,957
Component Unit School Board (Nonprofessional)			
Net Pension Liability (Asset)	\$ 2,557,859	\$ 970,974	\$ (309,778)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,290,530 and \$367,077, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 661,999	\$ 24,751	\$ 9,339	\$ 70,539
Change in assumptions	1,431,381	26,971	192,101	-
Net difference between projected and actual earnings on pension plan investments	-	572,005	-	119,687
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,374	69,374	-	-
Employer contributions subsequent to the measurement date	1,383,314	-	200,303	-
Total	\$ 3,546,068	\$ 693,101	\$ 401,743	\$ 190,226

\$1,383,314 and \$200,303 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2021	\$ 960,847	\$ 121,127
2022	332,170	(116,868)
2023	136,483	(2,239)
2024	40,153	9,194
2025	-	-
Thereafter	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9—Pension Plans: (continued)**

***Pension Plan Data***

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

**Component Unit School Board (Professional)**

***Plan Description***

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

***Contributions***

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$7,022,807 and \$6,854,257 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$70,485,372 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.53558% as compared to 0.54725% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$7,890,116. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)****Component Unit School Board (Professional) (continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

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

	Component Unit-School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,513,475
Change in assumptions	6,979,704	-
Net difference between projected and actual earnings on pension plan investments	-	1,547,692
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,083,103	1,616,042
Employer contributions subsequent to the measurement date	7,022,807	-
Total	\$ 16,085,614	\$ 7,677,209

\$7,022,807 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board (Professional)
2021	\$ 161,637
2022	(1,241,596)
2023	840,240
2024	1,184,631
2025	440,686
Thereafter	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 9—Pension Plans: (continued)**

**Component Unit School Board (Professional) (continued)**

***Actuarial Assumptions***

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

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

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

**Mortality rates:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)****Component Unit School Board (Professional) (continued)*****Actuarial Assumptions (continued)***

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

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

***Net Pension Liability***

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 9—Pension Plans: (continued)****Component Unit School Board (Professional) (continued)*****Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 106,111,106	\$ 70,485,372	\$ 41,029,488

***Pension Plan Fiduciary Net Position***

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

**Primary Government and Component Unit School Board*****Aggregate Pension Information***

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,546,068	\$ 693,101	\$ 8,219,431	\$ 2,290,530	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	401,743	190,226	970,974	367,077
School Board Professional	-	-	-	-	16,085,614	7,677,209	70,485,372	7,890,116
Totals	<u>\$ 3,546,068</u>	<u>\$ 693,101</u>	<u>\$ 8,219,431</u>	<u>\$ 2,290,530</u>	<u>\$ 16,487,357</u>	<u>\$ 7,867,435</u>	<u>\$ 71,456,346</u>	<u>\$ 8,257,193</u>

**Note 10—Other Postemployment Benefits - Health Insurance:**

***Plan Description***

In addition to the pension benefits described in Note 9, the County and School Board participate in a cost-sharing defined benefit healthcare plan, the Pittsylvania County Post-Retirement Medical Plan (PPRMP). Several entities participate in the defined benefit healthcare plan through the County of Pittsylvania, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. The benefit provisions, including employer and employee contributions, are governed by the Board of Supervisors and can be amended through board action. The PPRMP does not issue a publicly available financial report.

***Benefits Provided***

PPRMP provides health insurance benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for retirement benefits under VRS, which requires that the employee be (1) age 50 with 10 years of service; (2) age 55 with 5 years of service; or (3) age 65 with 5 years of service. Additionally, the employee must be of full-time status in VRS and must be covered by the active plan at the time of retirement. Coverage continues as documented below:

***County:***

- Medical Coverage:
  - Retiree pays 100% of Pre-65 premium.
  - Retiree pays 100% of spousal premium.
  - Medicare eligible retirees pay 100% of carve out premium for retiree and spouse.
  - Effective 10/1/2017, the County no longer allows post 65 retirees to elect coverage but still has 4 retirees that are grandfathered into the plan.
- Dental Coverage:
  - Retiree pays 100% of employee premium less \$12 monthly County credit.
  - Retiree pays 100% of premium for spouse.
  - Coverage stops at death.

***School Board:***

- Medical Coverage:
  - Retiree pays 100% of employee premium.
  - Retiree pays 100% of spousal premium.
  - Coverage stops at age 65.
- Dental Coverage:
  - Retiree pays 100% of employee premium less \$12 monthly County credit.
  - Retiree pays 100% of premium for spouse.
  - Coverage stops at death.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 10—Other Postemployment Benefits - Health Insurance: (continued)****Contributions**

The County 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 Board of Supervisors. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$171,000 and \$575,000, respectively.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increase Rates	The salary increase is 2.50% as of July 1, 2019
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Discount Rate	3.13% as of July 1, 2019
Medical Trend Rate	The healthcare trend rate assumption starts at 6.67% for 2020 decreasing by 0.33% per year to an ultimate rate of 5.00%
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on July 1, 2018 valuation data rolled forward to the measurement date. The methods, assumptions, and participant data used can be found in the July 1, 2019 actuarial valuation report.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.13% based on the Fidelity Index's "20-year Municipal GO AA Index" as of July 1, 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 10—Other Postemployment Benefits - Health Insurance: (Continued)*****Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate***

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

	Discount Rate		
	1% Decrease (2.13%)	Current (3.13%)	1% Increase (4.13%)
Primary Government	\$ 1,896,661	\$ 1,724,000	\$ 1,569,071
Component Unit - School Board	8,155,424	7,413,000	6,746,825

***Sensitivity of the Employer's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend		
	1% Decrease	Current	1% Increase
Primary Government	\$ 1,542,006	\$ 1,724,000	\$ 1,939,780
Component Unit - School Board	6,630,445	7,413,000	8,340,829

***Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources***

At June 30, 2020, the County and School Board reported a liability of \$1,724,000 and \$7,413,000, respectively, for their proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2019 and the total OPEB liability used to calculate the total OPEB Liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to that date. At June 30, 2020 and 2019, the County's proportion was 18.67% and 19.10%, respectively. At June 30, 2020 and 2019, the School Board's proportion was 80.26% and 79.84%, respectively.

For the year ended June 30, 2020, the County and School Board recognized OPEB expense in the amount of \$75,000 and \$563,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 10—Other Postemployment Benefits - Health Insurance: (Continued)*****Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)***

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

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 331,000	\$ 76,000	\$ 216,000
Change in assumptions	58,000	55,000	293,000	535,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Employer contributions subsequent to the measurement date	171,000	-	575,000	-
Total	\$ 229,000	\$ 386,000	\$ 944,000	\$ 751,000

\$171,000 and \$575,000, respectively, are reported as deferred outflows of resources related to OPEB resulting from the County's and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2021	\$ (58,000)	\$ (68,000)
2022	(58,000)	(68,000)
2023	(58,000)	(68,000)
2024	(58,000)	(68,000)
2025	(58,000)	(68,000)
Thereafter	(38,000)	(42,000)

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

**Note 11—Group Life Insurance (GLI) Plan (OPEB Plan):**

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,465 as of June 30, 2020.

**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

***Contributions***

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

Contributions to the Group Life Insurance Plan from the County were \$79,244 and \$76,404 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (nonprofessional) were \$14,839 and \$14,898 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board (professional) were \$238,680 and \$231,359 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

**Primary Government**

At June 30, 2020, the entity reported a liability of \$1,221,101 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0750% as compared to 0.0777% at June 30, 2018.

For the year ended June 30, 20120, the participating employer recognized GLI OPEB expense of \$22,913. 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)**

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

**Component Unit School Board (Nonprofessional)**

At June 30, 2020, the entity reported a liability of \$235,629 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0145% as compared to 0.0148% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$3,032. 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.

**Component Unit School Board (Professional)**

At June 30, 2020, the entity reported a liability of \$3,697,312 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.2272% as compared to 0.2324% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$94,225. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)***

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

	Primary Government		Component Unit School Board (Nonprofessional)		Component Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,210	\$ 15,838	\$ 15,671	\$ 3,056	\$ 245,893	\$ 47,958
Net difference between projected and actual earnings on GLI OPEB plan investments	-	25,082	-	4,840	-	75,946
Change in assumptions	77,093	36,822	14,876	7,105	233,427	111,490
Changes in proportion	4,652	35,754	-	11,329	94,439	68,973
Employer contributions subsequent to the measurement date	79,244	-	14,839	-	238,680	-
Total	\$ 242,199	\$ 113,496	\$ 45,386	\$ 26,330	\$ 812,439	\$ 304,367

\$79,244, \$14,839, and \$238,680 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)	Component Unit School Board (Professional)
2021	\$ (985)	\$ (1,580)	\$ 21,865
2022	(984)	(1,580)	21,868
2023	9,639	470	54,034
2024	18,594	2,341	83,390
2025	18,417	3,462	71,329
Thereafter	4,778	1,104	16,906

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions**

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

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

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

**Mortality Rates - Teachers****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Teachers (continued)**

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

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

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)****Actuarial Assumptions (continued)**

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

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Net GLI OPEB Liability***

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

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

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

***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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return (continued)***

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

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

***Discount Rate***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (continued)*****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,604,188	\$ 1,221,101	\$ 910,428
Component Unit School Board's (Nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	309,551	235,629	175,680
Component Unit School Board's (Professional) proportionate share of the GLI Plan Net OPEB Liability	4,857,244	3,697,312	2,756,639

***GLI Plan Fiduciary Net Position***

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

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**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

***HIC Plan Notes***

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Employees Covered by Benefit Terms***

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

	<b>Primary Government</b>	<b>Component Unit School Board (Nonprofessional)</b>
Inactive members or their beneficiaries currently receiving benefits	117	45
Active members	106	141
Total covered employees	223	186

***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 (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2020 was 0.19% and 1.02%, respectively, 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 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 to the HIC Plan were \$28,908 and \$27,861 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions from the School Board (nonprofessional) to the HIC Plan were \$29,017 and \$28,931 for the years ended June 30, 2020 and June 30, 2019, respectively.

***Net HIC OPEB Liability***

The County's net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Actuarial Assumptions***

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

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

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

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)****Actuarial Assumptions: (continued)**

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

**Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

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

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

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

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Discount Rate (continued)***

Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the 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.

***Changes in Net HIC OPEB Liability***

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 623,887	\$ 396,986	\$ 226,901
Changes for the year:			
Service cost	\$ 11,294	\$ -	\$ 11,294
Interest	42,354	-	42,354
Differences between expected and actual experience	17,194	-	17,194
Assumption changes	15,274	-	15,274
Contributions - employer	-	27,906	(27,906)
Net investment income	-	25,066	(25,066)
Benefit payments	(37,661)	(37,661)	-
Administrative expenses	-	(543)	543
Other changes	-	(30)	30
Net changes	\$ 48,455	\$ 14,738	\$ 33,717
Balances at June 30, 2019	\$ 672,342	\$ 411,724	\$ 260,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Changes in Net HIC OPEB Liability (continued)***

	Component Unit School Board (Nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 383,459	\$ (5,370)	\$ 388,829
Changes for the year:			
Service cost	\$ 4,729	\$ -	\$ 4,729
Interest	26,022	-	26,022
Differences between expected and actual experience	(109,019)	-	(109,019)
Assumption changes	6,018	-	6,018
Contributions - employer	-	28,909	(28,909)
Net investment income	-	5	(5)
Benefit payments	(23,420)	(23,420)	-
Net changes	\$ (95,670)	\$ 5,494	\$ (101,164)
Balances at June 30, 2019	\$ 287,789	\$ 124	\$ 287,665

***Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's			
Net HIC OPEB Liability	\$ 328,093	\$ 260,618	\$ 202,880
Component Unit School Board's (Nonprofessional)			
Net HIC OPEB Liability	\$ 314,045	\$ 287,665	\$ 264,814

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2020, the County and School Board (nonprofessional) recognized HIC Plan OPEB expense of \$46,602 and (\$396), respectively. At June 30, 2020, the County and School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the County's and School Board's (nonprofessional) HIC Program from the following sources:

	Primary Government		Component Unit School Board (Nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,534	\$ -	\$ -	\$ 88,606
Net difference between projected and actual earnings on HIC OPEB plan investments	-	4,763	-	818
Change in assumptions	6,693	-	4,690	11,716
Employer contributions subsequent to the measurement date	28,908	-	29,017	-
Total	\$ 43,135	\$ 4,763	\$ 33,707	\$ 101,140

\$28,908 and 29,017 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's and School Board's (nonprofessional) 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, 2021. 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:

	Year Ended June 30	Primary Government	Component Unit School Board (Nonprofessional)
2021	\$	11,433	\$ (31,331)
2022		(2,794)	(29,263)
2023		351	(23,770)
2024		474	(12,086)
2025		-	-
Thereafter		-	-



**Note 12—Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***HIC Program Plan Data***

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

**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):**

***Plan Description***

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

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

***Eligible Employees***

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

***Benefit Amounts***

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

**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)**

***HIC Plan Notes***

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

***Contributions***

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$549,856 and \$533,911 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$6,953,401 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was 0.5312% as compared to 0.5446% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$580,101. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 39,384
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	439	-
Change in assumptions	161,838	48,317
Changes in proportion	201,720	174,270
Employer contributions subsequent to the measurement date	<u>549,856</u>	<u>-</u>
Total	\$ <u>913,853</u>	\$ <u>261,971</u>

\$549,856 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 14,416
2022	14,409
2023	17,456
2024	16,436
2025	21,570
Thereafter	17,739

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Actuarial Assumptions***

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

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

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

**Mortality Rates - Teachers****Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Actuarial Assumptions (continued)***

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

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

***Net Teacher Employee HIC OPEB Liability***

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

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

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

**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Long-Term Expected Rate of Return***

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

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

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

***Discount Rate***

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates.

**Note 13- Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (continued)*****Discount Rate (continued)***

Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 7,782,038	\$ 6,953,401	\$ 6,249,475

***Teacher Employee HIC OPEB Fiduciary Net Position***

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

**Note 14-Line of Duty Act (LODA) (OPEB):**

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 14-Line of Duty Act (LODA) (OPEB): (continued)**

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2020 was \$168,231.

**Note 15-Summary of Other Postemployment Benefits (OPEB):**

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Stand-Alone Plan (Note 10)								
County	\$ 229,000	\$ 386,000	\$ 1,724,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	944,000	751,000	7,413,000	563,000
VRS OPEB Plans:								
GLI Plan (Note 11)								
County	242,199	113,496	1,221,101	22,913	-	-	-	-
School Board Nonprofessional	-	-	-	-	45,386	26,330	235,629	3,032
School Board Professional	-	-	-	-	812,439	304,367	3,697,312	94,225
HIC Plan (Note 12)								
County	43,135	4,763	260,618	46,602	-	-	-	-
School Board Nonprofessional	-	-	-	-	33,707	101,140	287,665	(396)
Teacher HIC Plan (Note 13)	-	-	-	-	913,853	261,971	6,953,401	580,101
Totals	\$ 514,334	\$ 504,259	\$ 3,205,719	\$ 144,515	\$ 2,749,385	\$ 1,444,808	\$ 18,587,007	\$ 1,239,962

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 16-Capital Assets:**

Capital asset activity for the year ended June 30, 2020 was as follows:

**Primary Government:**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,510,544	\$ -	\$ -	\$ 5,510,544
Construction in progress	1,499,478	728,928	(198,825)	2,029,581
Total capital assets not being depreciated	<u>\$ 7,010,022</u>	<u>\$ 728,928</u>	<u>\$ (198,825)</u>	<u>\$ 7,540,125</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 106,232,085	\$ 595,047	-	\$ 106,827,132
Machinery and equipment	31,832,733	2,118,565	(1,711,253)	32,240,045
Total capital assets being depreciated	<u>\$ 138,064,818</u>	<u>\$ 2,713,612</u>	<u>\$ (1,711,253)</u>	<u>\$ 139,067,177</u>
Accumulated depreciation:				
Buildings and improvements	\$ (30,609,242)	\$ (2,676,018)	-	\$ (33,285,260)
Machinery and equipment	(21,424,708)	(2,349,432)	767,630	(23,006,510)
Total accumulated depreciation	<u>\$ (52,033,950)</u>	<u>\$ (5,025,450)</u>	<u>\$ 767,630</u>	<u>\$ (56,291,770)</u>
Total capital assets being depreciated, net	<u>\$ 86,030,868</u>	<u>\$ (2,311,838)</u>	<u>\$ (943,623)</u>	<u>\$ 82,775,407</u>
Governmental activities capital assets, net	<u>\$ 93,040,890</u>	<u>\$ (1,582,910)</u>	<u>\$ (1,142,448)</u>	<u>\$ 90,315,532</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 16-Capital Assets: (continued)**

Primary Government: (continued)

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 114,550	\$ 91,677	\$ -	\$ 206,227
Construction in progress	11,199	91,927	-	103,126
Total capital assets not being depreciated	<u>\$ 125,749</u>	<u>\$ 183,604</u>	<u>\$ -</u>	<u>\$ 309,353</u>
Capital assets, being depreciated:				
Infrastructure	\$ 8,436,850	\$ 176,154	\$ -	\$ 8,613,004
Machinery and equipment	3,701,080	449,126	(69,725)	4,080,481
Total capital assets being depreciated	<u>\$ 12,137,930</u>	<u>\$ 625,280</u>	<u>\$ (69,725)</u>	<u>\$ 12,693,485</u>
Accumulated depreciation:				
Infrastructure	\$ (5,713,163)	\$ (167,051)	\$ -	\$ (5,880,214)
Machinery and equipment	(2,430,631)	(264,050)	69,725	(2,624,956)
Total accumulated depreciation	<u>\$ (8,143,794)</u>	<u>\$ (431,101)</u>	<u>\$ 69,725</u>	<u>\$ (8,505,170)</u>
Total capital assets being depreciated, net	<u>\$ 3,994,136</u>	<u>\$ 194,179</u>	<u>\$ -</u>	<u>\$ 4,188,315</u>
Business-type activities capital assets, net	<u>\$ 4,119,885</u>	<u>\$ 377,783</u>	<u>\$ -</u>	<u>\$ 4,497,668</u>

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

Governmental Activities:

General government administration	\$ 74,301
Judicial administration	15,430
Public safety	1,867,924
Public works	436,640
Health and welfare	105,722
Education	2,341,232
Parks, recreation, and cultural	114,562
Community development	69,639

Total depreciation expense-governmental activities \$ 5,025,450

Business-type Activities:

Landfill fund	<u>\$ 431,101</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 16-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

**Discretely Presented Component Unit:**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,709,971	\$ -	\$ -	\$ 2,709,971
Construction in progress	283,507	393,218	(458,211)	218,514
Total capital assets not being depreciated	<u>\$ 2,993,478</u>	<u>\$ 393,218</u>	<u>\$ (458,211)</u>	<u>\$ 2,928,485</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 67,693,597	\$ 613,586		\$ 68,307,183
Machinery and equipment	18,292,914	2,395,695	(51,976)	20,636,633
Total capital assets being depreciated	<u>\$ 85,986,511</u>	<u>\$ 3,009,281</u>	<u>\$ (51,976)</u>	<u>\$ 88,943,816</u>
Accumulated depreciation:				
Buildings and improvements	\$ (36,234,416)	\$ (1,484,613)		\$ (37,719,029)
Machinery and equipment	(15,612,529)	(1,205,078)	51,976	(16,765,631)
Total accumulated depreciation	<u>\$ (51,846,945)</u>	<u>\$ (2,689,691)</u>	<u>\$ 51,976</u>	<u>\$ (54,484,660)</u>
Total capital assets being depreciated, net	<u>\$ 34,139,566</u>	<u>\$ 319,590</u>	<u>\$ -</u>	<u>\$ 34,459,156</u>
Governmental activities capital assets, net	<u>\$ 37,133,044</u>	<u>\$ 712,808</u>	<u>\$ (458,211)</u>	<u>\$ 37,387,641</u>

**Note 17-Risk Management:**

The County and its Component Unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County participates with other localities in a public entity risk pool for their coverage of general liability, property, crime and auto insurance with the Virginia Association of Counties Risk Pool. Each member of each of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The County pays the Risk Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its Component Unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 18-Contingent Liabilities:**

Federal programs in which the County participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

**Note 19-Comprehensive Services Act-Amount Due to Commonwealth:**

In an Order entered December 16, 2011, the State Executive Council ("SEC") found that Pittsylvania County is liable for \$7,699,933 in reimbursement for CSA funds used for ineligible students and services based on an audit conducted by the Auditor of Public Accounts. The SEC agreed to allow the CPMB to pay the Commonwealth of Virginia \$250,000 per year for a ten (10) year period, and if the CPMB abides by several probationary actions during the ten (10) year period, the SEC will forgo requiring the CPMB to repay the balance of the amount due and owing. At the December 20, 2011, Pittsylvania County Board of Supervisors' ("BOS") meeting, the BOS objected to the findings in the SEC's Order, but agreed to its disposition of the matter, i.e. repayment of \$2.5 million dollars over a ten (10) year period with probationary measures.

**Note 20-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Mark Scarce, Clerk of the Circuit Court	\$ 25,000
Vincent Shorter, Treasurer	750,000
Robin Goard, Commissioner of the Revenue	3,000
Michael W. Taylor, Sheriff	30,000
All constitutional officers' employees: blanket bond	50,000
 <u>VACo Insurance Programs:</u>	
All County employees - blanket bond	\$ 250,000
 <u>National Grange Mutual Insurance Company:</u>	
All Social Services employees - blanket bond	\$ 100,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**Note 21-Landfill Closure and Postclosure Care Cost:**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. \$5,172,123 is the total estimated closure and postclosure care liability at June 30, 2020. This represents the cumulative amount based on the use of 100% of the estimated capacity of the landfill and is based on what it would cost to perform all remaining closure and postclosure in 2020. The liability on the statement of net position of \$3,219,713 is based on the County's estimate that the landfill has reached 100.00% of Phase I and 38.35% of Phase II of capacity with a remaining useful life of 16 years for phase II. Actual costs for closure and postclosure monitoring may change due to inflation, deflation, changes in technology or changes in regulations. The County uses the Commonwealth of Virginia's financial assurance mechanism to meet the Department of Environmental Quality's assurance requirements for landfill closure and postclosure costs. The County demonstrated financial assurance requirements for closure, post-closure care and corrective action costs through the submission of a Local Government Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

**Note 22-Self Health Insurance:**

The County of Pittsylvania, Virginia established a limited risk management program for health insurance. Premiums are paid into the health plan fund from the County and are available to pay claims, and administrative costs of the program. During the fiscal year 2020, a total of \$12,040,053 was paid in benefits and administrative costs. The risk assumed by the County is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$1,057,168 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transactions. Changes in the claims liability during fiscal year 2020 and the two previous years were as follows:

Fiscal Year	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Fiscal Year
2019-20	\$ 1,189,092	\$ 11,908,129	(12,040,053)	\$ 1,057,168
2018-19	1,268,500	12,658,958	(12,738,366)	1,189,092
2017-18	1,121,900	13,751,037	(13,604,437)	1,268,500

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 23-Deferred/Unavailable Revenue:**

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Unavailable revenue is comprised of the following:

Delinquent property taxes receivable - 2nd half 2020	\$	16,142,777
Prepaid taxes		4,160,456
Total deferred revenue for governmental activities	\$	20,303,233
Taxes receivable due prior to June 30, 2020, not collected within 60 days		5,123,529
Total unavailable revenue for governmental funds	\$	25,426,762

**Note 24-Commitments and Contingencies:**

The Board of Supervisors of Pittsylvania County and the City Council of the City of Danville, Virginia approved support agreements with the Danville-Pittsylvania Regional Industrial Facility Authority to provide funding (subject to annual appropriations) sufficient to meet principal and interest payments on the Authority's \$7,300,000 revenue bonds. As described in Note 1, the County contributed \$252,260 towards these agreements in fiscal year 2020.

The County and School Board have obligated funds for the projects described below as of June 30, 2020:

	Original Contract	Amount Paid As of 6/30/2020	Retainage Payable	Remaining Contract Amount
<b>County Contracts:</b>				
Courthouse and Jail Study	\$ 198,624	\$ 178,739	\$ -	\$ 19,885
Landfill - Regional Collection Study	226,300	95,642	-	130,658
E911 Tower Project	1,250,275	1,124,708	-	125,567
Total Contracts	\$ 1,675,199	\$ 1,399,089	\$ -	\$ 276,110
	Original Contract	Amount Paid As of 6/30/2020	Retainage Payable	Remaining Contract Amount
<b>School Board Contracts:</b>				
Stony Mill Roof Replacement	\$ 343,998	\$ 207,588	\$ 10,926	\$ 136,410

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 24-Commitments and Contingencies: (continued)**

The County has also obligated funds for the development of projects initiated by the Regional Industrial Facilities Authority. The County's share of the projects as described below was 50% as of June 30, 2020:

Contractor	Service Provided	Project	Total Contract	Paid as of 6/30/2020	Contract Remaining
Dewberry	Engineering	Cane Creek-Wetland Monitoring	\$ 79,381	\$ 48,127	\$ 31,254
Dewberry	Engineering	SOVA Megasite at Berry Hill	990,850	987,879	2,971
Dewberry	Engineering/Design	Berry Hill Water Line Phase II Design	784,500	160,500	624,000
Dewberry	Engineering/Design	Berry Hill	78,950	70,650	8,300
Appalachian Power Company	Construction	Construction-SOVA Megasite at Berry Hill	1,655,000	380,000	1,275,000
Dewberry	Engineering	SOVA Berry Hill Park-Amend. #4-#8 (Lot 4)	1,707,563	1,674,638	32,925
Haymes Brothers, Inc.	Construction	Phase I Pad A Extension/Expansion	1,672,293	941,521	730,772
Haymes Brothers, Inc.	Construction	Construction on Phase I Graded Pad-SOVA Megasite	4,250,475	4,243,151	7,324
Dewberry	Engineering	Berry Hill Industrial Park-Lot 8 Site Development	89,300	82,800	6,500
Dewberry	Engineering/Design	Berry Hill Water Line Phase II Design	1,019,765	622,620	397,145
C.W. Cauley & Son	Construction	SOVA Megasite-Phase I Water	1,843,540	950,565	892,975
Totals			\$ 14,171,617	\$ 10,162,451	\$ 4,009,166
County's 50% obligation			\$ 7,085,808	\$ 5,081,226	\$ 2,004,583

**School Board Early Retirement Incentive Program:**

The Component Unit - School Board administers an early retirement incentive program for School Board employees. Early retirement is available to those employees with a minimum of twenty years of service in the Pittsylvania School System, including the five consecutive years immediately preceding the effective date of retirement. In addition, employees must be at least 55 years of age and less than 65 years of age to be eligible for the program. To participate, the employee must be a vested member of the Virginia Retirement System (VRS). In addition, employees may not work for any other agency covered under the VRS during their tenure in the program. The program allows for payment of 20% of an employee's final contracted salary, earned before the effective date of retirement, for a period of 7 years or until the participant reaches the age of sixty-five. The School Board reserves the right to amend or terminate the program. Employees are required to work twenty days per year to receive their payment. At June 30, 2020 the commitment related to the Early Retirement Incentive Program was \$4,127,457.

**Note 25-Litigation:**

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

**Note 26-Extraordinary Item:**

During 2020, the County entered into an agreement to receive repayment of damages of \$500,000 from a vendor and \$750,000 in sale of right away easements. This occurred in the Solid Waste Fund and the County received \$250,000 during the current fiscal year with the remaining \$1,000,000 due during fiscal year 2021. The County recorded this as an extraordinary item as it was both unusual in nature and infrequent in occurrence.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

**Note 27—Economic Incentive Tax Abatement Programs:**

A tax abatement consists of “a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.”

Pittsylvania County has multiple agreements, all for the purpose of economic development, that conform to that definition. Tax abatements related to real estate and machinery and tools taxes of \$1,593,429 and \$1,144,284, respectively, have been agreed to in aggregate and are applied over the next 3-7 years on a declining scale. The entities regularly pay their taxes and on an annual basis prove they have met certain requirements for the grant program on an individual basis. These requirements include new jobs, which is verified by the Virginia Employment Commission, and taxable improvements to real estate or machinery and tools tax. Any entity failing to maintain their end of the agreement will forfeit any further abatement reimbursements. During fiscal year 2020, there were three new tax rebate incentives provided to companies which are included in the totals above. To date, none of these incentive payments have been made as these companies have yet to meet their performance requirements to obtain such incentives.

**Note 28—Restatement:**

	Primary Government Governmental Activities	Primary Government Business-type Activities	Component Unit Industrial Development Authority
Net Position, July 1, 2019, as previously stated	\$ 49,424,056	\$ 854,150	\$ 2,114,278
Change in fiscal year from 12/31 to 6/30*	-	-	225,609
Correction of bond unamortized premium balances	2,635,472	-	-
Correction of capital assets	-	30,749	-
Correction of accounts receivable	-	918,515	-
Net Position, July 1, 2019, as restated	\$ 52,059,528	\$ 1,803,414	\$ 2,339,887

\*see separately issued report for IDA restatement detail

**Note 29—Subsequent Events:**

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 29—Subsequent Events: (continued)**

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Pittsylvania, Virginia, received the second round of CRF funds in the amount of \$5,265,654 after year end.

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

**Note 30—Upcoming Pronouncements:**

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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**Note 30—Upcoming Pronouncements: (continued)**

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

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

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

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

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

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

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

## Required Supplementary Information

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

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 40,560,221	\$ 40,560,226	\$ 41,191,363	\$	631,137
Other local taxes	7,935,500	7,935,500	8,062,226		126,726
Permits, privilege fees, and regulatory licenses	153,500	153,500	212,697		59,197
Fines and forfeitures	170,000	170,000	133,108		(36,892)
Revenue from the use of money and property	335,500	344,067	421,115		77,048
Charges for services	325,600	325,600	277,254		(48,346)
Miscellaneous	330,256	1,238,484	1,159,821		(78,663)
Recovered costs	824,462	1,088,354	1,161,558		73,204
Intergovernmental	21,940,446	27,693,576	22,850,057		(4,843,519)
Total revenues	\$ 72,575,485	\$ 79,509,307	\$ 75,469,199	\$	(4,040,108)
EXPENDITURES					
Current:					
General government administration	\$ 3,979,572	\$ 5,832,260	\$ 3,887,073	\$	1,945,187
Judicial administration	2,239,500	2,312,402	2,115,096		197,306
Public safety	18,716,897	22,606,010	18,566,102		4,039,908
Public works	1,103,945	2,668,069	1,114,173		1,553,896
Health and welfare	11,994,711	12,749,944	10,785,961		1,963,983
Education	18,747,138	20,210,545	15,567,265		4,643,280
Parks, recreation, and cultural	1,923,546	2,098,090	2,053,465		44,625
Community development	2,209,522	2,092,988	1,770,753		322,235
Nondepartmental	871,898	551,924	35,031		516,893
Capital projects	75,000	2,397,279	1,549,326		847,953
Debt service:					
Principal retirement	7,437,872	7,991,215	7,985,897		5,318
Interest and other fiscal charges	2,499,114	2,685,036	2,683,249		1,787
Total expenditures	\$ 71,798,715	\$ 84,195,762	\$ 68,113,391	\$	16,082,371
Excess (deficiency) of revenues over (under) expenditures	\$ 776,770	\$ (4,686,455)	\$ 7,355,808	\$	12,042,263
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 30,000	\$ 107,325	\$ -	\$	(107,325)
Transfers out	(1,154,110)	(1,679,727)	(1,369,806)		309,921
Issuance of capital leases	-	963,565	963,628		63
Total other financing sources (uses)	\$ (1,124,110)	\$ (608,837)	\$ (406,178)	\$	202,659
Net change in fund balances	\$ (347,340)	\$ (5,295,292)	\$ 6,949,630	\$	12,244,922
Fund balances - beginning	347,340	5,295,292	25,233,399		19,938,107
Fund balances - ending	\$ -	\$ -	\$ 32,183,029	\$	32,183,029

County of Pittsylvania, Virginia  
Special Revenue Fund - Industrial Development  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ 9,917	\$ -	\$ (9,917)
Recovered costs	-	7,083	7,082	(1)
Intergovernmental	-	3,431,980	1,372,212	(2,059,768)
Total revenues	\$ -	\$ 3,448,980	\$ 1,379,294	\$ (2,069,686)
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 1,124,110	\$ 6,189,731	\$ 1,182,709	\$ 5,007,022
Excess (deficiency) of revenues over (under) expenditures	\$ (1,124,110)	\$ (2,740,751)	\$ 196,585	\$ 2,937,336
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,124,110	\$ 1,221,916	\$ 1,221,916	\$ -
Net change in fund balances	\$ -	\$ (1,518,835)	\$ 1,418,501	\$ 2,937,336
Fund balances - beginning	-	1,518,835	653,112	(865,723)
Fund balances - ending	\$ -	\$ -	\$ 2,071,613	\$ 2,071,613

County of Pittsylvania, Virginia  
Special Revenue Fund - Workforce Investment Act  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 250,000	\$ 250,000	\$ 337,852	\$ 87,852
Miscellaneous	1,000	20,771	43,146	22,375
Intergovernmental	3,757,924	4,802,296	1,892,911	(2,909,385)
Total revenues	<u>\$ 4,008,924</u>	<u>\$ 5,073,067</u>	<u>\$ 2,273,909</u>	<u>\$ (2,799,158)</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	<u>\$ 4,008,924</u>	<u>\$ 5,136,435</u>	<u>\$ 2,138,221</u>	<u>\$ 2,998,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (63,368)</u>	<u>\$ 135,688</u>	<u>\$ 199,056</u>
Net change in fund balances	\$ -	\$ (63,368)	\$ 135,688	\$ 199,056
Fund balances - beginning	-	63,368	541,639	478,271
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 677,327</u>	<u>\$ 677,327</u>

County of Pittsylvania, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government  
For the Measurement Dates of July 1, 2017 through June 30, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 68,000	\$ 94,000	\$ 92,000
Interest	62,000	78,000	75,000
Changes in assumptions	67,000	(75,000)	-
Differences between expected and actual experience	(43,000)	(396,000)	-
Benefit payments	(171,000)	(104,000)	(64,000)
<b>Net change in total OPEB liability</b>	\$ (17,000)	\$ (403,000)	\$ 103,000
<b>Total OPEB liability - beginning</b>	1,741,000	2,144,000	2,041,000
<b>Total OPEB liability - ending</b>	<u>\$ 1,724,000</u>	<u>\$ 1,741,000</u>	<u>\$ 2,144,000</u>
 <b>Covered employee payroll</b>	 \$ 11,392,288	 \$ 11,659,905	 \$ 11,312,022
 <b>County's total OPEB liability (asset) as a percentage of covered employee payroll</b>	 15.13%	 14.93%	 18.95%

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

County of Pittsylvania, Virginia  
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
School Board  
For the Measurement Dates of July 1, 2017 through June 30, 2019

	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 355,000	\$ 285,000	\$ 278,000
Interest	267,000	284,000	287,000
Changes in assumptions	336,000	(720,000)	-
Differences between expected and actual experience	(246,000)	102,000	-
Benefit payments	(575,000)	(741,000)	(555,000)
<b>Net change in total OPEB liability</b>	\$ 137,000	\$ (790,000)	\$ 10,000
<b>Total OPEB liability - beginning</b>	<u>7,276,000</u>	<u>8,066,000</u>	<u>8,056,000</u>
<b>Total OPEB liability - ending</b>	<u>\$ 7,413,000</u>	<u>\$ 7,276,000</u>	<u>\$ 8,066,000</u>
 <b>Covered employee payroll</b>	 \$ 48,985,515	 \$ 48,729,160	 \$ 42,557,261
 <b>Pittsylvania School Board's total OPEB liability (asset) as a percentage of covered employee payroll</b>	 15.13%	 14.93%	 18.95%

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



County of Pittsylvania, Virginia  
Notes to Required Supplementary Information - Health Insurance OPEB  
For the Year Ended June 30, 2020

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**County and School Board**

Valuation Date: 7/1/2018

Measurement Date: 7/1/2019

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal
Discount Rate	3.13% as of July 1, 2019
Inflation	2.50% per year as of July 1, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.67% for 2020 decreasing by 0.33% per year to an ultimate rate of 5.00%
Salary Increase Rates	The salary increase is 2.50% as of July 1, 2019
Participation Percentage	50% of active participants who retire at age 50 or greater are assumed to elect coverage in retirement. 25% of their spouses are assumed to elect coverage in retirement. 100% of actives who become disabled are assumed to elect coverage.
Retirement Age	Retirement is assumed to occur beginning once a participant attains age 55 and completes 5 years of service or age 50 and completes 10 years of service.
Mortality Rates	The mortality rates were based on the RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2019.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.0750% \$	1,221,101	\$ 14,700,404	8.31%	52.00%
2018	0.0777%	1,181,000	14,778,504	7.99%	51.22%
2017	0.0776%	1,167,000	14,305,441	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.

County of Pittsylvania, Virginia  
Schedule of Employer Contributions - County  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2020	\$ 79,244	\$ 79,244	\$ -	\$ 15,239,249	0.52%
2019	76,404	76,404	-	14,700,404	0.52%
2018	76,806	76,806	-	14,778,504	0.52%
2017	74,388	74,388	-	14,305,441	0.52%
2016	66,525	66,525	-	13,859,466	0.48%
2015	63,900	63,900	-	13,312,443	0.48%
2014	62,160	62,160	-	12,950,023	0.48%
2013	60,070	60,070	-	12,514,511	0.48%
2012	34,649	34,649	-	12,374,704	0.28%
2011	34,463	34,463	-	12,308,181	0.28%

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

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)
2019	0.2272%	\$ 3,697,312	\$ 44,492,645	8.31%	52.00%
2018	0.2324%	3,529,000	44,186,097	7.99%	51.22%
2017	0.2242%	3,374,000	41,346,360	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.

County of Pittsylvania, Virginia  
Schedule of Employer Contributions - School Board Teacher  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2020	\$ 238,680	\$ 238,680	\$ -	\$ 45,921,268	0.52%
2019	231,359	231,359	-	44,492,645	0.52%
2018	229,700	229,700	-	44,186,097	0.52%
2017	215,001	215,001	-	41,346,360	0.52%
2016	193,522	193,522	-	40,317,085	0.48%
2015	191,106	191,106	-	39,813,789	0.48%
2014	183,735	183,735	-	38,278,122	0.48%
2013	178,288	178,288	-	37,143,367	0.48%
2012	108,737	108,737	-	38,834,816	0.28%
2011	110,003	110,003	-	39,286,727	0.28%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.0145% \$	235,629 \$	2,865,151	8.22%	52.00%
2018	0.0148%	224,000	2,810,568	7.97%	51.22%
2017	0.0154%	232,000	2,843,865	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.

County of Pittsylvania, Virginia  
Schedule of Employer Contributions - School Board Nonprofessional  
Group Life Insurance (GLI) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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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)
2020	\$ 14,839	\$ 14,839	\$ -	\$ 2,865,412	0.52%
2019	14,898	14,898	-	2,865,151	0.52%
2018	14,609	14,609	-	2,810,568	0.52%
2017	14,788	14,788	-	2,843,865	0.52%
2016	13,408	13,408	-	2,793,343	0.48%
2015	13,009	13,009	-	2,710,136	0.48%
2014	14,744	14,744	-	3,071,713	0.48%
2013	14,191	14,191	-	2,956,535	0.48%
2012	8,470	8,470	-	3,024,896	0.28%
2011	8,699	8,699	-	3,106,938	0.28%

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

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

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

**Teachers**

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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



County of Pittsylvania, Virginia  
Schedule of Changes in the County's Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 11,294	\$ 10,816	\$ 12,454
Interest	42,354	40,909	40,771
Differences between expected and actual experience	17,194	9,815	-
Changes in assumptions	15,274	-	(16,465)
Benefit payments	(37,661)	(44,133)	(25,441)
<b>Net change in total HIC OPEB liability</b>	<b>\$ 48,455</b>	<b>\$ 17,407</b>	<b>\$ 11,319</b>
<b>Total HIC OPEB Liability - beginning</b>	<b>623,887</b>	<b>606,480</b>	<b>595,161</b>
<b>Total HIC OPEB Liability - ending (a)</b>	<b>\$ 672,342</b>	<b>\$ 623,887</b>	<b>\$ 606,480</b>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 27,906	\$ 28,042	\$ 27,160
Net investment income	25,066	27,141	40,026
Benefit payments	(37,661)	(44,133)	(25,441)
Administrative expense	(543)	(624)	(650)
Other	(30)	(2,018)	2,018
<b>Net change in plan fiduciary net position</b>	<b>\$ 14,738</b>	<b>\$ 8,408</b>	<b>\$ 43,113</b>
<b>Plan fiduciary net position - beginning</b>	<b>396,986</b>	<b>388,578</b>	<b>345,465</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 411,724</b>	<b>\$ 396,986</b>	<b>\$ 388,578</b>
 <b>County of Pittsylvania's net HIC OPEB liability - ending (a) - (b)</b>	<b>\$ 260,618</b>	<b>\$ 226,901</b>	<b>\$ 217,902</b>
 <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	<b>61.24%</b>	<b>63.63%</b>	<b>64.07%</b>
 <b>Covered payroll</b>	<b>\$ 14,663,677</b>	<b>\$ 14,759,147</b>	<b>\$ 14,294,169</b>
 <b>County of Pittsylvania's net HIC OPEB liability as a percentage of covered payroll</b>	<b>1.78%</b>	<b>1.54%</b>	<b>1.52%</b>

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.

County of Pittsylvania, Virginia  
Schedule of Employer Contributions - County  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ 28,908	\$ 28,908	\$ -	\$ 15,215,002	0.19%
2019	27,861	27,861	-	14,663,677	0.19%
2018	28,652	28,652	-	14,759,147	0.19%
2017	27,160	27,160	-	14,294,169	0.19%
2016	26,313	26,313	-	13,848,961	0.19%
2015	25,288	25,288	-	13,309,410	0.19%
2014	16,808	16,808	-	12,928,613	0.13%
2013	16,235	16,235	-	12,488,170	0.13%
2012	19,766	19,766	-	12,353,575	0.16%
2011	19,650	19,650	-	12,280,999	0.16%

County of Pittsylvania, Virginia  
Schedule of Changes in the School's Nonprofessional Net OPEB Liability and Related Ratios  
Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
<b>Total HIC OPEB Liability</b>			
Service cost	\$ 4,729	\$ 9,246	\$ 10,897
Interest	26,022	13,464	12,310
Differences between expected and actual experience	(109,019)	(6,419)	-
Changes in assumptions	6,018	-	(32,389)
Benefit payments	(23,420)	(22,067)	(21,078)
<b>Net change in total HIC OPEB liability</b>	\$ (95,670)	\$ (5,776)	\$ (30,260)
<b>Total HIC OPEB Liability - beginning</b>	383,459	389,235	419,495
<b>Total HIC OPEB Liability - ending (a)</b>	\$ <u>287,789</u>	\$ <u>383,459</u>	\$ <u>389,235</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 28,909	\$ 26,449	\$ 26,507
Net investment income	5	1	-
Benefit payments	(23,420)	(22,067)	(21,078)
<b>Net change in plan fiduciary net position</b>	\$ 5,494	\$ 4,383	\$ 5,429
<b>Plan fiduciary net position - beginning</b>	(5,370)	(9,753)	(15,182)
<b>Plan fiduciary net position - ending (b)</b>	\$ <u>124</u>	\$ <u>(5,370)</u>	\$ <u>(9,753)</u>
<b>Pittsylvania School Board's net HIC OPEB liability - ending (a) - (b)</b>	\$ 287,665	\$ 388,829	\$ 398,988
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	0.04%	-1.40%	-2.51%
<b>Covered payroll</b>	\$ 2,849,165	\$ 2,803,851	\$ 2,819,928
<b>Pittsylvania School Board's net HIC OPEB liability as a percentage of covered payroll</b>	10.10%	13.87%	14.15%

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.

County of Pittsylvania, Virginia  
Schedule of School Board Nonprofessional Employer Contributions  
Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2015 through June 30, 2020

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Date	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2020	\$ 29,017	\$ 29,017	- \$	2,856,626	1.02%
2019	28,931	28,931	-	2,849,165	1.02%
2018	26,330	26,330	-	2,803,851	0.94%
2017	26,507	26,507	-	2,819,928	0.94%
2016	13,371	13,371	-	2,785,662	0.48%
2015	12,750	12,750	-	2,656,294	0.48%

This Schedule is intended to show 10 years of information but the School Board only started participating in fiscal year 2015. Additional years will be added as they are available.

County of Pittsylvania, Virginia  
Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2020

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

County of Pittsylvania, Virginia  
Schedule of School Board's Share of Net OPEB Liability  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Measurement Dates of June 30, 2017 through June 30, 2019

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)
2019	0.5312%	\$ 6,953,401	\$ 44,492,580	15.63%	8.97%
2018	0.5446%	6,914,000	44,028,760	15.70%	8.08%
2017	0.5232%	6,637,000	41,273,292	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.

County of Pittsylvania, Virginia  
Schedule of Employer Contributions  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2020	\$ 549,856	\$ 549,856	\$ -	\$ 45,841,970	1.20%
2019	533,911	533,911	-	44,492,580	1.20%
2018	541,549	541,549	-	44,028,760	1.23%
2017	458,330	458,330	-	41,273,292	1.11%
2016	425,552	425,552	-	39,808,563	1.07%
2015	420,878	420,878	-	39,414,097	1.07%
2014	424,044	424,044	-	38,164,275	1.11%
2013	410,850	410,850	-	37,015,327	1.11%
2012	232,157	232,157	-	38,692,772	0.60%
2011	235,121	235,121	-	39,186,784	0.60%

County of Pittsylvania, Virginia  
Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2020

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

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

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



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

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 1,566,727	\$ 1,552,874	\$ 1,627,407	\$ 1,592,178	\$ 1,561,447	\$ 1,597,926
Interest	4,787,083	4,557,967	4,386,198	4,226,561	4,054,448	3,853,717
Changes in benefit terms	-	260,443	-	-	-	-
Differences between expected and actual experience	687,864	474,277	(157,351)	(430,827)	(255,709)	-
Changes in assumptions	2,091,004	-	(171,451)	-	-	-
Benefit payments	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
<b>Net change in total pension liability</b>	<b>\$ 5,363,988</b>	<b>\$ 3,469,290</b>	<b>\$ 2,599,154</b>	<b>\$ 2,258,785</b>	<b>\$ 2,686,474</b>	<b>\$ 2,957,238</b>
<b>Total pension liability - beginning</b>	<b>70,271,242</b>	<b>66,801,952</b>	<b>64,202,798</b>	<b>61,944,013</b>	<b>59,257,539</b>	<b>56,300,301</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 75,635,230</b>	<b>\$ 70,271,242</b>	<b>\$ 66,801,952</b>	<b>\$ 64,202,798</b>	<b>\$ 61,944,013</b>	<b>\$ 59,257,539</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,356,116	\$ 1,392,480	\$ 1,358,939	\$ 1,259,536	\$ 1,217,249	\$ 1,162,861
Contributions - employee	710,681	716,663	705,141	684,974	666,219	649,664
Net investment income	4,279,923	4,533,806	6,785,854	950,219	2,482,371	7,499,569
Benefit payments	(3,768,690)	(3,376,271)	(3,085,649)	(3,129,127)	(2,673,712)	(2,494,405)
Administrator charges	(43,099)	(39,457)	(39,392)	(35,171)	(34,270)	(40,586)
Other	(2,691)	(4,027)	(6,026)	(410)	(526)	396
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,532,240</b>	<b>\$ 3,223,194</b>	<b>\$ 5,718,867</b>	<b>\$ (269,979)</b>	<b>\$ 1,657,331</b>	<b>\$ 6,777,499</b>
<b>Plan fiduciary net position - beginning</b>	<b>64,883,559</b>	<b>61,660,365</b>	<b>55,941,498</b>	<b>56,211,477</b>	<b>54,554,146</b>	<b>47,776,647</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 67,415,799</b>	<b>\$ 64,883,559</b>	<b>\$ 61,660,365</b>	<b>\$ 55,941,498</b>	<b>\$ 56,211,477</b>	<b>\$ 54,554,146</b>
<b>County's net pension liability - ending (a) - (b)</b>	<b>\$ 8,219,431</b>	<b>\$ 5,387,683</b>	<b>\$ 5,141,587</b>	<b>\$ 8,261,300</b>	<b>\$ 5,732,536</b>	<b>\$ 4,703,393</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>89.13%</b>	<b>92.33%</b>	<b>92.30%</b>	<b>87.13%</b>	<b>90.75%</b>	<b>92.06%</b>
<b>Covered payroll</b>	<b>\$ 14,663,677</b>	<b>\$ 14,759,147</b>	<b>\$ 14,294,168</b>	<b>\$ 13,848,961</b>	<b>\$ 13,309,411</b>	<b>\$ 12,928,614</b>
<b>County's net pension liability as a percentage of covered payroll</b>	<b>56.05%</b>	<b>36.50%</b>	<b>35.97%</b>	<b>59.65%</b>	<b>43.07%</b>	<b>36.38%</b>

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.

County of Pittsylvania, Virginia  
**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, 2019**

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 283,647	\$ 284,563	\$ 287,778	\$ 288,380	\$ 346,582	\$ 331,124
Interest	983,847	953,988	959,558	965,041	944,972	918,214
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(133,520)	107,647	(246,249)	(413,256)	(93,323)	-
Changes of assumptions	363,620	-	(148,814)	-	-	-
Benefit payments	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
<b>Net change in total pension liability</b>	<b>\$ 597,598</b>	<b>\$ 406,917</b>	<b>\$ (72,127)</b>	<b>\$ (72,444)</b>	<b>\$ 287,796</b>	<b>\$ 425,604</b>
<b>Total pension liability - beginning</b>	<b>14,504,957</b>	<b>14,098,040</b>	<b>14,170,167</b>	<b>14,242,611</b>	<b>13,954,815</b>	<b>13,529,211</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 15,102,555</b>	<b>\$ 14,504,957</b>	<b>\$ 14,098,040</b>	<b>\$ 14,170,167</b>	<b>\$ 14,242,611</b>	<b>\$ 13,954,815</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 202,266	\$ 214,640	\$ 217,553	\$ 295,254	\$ 283,578	\$ 228,996
Contributions - employee	133,890	133,817	135,498	135,599	132,471	152,042
Net investment income	900,296	976,204	1,494,086	212,712	570,904	1,768,407
Benefit payments	(899,996)	(939,281)	(924,400)	(912,609)	(910,435)	(823,734)
Administrator charges	(9,304)	(8,749)	(9,014)	(8,145)	(8,196)	(9,813)
Other	(564)	(857)	(1,312)	(92)	(120)	93
<b>Net change in plan fiduciary net position</b>	<b>\$ 326,588</b>	<b>\$ 375,774</b>	<b>\$ 912,411</b>	<b>\$ (277,281)</b>	<b>\$ 68,202</b>	<b>\$ 1,315,991</b>
<b>Plan fiduciary net position - beginning</b>	<b>13,804,993</b>	<b>13,429,219</b>	<b>12,516,808</b>	<b>12,794,089</b>	<b>12,725,887</b>	<b>11,409,896</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 14,131,581</b>	<b>\$ 13,804,993</b>	<b>\$ 13,429,219</b>	<b>\$ 12,516,808</b>	<b>\$ 12,794,089</b>	<b>\$ 12,725,887</b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 970,974</b>	<b>\$ 699,964</b>	<b>\$ 668,821</b>	<b>\$ 1,653,359</b>	<b>\$ 1,448,522</b>	<b>\$ 1,228,928</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.57%</b>	<b>95.17%</b>	<b>95.26%</b>	<b>88.33%</b>	<b>89.83%</b>	<b>91.19%</b>
<b>Covered payroll</b>	<b>\$ 2,849,165</b>	<b>\$ 2,803,851</b>	<b>\$ 2,819,928</b>	<b>\$ 2,785,662</b>	<b>\$ 2,656,294</b>	<b>\$ 3,045,724</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	<b>34.08%</b>	<b>24.96%</b>	<b>23.72%</b>	<b>59.35%</b>	<b>54.53%</b>	<b>40.35%</b>

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.

County of Pittsylvania, Virginia  
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.5356%	0.5473%	0.5246%	0.5265%	0.5340%	0.5224%
Employer's Proportionate Share of the Net Pension Liability	\$ 70,485,372	\$ 64,357,000	\$ 64,515,000	\$ 73,790,000	\$ 67,217,000	\$ 63,129,000
Employer's Covered Payroll	\$ 44,492,580	\$ 44,028,760	\$ 41,273,292	\$ 39,808,563	\$ 39,414,097	\$ 38,164,275
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.42%	146.17%	156.31%	185.36%	170.54%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Pittsylvania, Virginia  
Schedule of Employer Contributions  
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>Primary Government</b>					
2020	\$ 1,383,314	\$ 1,383,314	\$ -	\$ 15,215,002	9.09%
2019	1,353,100	1,353,100	-	14,663,677	9.23%
2018	1,392,480	1,392,480	-	14,759,147	9.43%
2017	1,358,939	1,358,939	-	14,294,168	9.51%
2016	1,592,630	1,261,351	331,279	13,848,961	9.11%
2015	1,530,582	1,217,249	313,333	13,309,411	9.15%
2014	1,595,391	1,163,575	431,816	12,928,614	9.00%
2013	1,542,684	1,125,134	417,550	12,501,494	9.00%
2012	1,111,822	1,111,822	-	12,353,575	9.00%
2011	1,105,290	1,105,290	-	12,280,999	9.00%
<b>Component Unit School Board (nonprofessional)</b>					
2020	\$ 200,303	\$ 200,303	\$ -	\$ 2,843,229	7.04%
2019	203,666	203,666	-	2,849,165	7.15%
2018	214,640	214,640	-	2,803,851	7.66%
2017	217,553	217,553	-	2,819,928	7.71%
2016	295,656	295,656	-	2,785,662	10.61%
2015	283,578	283,578	-	2,656,294	10.68%
2014	327,415	229,343	98,072	3,045,724	7.53%
2013	316,132	221,440	94,692	2,940,764	7.53%
2012	201,188	201,188	-	2,980,557	6.75%
2011	208,691	208,691	-	3,091,713	6.75%
<b>Component Unit School Board (professional)</b>					
2020	\$ 7,022,807	\$ 7,022,807	\$ -	\$ 45,841,970	15.32%
2019	6,854,257	6,854,257	-	44,492,580	15.41%
2018	7,075,682	7,075,682	-	44,028,760	16.07%
2017	5,997,754	5,997,754	-	41,273,292	14.53%
2016	5,597,084	5,597,084	-	39,808,563	14.06%
2015	5,715,044	5,715,044	-	39,414,097	14.50%
2014	5,430,544	5,430,544	-	38,164,275	14.23%
2013	6,167,731	6,167,731	-	37,015,327	16.66%
2012	4,383,891	4,383,891	-	38,692,772	11.33%
2011	3,499,380	3,499,380	-	39,186,784	8.93%

County of Pittsylvania, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2020

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees:

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

## Other Supplementary Information

## **NONMAJOR FUNDS**

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### **NONMAJOR SPECIAL REVENUE FUND**

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Forfeited Assets - The Forfeited Assets fund accounts for financial resources to be used in connection with the Sheriff's asset forfeited funds.

### **NONMAJOR CAPITAL PROJECTS FUND**

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School Capital Projects Fund - The School Capital Projects fund accounts for financial resources to be used in connection with the acquisition and construction of major capital facilities of the School Board.

County of Pittsylvania, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	School Capital Improvements <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 486,986	\$ 204,092	\$ -	\$ 691,078
Total assets	<u>\$ 486,986</u>	<u>\$ 204,092</u>	<u>\$ -</u>	<u>\$ 691,078</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,877	\$ -	\$ -	\$ 5,877
Total liabilities	<u>\$ 5,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,877</u>
<b>FUND BALANCES</b>				
Restricted:				
Forfeited Assets Fund	\$ 481,109	\$ -	\$ -	\$ 481,109
Assigned:				
Debt service	-	204,092	-	204,092
Total fund balances	<u>\$ 481,109</u>	<u>\$ 204,092</u>	<u>\$ -</u>	<u>\$ 685,201</u>
Total liabilities and fund balances	<u>\$ 486,986</u>	<u>\$ 204,092</u>	<u>\$ -</u>	<u>\$ 691,078</u>



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

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	School Capital Improvements <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,604	\$ -	\$ -	\$ 1,604
Miscellaneous	15,325	-	-	15,325
Intergovernmental	59,637	-	-	59,637
Total revenues	<u>\$ 76,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,566</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 105,852	\$ -	\$ -	\$ 105,852
Education	-	-	9,355	9,355
Total expenditures	<u>\$ 105,852</u>	<u>\$ -</u>	<u>\$ 9,355</u>	<u>\$ 115,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,286)</u>	<u>\$ -</u>	<u>\$ (9,355)</u>	<u>\$ (38,641)</u>
Net change in fund balances	\$ (29,286)	\$ -	\$ (9,355)	\$ (38,641)
Fund balances - beginning	510,395	204,092	9,355	723,842
Fund balances - ending	<u><u>\$ 481,109</u></u>	<u><u>\$ 204,092</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 685,201</u></u>

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

	Forfeited Assets Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 300	\$ 300	\$ 1,604	\$ 1,304
Miscellaneous	-	-	15,325	15,325
Intergovernmental	60,000	60,000	59,637	(363)
Total revenues	\$ 60,300	\$ 60,300	\$ 76,566	\$ 16,266
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 145,000	\$ 145,000	\$ 105,852	\$ 39,148
Excess (deficiency) of revenues over (under) expenditures	\$ (84,700)	\$ (84,700)	\$ (29,286)	\$ 55,414
Net change in fund balances	\$ (84,700)	\$ (84,700)	\$ (29,286)	\$ 55,414
Fund balances - beginning	84,700	84,700	510,395	425,695
Fund balances - ending	\$ -	\$ -	\$ 481,109	\$ 481,109

County of Pittsylvania, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Debt Service Reserve Fund  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	204,092	204,092
Fund balances - ending	\$ -	\$ -	\$ 204,092	\$ 204,092

County of Pittsylvania, Virginia  
 Nonmajor Capital Projects Fund - School Capital Improvements  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2020

	School Capital Improvements							
	Budgeted Amounts						Variance with Final Budget Positive (Negative)	
	<u>Original</u>		<u>Final</u>		<u>Actual</u>			
REVENUES								
Total revenues	\$	-	\$	-	\$	-	\$	-
EXPENDITURES								
Current:								
Education	\$	-	\$	9,355	\$	9,355	\$	-
Total expenditures	\$	-	\$	9,355	\$	9,355	\$	-
Excess (deficiency) of revenues over (under) expenditures	\$	-	\$	(9,355)	\$	(9,355)	\$	-
Net change in fund balances	\$	-	\$	(9,355)	\$	(9,355)	\$	-
Fund balances - beginning		-		9,355		9,355		-
Fund balances - ending	\$	-	\$	-	\$	-	\$	-

#### **INTERNAL SERVICE FUNDS**

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Central Stores - The Central Stores fund accounts for the Primary Government's consolidated purchasing. The Primary Government bills internally for the department's usage.

Self-Insurance - The Self-Health Insurance fund accounts for insurance premiums paid by the County and for all departments. Internal billings are prepared for all departments.

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

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 5,903,715	\$ 5,903,715
Accounts receivables, net of allowances for uncollectibles	20,916	1,197,964	1,218,880
Inventories	5,979	-	5,979
Total assets	<u>\$ 26,895</u>	<u>\$ 7,101,679</u>	<u>\$ 7,128,574</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 13,994	\$ -	\$ 13,994
Estimate of incurred but unreported health claims	-	1,057,168	1,057,168
Due to other funds	1,783	-	1,783
Total liabilities	<u>\$ 15,777</u>	<u>\$ 1,057,168</u>	<u>\$ 1,072,945</u>
<b>NET POSITION</b>			
Restricted for health insurance claims	\$ -	\$ 6,044,511	\$ 6,044,511
Unrestricted	11,118	-	11,118
Total net position	<u>\$ 11,118</u>	<u>\$ 6,044,511</u>	<u>\$ 6,055,629</u>

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

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services:			
Materials and supplies	\$ 233,440	\$ -	\$ 233,440
Insurance premiums	-	13,310,588	13,310,588
Total operating revenues	<u>\$ 233,440</u>	<u>\$ 13,310,588</u>	<u>\$ 13,544,028</u>
<b>OPERATING EXPENSES</b>			
Supplies, insurance and telephone	\$ 225,585	\$ -	\$ 225,585
Insurance claims and expenses	-	12,040,053	12,040,053
Total operating expenses	<u>\$ 225,585</u>	<u>\$ 12,040,053</u>	<u>\$ 12,265,638</u>
 Operating income (loss)	 <u>\$ 7,855</u>	 <u>\$ 1,270,535</u>	 <u>\$ 1,278,390</u>
 Total net position - beginning	 3,263	 4,773,976	 4,777,239
Total net position - ending	<u><u>\$ 11,118</u></u>	<u><u>\$ 6,044,511</u></u>	<u><u>\$ 6,055,629</u></u>

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

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts for materials and supplies	\$ 248,694	\$ -	\$ 248,694
Receipts for insurance premiums	-	13,367,702	13,367,702
Payments to suppliers	(213,391)	-	(213,391)
Payments for premiums	-	(12,171,977)	(12,171,977)
Net cash provided by (used for) operating activities	<u>\$ 35,303</u>	<u>\$ 1,195,725</u>	<u>\$ 1,231,028</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowings	<u>\$ (35,303)</u>	<u>\$ -</u>	<u>\$ (35,303)</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 1,195,725	\$ 1,195,725
Cash and cash equivalents - beginning	-	4,707,990	4,707,990
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 5,903,715</u>	<u>\$ 5,903,715</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 7,855	\$ 1,270,535	\$ 1,278,390
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	15,254	57,114	72,368
(Increase) decrease in inventories	755	-	755
Increase (decrease) in accounts payable	11,439	(131,924)	(120,485)
Total adjustments	<u>\$ 27,448</u>	<u>\$ (74,810)</u>	<u>\$ (47,362)</u>
Net cash provided by (used for) operating activities	<u>\$ 35,303</u>	<u>\$ 1,195,725</u>	<u>\$ 1,231,028</u>



## **FIDUCIARY FUNDS**

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Special Welfare Fund - The Special Welfare fund accounts for those funds belonging to individuals entrusted to the local social services agency, such as foster care children.

Cash Bond Fund - The Cash Bond fund accounts for those escrow funds received from developers or contractors which, upon satisfactory project completion, are returned to the developer or contractor.

Sheriff Inmate Trust and Canteen Funds - The Sheriff Inmate Trust and Canteen funds account for the inmate commissary, inmate trust, and inmate monitoring funds.

Land Sales Fund - The County's attorneys have established an account to account for funds received as the result of land sales for delinquent taxes. Funds are kept in this account until transferred to the County's Clerk's office for processing.

County of Pittsylvania, Virginia  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

	Agency Funds				
	Special Welfare	Cash Bond Fund	Land Sales Fund	Sheriff's Inmate Trust and Canteen Account Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,580	\$ 1,016,269	\$ -	\$ -	\$ 1,059,849
Cash in custody of others	-	-	-	13,346	13,346
Total assets	<u>\$ 43,580</u>	<u>\$ 1,016,269</u>	<u>\$ -</u>	<u>\$ 13,346</u>	<u>\$ 1,073,195</u>
<b>LIABILITIES</b>					
Amounts held for social services clients	\$ 43,580	\$ -	\$ -	\$ -	\$ 43,580
Amounts held for developers	-	1,016,269	-	-	1,016,269
Amounts held for land sales	-	-	-	-	-
Amounts held for inmates	-	-	-	13,346	13,346
Total liabilities	<u>\$ 43,580</u>	<u>\$ 1,016,269</u>	<u>\$ -</u>	<u>\$ 13,346</u>	<u>\$ 1,073,195</u>

County of Pittsylvania, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2020

	Agency Funds			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>ASSETS</b>				
Cash and cash equivalents:				
Special Welfare Fund	\$ 29,475	\$ 69,964	\$ 55,859	\$ 43,580
Cash Bond Fund	267,600	748,669	-	1,016,269
Land Sales Fund	2,634	38	2,672	-
Cash in Custody of Others:				
Sheriff Inmate Trust Fund	8,352	116,021	117,055	7,318
Sheriff Canteen Fund	6,985	41,287	42,244	6,028
Total assets	<u>\$ 315,046</u>	<u>\$ 975,979</u>	<u>\$ 217,830</u>	<u>\$ 1,073,195</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 29,475	\$ 69,964	\$ 55,859	\$ 43,580
Amounts held for developers	267,600	748,669	-	1,016,269
Amounts held for land sales	2,634	38	2,672	-
Amounts held for inmates	15,337	157,308	159,299	13,346
Total liabilities	<u>\$ 315,046</u>	<u>\$ 975,979</u>	<u>\$ 217,830</u>	<u>\$ 1,073,195</u>

## **DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**

### **MAJOR GOVERNMENTAL FUNDS**

School Operating Fund - The School Operating Fund accounts for the operations of the County's school system. Financing is provided by the State and Federal governments as well as contributions from the General Fund.

County of Pittsylvania, Virginia  
Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2020

	School Operating Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,595,720
Receivables (net of allowance for uncollectibles):	
Accounts receivable	392,031
Due from primary government	559,626
Due from other governmental units	2,740,407
Restricted assets:	
Cash and cash equivalents	46,414
Total assets	<u>\$ 5,334,198</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 973,654
Salaries payable	2,696,038
Total liabilities	<u>\$ 3,669,692</u>
<b>FUND BALANCES</b>	
Restricted:	
School cafeteria	\$ 1,664,506
Total fund balances	<u>\$ 1,664,506</u>
Total liabilities and fund balances	<u>\$ 5,334,198</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 1,664,506
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 2,709,971
Construction in progress	218,514
Buildings and improvements	30,588,154
Machinery and equipment	<u>3,871,002</u>
	37,387,641
Other long-term assets are not available to pay for current period expenditures, and, therefore are reported as unavailable revenue in the funds.	
Prepaid items	1,060,619
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 16,487,357
OPEB related items	<u>2,749,385</u>
	19,236,742
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (71,456,346)
Net OPEB liabilities	(18,587,007)
Compensated absences	<u>(1,790,215)</u>
	(91,833,568)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (7,867,435)
OPEB related items	<u>(1,444,808)</u>
	(9,312,243)
Net position of governmental activities	<u>\$ (41,796,303)</u>

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

	School Operating Fund
<b>REVENUES</b>	
Revenue from the use of money and property	\$ 25,131
Charges for services	1,309,419
Miscellaneous	536,003
Recovered costs	1,516,850
Intergovernmental	86,816,864
Total revenues	<u>\$ 90,204,267</u>
<b>EXPENDITURES</b>	
Current:	
Education	<u>\$ 90,101,476</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 102,791</u>
Net change in fund balances	102,791
Fund balances - beginning	1,561,715
Fund balances - ending	<u><u>\$ 1,664,506</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	\$ 102,791
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital asset additions in the current period.	
Capital asset additions	\$ 1,335,817
Depreciation expense	<u>(2,020,511)</u> (684,694)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net capital assets.	
Contribution of debt related assets to Pittsylvania County, net	939,291
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	
Change in compensated absences	\$ (106,559)
Change in net pension liabilities and related deferred items	(1,028,398)
Change in net OPEB liabilities and related deferred items	<u>8,891</u> (1,126,066)
Certain items reported as expenditures in the fund statements are deferred and shown as assets on the statement of net position.	
Change in prepaid items	182,606
Change in net position of governmental activities	<u><u>\$ (586,072)</u></u>

County of Pittsylvania, Virginia  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2020

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 19,560	\$ 19,560	\$ 25,131	\$ 5,571
Charges for services	5,261,630	5,261,630	1,309,419	(3,952,211)
Miscellaneous	321,000	653,867	536,003	(117,864)
Recovered costs	352,195	2,215,357	1,516,850	(698,507)
Intergovernmental	89,977,541	90,509,457	86,816,864	(3,692,593)
Total revenues	<u>\$ 95,931,926</u>	<u>\$ 98,659,871</u>	<u>\$ 90,204,267</u>	<u>\$ (8,455,604)</u>
<b>EXPENDITURES</b>				
Current:				
Education	<u>\$ 95,931,926</u>	<u>\$ 98,659,871</u>	<u>\$ 90,101,476</u>	<u>\$ 8,558,395</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,791</u>	<u>\$ 102,791</u>
Net change in fund balances	\$ -	\$ -	\$ 102,791	\$ 102,791
Fund balances - beginning	-	-	1,561,715	1,561,715
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,664,506</u>	<u>\$ 1,664,506</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 26,028,925	\$ 26,028,925	\$ 26,169,244	\$ 140,319
Real and Personal PSC Tax	2,868,174	2,868,174	3,190,612	322,438
Personal Property Tax	8,477,643	8,477,643	8,610,619	132,976
Mobile Home Tax	246,957	246,957	249,613	2,656
Machinery and Tools Tax	1,840,297	1,840,297	1,799,912	(40,385)
Merchants Capital	340,725	340,725	368,660	27,935
Penalties	420,500	420,500	426,459	5,959
Interest	337,000	337,005	376,244	39,239
Total general property taxes	\$ 40,560,221	\$ 40,560,226	\$ 41,191,363	\$ 631,137
Other local taxes:				
Local Sales and Use Tax	\$ 2,800,000	\$ 2,800,000	\$ 3,131,819	\$ 331,819
Consumers' Utility Tax	1,300,000	1,300,000	1,281,445	(18,555)
Consumption Taxes	200,000	200,000	192,714	(7,286)
Franchise License Tax	-	-	31,479	31,479
Business License Tax	500	500	600	100
Meals Tax	750,000	750,000	739,010	(10,990)
Motor Vehicle Licenses	2,480,000	2,480,000	2,177,232	(302,768)
Bank Stock Tax	80,000	80,000	79,312	(688)
Taxes on Recordation and Wills	325,000	325,000	428,615	103,615
Total other local taxes	\$ 7,935,500	\$ 7,935,500	\$ 8,062,226	\$ 126,726
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 70,000	\$ 70,000	\$ 116,947	\$ 46,947
Cellular tower fees	21,900	21,900	41,675	19,775
Animal licenses	40,000	40,000	25,702	(14,298)
Permits and other licenses	21,600	21,600	28,373	6,773
Total permits, privilege fees, and regulatory licenses	\$ 153,500	\$ 153,500	\$ 212,697	\$ 59,197
Fines and forfeitures:				
Court fines and forfeitures	\$ 170,000	\$ 170,000	\$ 133,108	\$ (36,892)
Revenue from use of money and property:				
Revenue from use of money	\$ 180,000	\$ 188,567	\$ 275,990	\$ 87,423
Revenue from use of property	155,500	155,500	145,125	(10,375)
Total revenue from use of money and property	\$ 335,500	\$ 344,067	\$ 421,115	\$ 77,048



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

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse security	\$ 60,000	\$ 60,000	\$ 42,411	\$ (17,589)
Charges for parks and recreation	45,000	45,000	48,788	3,788
Charges for jail inmates	24,000	24,000	53,012	29,012
Charges for administration	42,000	42,000	21,000	(21,000)
Charges for library	8,000	8,000	19,403	11,403
Charges for courthouse maintenance	-	-	12,881	12,881
Charges for law library	8,000	8,000	10,537	2,537
Charges for fire prevention	5,000	5,000	1,575	(3,425)
Charges for commonwealth's attorney	4,500	4,500	3,136	(1,364)
Charges for law enforcement	4,500	4,500	4,618	118
Charges for animal control	62,000	62,000	50,244	(11,756)
Other charges for services	62,600	62,600	9,649	(52,951)
Total charges for services	\$ 325,600	\$ 325,600	\$ 277,254	\$ (48,346)
Miscellaneous:				
Sale of surplus	\$ -	\$ 13,458	\$ 11,102	\$ (2,356)
Miscellaneous other	126,000	214,729	234,414	19,685
Local grants and donations	150,900	956,941	855,504	(101,437)
City of Danville, Virginia revenue sharing	53,356	53,356	58,801	5,445
Total miscellaneous	\$ 330,256	\$ 1,238,484	\$ 1,159,821	\$ (78,663)
Recovered costs:				
Jail reimbursements	\$ 314,252	\$ 314,252	\$ 234,900	\$ (79,352)
Sheriffs extra duty	120,000	120,000	125,202	5,202
Soil and water conservation district	117,231	121,545	121,298	(247)
School resource officer	109,500	109,500	98,023	(11,477)
City of Danville, Virginia	29,000	29,000	39,946	10,946
Health department	45,000	45,000	86,698	41,698
Social Services	55,000	55,000	58,515	3,515
Other recovered costs	34,479	294,057	396,976	102,919
Total recovered costs	\$ 824,462	\$ 1,088,354	\$ 1,161,558	\$ 73,204
Total revenue from local sources	\$ 50,635,039	\$ 51,815,731	\$ 52,619,142	\$ 803,411
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 88,500	\$ 88,500	\$ 85,909	\$ (2,591)
Mobile home titling tax	60,000	60,000	89,474	29,474
Motor vehicle rental tax	3,200	3,200	2,913	(287)
State recordation tax	75,000	75,000	63,596	(11,404)
State communications tax	1,900,000	1,900,000	1,882,134	(17,866)
Personal property tax relief act funds	4,139,277	4,139,277	4,139,277	-
Total noncategorical aid	\$ 6,265,977	\$ 6,265,977	\$ 6,263,303	\$ (2,674)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 602,707	\$ 602,707	\$ 494,674	\$ (108,033)
Sheriff	4,397,389	4,397,389	4,392,655	(4,734)
Commissioner of Revenue	168,526	168,526	168,237	(289)
Treasurer	182,312	182,312	190,966	8,654
Registrar/electoral board	47,000	47,000	84,324	37,324
Clerk of the Circuit Court	440,947	457,219	456,484	(735)
Circuit Court	65,000	65,000	48,100	(16,900)
Total Shared Expenses	\$ 5,903,881	\$ 5,920,153	\$ 5,835,440	\$ (84,713)
Other categorical aid:				
Victim witness grant	\$ 28,316	\$ 28,316	\$ 26,826	\$ (1,490)
VJCCA grant	41,765	41,765	41,765	-
Records preservation grant	9,500	16,797	-	(16,797)
Emergency management preparedness	216,337	499,372	566,445	67,073
EMS grants	65,000	66,884	-	(66,884)
Fire program funds	206,300	223,613	217,313	(6,300)
Library grants	159,945	167,646	167,646	-
Litter control grants	24,240	39,402	15,841	(23,561)
Public assistance	2,103,429	2,103,429	1,327,251	(776,178)
Children's Services Act	4,000,000	4,000,000	3,722,662	(277,338)
Total other categorical aid	\$ 6,854,832	\$ 7,187,224	\$ 6,085,749	\$ (1,101,475)
Total categorical aid	\$ 12,758,713	\$ 13,107,377	\$ 11,921,189	\$ (1,186,188)
Total revenue from the Commonwealth	\$ 19,024,690	\$ 19,373,354	\$ 18,184,492	\$ (1,188,862)
Revenue from the federal government:				
Noncategorical aid:				
QCEB interest rebate	\$ -	\$ -	\$ 81,014	\$ 81,014
Categorical aid:				
EPA grants	\$ -	\$ 140,000	\$ -	\$ (140,000)
Emergency management preparedness	22,803	30,708	207,073	176,365
Law enforcement grants	74,639	65,546	27,389	(38,157)
Crime victim assistance	84,950	84,950	80,478	(4,472)
Children's Services Act	-	-	2,671	2,671
COVID-19 Coronavirus relief fund	-	5,265,654	1,709,600	(3,556,054)
Public assistance	2,733,364	2,733,364	2,557,340	(176,024)
Total categorical aid	\$ 2,915,756	\$ 8,320,222	\$ 4,584,551	\$ (3,735,671)
Total revenue from the federal government	\$ 2,915,756	\$ 8,320,222	\$ 4,665,565	\$ (3,654,657)
Total General Fund	\$ 72,575,485	\$ 79,509,307	\$ 75,469,199	\$ (4,040,108)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Industrial Development Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Donations	\$ -	\$ 9,917	\$ -	\$ (9,917)
Recovered costs:				
Industrial Development Authority	\$ -	\$ 7,083	\$ 7,082	\$ (1)
Total revenue from local sources	\$ -	\$ 17,000	\$ 7,082	\$ (9,918)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ -	\$ 3,332,180	\$ 1,322,312	\$ (2,009,868)
Brownfield grants	-	99,800	49,900	(49,900)
Total revenue from the Commonwealth	\$ -	\$ 3,431,980	\$ 1,372,212	\$ (2,059,768)
Total Industrial Development Fund	\$ -	\$ 3,448,980	\$ 1,379,294	\$ (2,069,686)
<b>Special Revenue Funds:</b>				
<b>Workforce Investment Act Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 250,000	\$ 250,000	\$ 337,852	\$ 87,852
Miscellaneous:				
Other miscellaneous	\$ 1,000	\$ 20,771	\$ 43,146	\$ 22,375
Total revenue from local sources	\$ 251,000	\$ 270,771	\$ 380,998	\$ 110,227
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 192,697	\$ 192,697	\$ 192,697	\$ -
Total revenue from the Commonwealth	\$ 192,697	\$ 192,697	\$ 192,697	\$ -
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 3,565,227	\$ 4,609,599	\$ 1,700,214	\$ (2,909,385)
Total Workforce Investment Act Fund	\$ 4,008,924	\$ 5,073,067	\$ 2,273,909	\$ (2,799,158)

County of Pittsylvania, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 1,604	\$ 1,304
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 15,325	\$ 15,325
Total revenue from local sources	\$ 300	\$ 300	\$ 16,929	\$ 16,629
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 20,000	\$ 20,000	\$ 59,091	\$ 39,091
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ 40,000	\$ 40,000	\$ 546	\$ (39,454)
Total Forfeited Assets Fund	\$ 60,300	\$ 60,300	\$ 76,566	\$ 16,266
Total Primary Government	\$ 76,644,709	\$ 88,091,654	\$ 79,198,968	\$ (8,892,686)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,269	\$ 8,269
Revenue from the use of property	19,560	19,560	16,862	(2,698)
Total revenue from use of money and property	\$ 19,560	\$ 19,560	\$ 25,131	\$ 5,571
Charges for services:				
School food	\$ 5,155,000	\$ 5,155,000	\$ 1,100,849	\$ (4,054,151)
Tuition and payments from other divisions	106,630	106,630	208,570	101,940
Total charges for services	\$ 5,261,630	\$ 5,261,630	\$ 1,309,419	\$ (3,952,211)
Miscellaneous:				
Other miscellaneous	\$ 321,000	\$ 653,867	\$ 536,003	\$ (117,864)
Recovered costs:				
Other recovered costs	\$ 352,195	\$ 2,215,357	\$ 1,516,850	\$ (698,507)
Total revenue from local sources	\$ 5,954,385	\$ 8,150,414	\$ 3,387,403	\$ (4,763,011)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 18,736,709	\$ 19,245,843	\$ 14,602,564	\$ (4,643,279)

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,360,125	\$ 10,360,125	\$ 10,580,383	\$ 220,258
Basic Aid	29,139,079	29,139,079	28,770,592	(368,487)
Remedial summer education	213,996	213,996	189,185	(24,811)
Regular foster care	29,708	29,708	39,679	9,971
Gifted and talented	316,780	316,780	315,033	(1,747)
Remedial education	1,165,750	1,165,750	1,159,322	(6,428)
Special education	3,801,360	3,801,360	3,780,398	(20,962)
Textbook payment	637,932	637,932	634,414	(3,518)
Alternative education	224,227	234,227	234,227	-
Algebra readiness	161,268	161,268	166,602	5,334
Mentor teacher program	4,540	4,540	3,160	(1,380)
Social security fringe benefits	1,875,338	1,875,338	1,864,997	(10,341)
Group life	126,712	126,712	126,013	(699)
Retirement fringe benefits	4,137,147	4,137,147	4,114,334	(22,813)
Governor's school	17,630	17,630	17,630	-
Early reading intervention	184,398	184,398	214,710	30,312
Homebound education	108,401	108,401	113,972	5,571
Vocation education	1,166,040	1,166,040	1,116,033	(50,007)
Salary Supplement	1,850,027	1,850,027	1,850,027	-
JROTC	274,210	274,210	284,869	10,659
Special education - foster children	-	-	27,211	27,211
At risk payments	1,573,057	1,573,057	1,564,173	(8,884)
Primary class size	1,394,508	1,394,508	1,404,598	10,090
Technology	544,000	544,000	490,530	(53,470)
At risk four-year olds	984,795	984,795	984,795	-
School Food	111,815	111,815	143,245	31,430
English as a second language	188,618	188,618	169,299	(19,319)
Other state funds	71,224	86,946	126,293	39,347
GED prep program	25,065	25,065	25,159	94
Lottery payments	2,327,953	2,327,953	2,306,106	(21,847)
Total categorical aid	\$ 63,015,703	\$ 63,041,425	\$ 62,816,989	\$ (224,436)
Total revenue from the Commonwealth	\$ 63,015,703	\$ 63,041,425	\$ 62,816,989	\$ (224,436)

County of Pittsylvania, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,468,678	\$ 2,468,678	\$ 2,708,216	\$ 239,538
Special education	1,921,301	1,905,685	1,699,722	(205,963)
Special education, preschool	27,386	28,529	26,656	(1,873)
Vocational education	158,868	168,545	174,311	5,766
School food program	3,200,000	3,200,000	3,907,502	707,502
Adult education	131,074	131,074	82,852	(48,222)
Improving teacher quality	296,991	296,991	259,991	(37,000)
COVID-19 Coronavirus Relief Fund	-	-	396,866	396,866
Rural and low income	-	-	9,324	9,324
Language acquisition	20,831	22,687	13,295	(9,392)
Other federal funds	-	-	118,576	118,576
Total categorical aid	<u>\$ 8,225,129</u>	<u>\$ 8,222,189</u>	<u>\$ 9,397,311</u>	<u>\$ 1,175,122</u>
Total revenue from the federal government	<u>\$ 8,225,129</u>	<u>\$ 8,222,189</u>	<u>\$ 9,397,311</u>	<u>\$ 1,175,122</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 95,931,926</u>	<u>\$ 98,659,871</u>	<u>\$ 90,204,267</u>	<u>\$ (8,455,604)</u>

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 224,909	\$ 231,210	\$ 209,269	\$ 21,941
General and financial administration:				
County administrator	\$ 548,971	\$ 685,339	\$ 547,746	\$ 137,593
Legal services	240,972	247,404	245,352	2,052
Independent auditor	88,500	91,670	88,432	3,238
Human resources	136,616	144,960	116,746	28,214
Commissioner of revenue	718,121	718,127	639,944	78,183
Reassessment	-	-	13	(13)
Treasurer	761,009	863,640	708,746	154,894
Central accounting	496,634	522,902	524,943	(2,041)
Information technology	468,353	1,025,172	504,421	520,751
Other Information technology - COVID-19	-	1,001,000	997	1,000,003
Total general and financial administration	\$ 3,459,176	\$ 5,300,214	\$ 3,377,340	\$ 1,922,874
Board of elections:				
Electoral board	\$ 295,487	\$ 300,836	\$ 300,464	\$ 372
Total general government administration	\$ 3,979,572	\$ 5,832,260	\$ 3,887,073	\$ 1,945,187
Judicial administration:				
Courts:				
Circuit court	\$ 150,909	\$ 165,835	\$ 150,867	\$ 14,968
General district court	11,706	11,855	10,908	947
Special magistrates	4,500	4,500	2,319	2,181
Juvenile and domestic relations court	20,050	20,050	10,286	9,764
Clerk of the circuit court	735,032	792,859	734,576	58,283
Sheriff - courts	222,340	222,340	187,025	35,315
Law Library	23,000	23,000	11,675	11,325
Victim and witness assistance	113,266	113,266	107,302	5,964
Commissioner of accounts	1,850	1,850	1,075	775
Total courts	\$ 1,282,653	\$ 1,355,555	\$ 1,216,033	\$ 139,522
Commonwealth's attorney:				
Commonwealth's attorney	\$ 956,847	\$ 956,847	\$ 899,063	\$ 57,784
Total judicial administration	\$ 2,239,500	\$ 2,312,402	\$ 2,115,096	\$ 197,306
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 7,075,939	\$ 7,469,705	\$ 6,981,716	\$ 487,989
Sheriff - grants	74,639	160,795	50,566	110,229
Sheriff - E911 system	187,220	477,571	446,351	31,220
Total law enforcement and traffic control	\$ 7,337,798	\$ 8,108,071	\$ 7,478,633	\$ 629,438
Fire and rescue services:				
Fire marshall	\$ -	\$ 2,000	\$ 1,213	\$ 787
Volunteer fire and rescue agencies	3,634,348	5,194,050	3,909,073	1,284,977
Total fire and rescue services	\$ 3,634,348	\$ 5,196,050	\$ 3,910,286	\$ 1,285,764

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 4,998,026	\$ 5,016,176	\$ 4,271,821	\$ 744,355
Court services unit	464,433	517,273	399,457	117,816
Other correction and detention	85,600	85,600	16,170	69,430
Total correction and detention	<u>\$ 5,548,059</u>	<u>\$ 5,619,049</u>	<u>\$ 4,687,448</u>	<u>\$ 931,601</u>
Inspections:				
Building inspections	\$ -	\$ 194,153	\$ 175,333	\$ 18,820
Other protection:				
Animal control	\$ 212,319	\$ 217,188	\$ 188,179	\$ 29,009
Pet Center	866,927	1,498,728	832,466	666,262
Medical examiner	2,500	2,500	1,040	1,460
E911 System	1,092,143	1,036,696	1,022,592	14,104
Emergency management	22,803	39,448	29,577	9,871
Other public safety - COVID-19	-	694,127	240,548	453,579
Total other protection	<u>\$ 2,196,692</u>	<u>\$ 3,488,687</u>	<u>\$ 2,314,402</u>	<u>\$ 1,174,285</u>
Total public safety	<u>\$ 18,716,897</u>	<u>\$ 22,606,010</u>	<u>\$ 18,566,102</u>	<u>\$ 4,039,908</u>
Public works:				
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 984,445	\$ 2,266,478	\$ 913,893	\$ 1,352,585
Other public works - COVID-19	-	169,127	3,697	165,430
Fleet management	119,500	232,464	196,583	35,881
Total maintenance of general buildings and grounds	<u>\$ 1,103,945</u>	<u>\$ 2,668,069</u>	<u>\$ 1,114,173</u>	<u>\$ 1,553,896</u>
Total public works	<u>\$ 1,103,945</u>	<u>\$ 2,668,069</u>	<u>\$ 1,114,173</u>	<u>\$ 1,553,896</u>
Health and welfare:				
Health:				
Local health department	\$ 587,781	\$ 587,781	\$ 575,962	\$ 11,819
Behavioral Health and Development Services:				
Behavioral health and development services	<u>\$ 386,221</u>	<u>\$ 386,221</u>	<u>\$ 386,221</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,838,198	\$ 4,841,630	\$ 3,578,620	\$ 1,263,010
Public assistance	994,824	994,824	727,905	266,919
Children's Services Act	5,187,687	5,939,488	5,517,253	422,235
Total welfare	<u>\$ 11,020,709</u>	<u>\$ 11,775,942</u>	<u>\$ 9,823,778</u>	<u>\$ 1,952,164</u>
Total health and welfare	<u>\$ 11,994,711</u>	<u>\$ 12,749,944</u>	<u>\$ 10,785,961</u>	<u>\$ 1,963,983</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 18,736,709	\$ 19,236,488	\$ 14,593,209	\$ 4,643,279
Contribution to local school board - school bus purchase	-	963,628	963,628	-
Contributions to community college	10,429	10,429	10,428	1
Total education	<u>\$ 18,747,138</u>	<u>\$ 20,210,545</u>	<u>\$ 15,567,265</u>	<u>\$ 4,643,280</u>



County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural:				
Parks and recreation:				
Administration of parks and recreation	\$ 387,518	\$ 426,315	\$ 413,795	\$ 12,520
State Forestry	33,600	34,375	34,375	-
Total parks and recreation	<u>\$ 421,118</u>	<u>\$ 460,690</u>	<u>\$ 448,170</u>	<u>\$ 12,520</u>
Library:				
Library administration	\$ 1,502,428	\$ 1,637,400	\$ 1,605,295	\$ 32,105
Total parks, recreation, and cultural	<u>\$ 1,923,546</u>	<u>\$ 2,098,090</u>	<u>\$ 2,053,465</u>	<u>\$ 44,625</u>
Community development:				
Planning and community development:				
Planning commission	\$ 21,772	\$ 21,772	\$ 21,532	\$ 240
Community & industry development	352,196	392,196	345,009	47,187
Community development	685,185	494,674	464,337	30,337
Economic development	851,498	866,000	666,929	199,071
Total planning and community development	<u>\$ 1,910,651</u>	<u>\$ 1,774,642</u>	<u>\$ 1,497,807</u>	<u>\$ 276,835</u>
Environmental management:				
Soil and water conservation district	\$ 117,231	\$ 121,544	\$ 121,544	\$ -
Other environmental management	24,240	39,402	2,592	36,810
Total environmental management	<u>\$ 141,471</u>	<u>\$ 160,946</u>	<u>\$ 124,136</u>	<u>\$ 36,810</u>
Cooperative extension program:				
Cooperative extension program	\$ 157,400	\$ 157,400	\$ 148,810	\$ 8,590
Total community development	<u>\$ 2,209,522</u>	<u>\$ 2,092,988</u>	<u>\$ 1,770,753</u>	<u>\$ 322,235</u>
Nondepartmental:				
Other nondepartmental	<u>\$ 871,898</u>	<u>\$ 551,924</u>	<u>\$ 35,031</u>	<u>\$ 516,893</u>
Capital projects:				
E911 Towers	\$ -	\$ 1,107,645	\$ 727,412	\$ 380,233
Roaring Fork Dam	-	100,000	75,810	24,190
Wayside Park	-	593,410	517,871	75,539
Other capital projects	75,000	596,224	228,233	367,991
Total capital projects	<u>\$ 75,000</u>	<u>\$ 2,397,279</u>	<u>\$ 1,549,326</u>	<u>\$ 847,953</u>
Debt service:				
Principal retirement	\$ 7,437,872	\$ 7,991,215	\$ 7,985,897	\$ 5,318
Interest and other fiscal charges	2,499,114	2,685,036	2,683,249	1,787
Total debt service	<u>\$ 9,936,986</u>	<u>\$ 10,676,251</u>	<u>\$ 10,669,146</u>	<u>\$ 7,105</u>
Total General Fund	<u><u>\$ 71,798,715</u></u>	<u><u>\$ 84,195,762</u></u>	<u><u>\$ 68,113,391</u></u>	<u><u>\$ 16,082,371</u></u>

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds:</b>				
<b>Industrial Development Fund:</b>				
Community development:				
Planning and community development:				
Industrial development	\$ 1,124,110	\$ 3,028,335	\$ 728,942	\$ 2,299,393
SVMP Park design	-	150,000	-	150,000
Berry Hill Projects	-	1,505,588	453,767	1,051,821
Cane Creek shell building	-	1,500,000	-	1,500,000
Hurt Klopman Mills water and sewer improvements	-	5,808	-	5,808
Total planning and community development	\$ 1,124,110	\$ 6,189,731	\$ 1,182,709	\$ 5,007,022
Total Industrial Development Fund	\$ 1,124,110	\$ 6,189,731	\$ 1,182,709	\$ 5,007,022
<b>Workforce Investment Act Fund:</b>				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 4,008,924	\$ 5,136,435	\$ 2,138,221	\$ 2,998,214
Total Workforce Investment Act Fund	\$ 4,008,924	\$ 5,136,435	\$ 2,138,221	\$ 2,998,214
<b>Nonmajor Special Revenue Funds:</b>				
<b>Forfeited Assets Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 145,000	\$ 145,000	\$ 105,852	\$ 39,148
Total Forfeited Asset Fund	\$ 145,000	\$ 145,000	\$ 105,852	\$ 39,148
<b>Capital Projects Funds:</b>				
<b>School Capital Improvements Fund:</b>				
Education:				
Operating costs:				
Contribution to local school board	\$ -	\$ 9,355	\$ 9,355	\$ -
Total Primary Government	\$ 77,076,749	\$ 95,676,283	\$ 71,549,528	\$ 24,126,755

County of Pittsylvania, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Discretely Presented Component Unit - School Board</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration and health services	\$ 3,907,014	\$ 4,049,715	\$ 4,050,586	\$ (871)
Instruction costs:				
Instructional costs	\$ 65,647,351	\$ 66,865,152	\$ 64,108,347	\$ 2,756,805
Technology	2,340,749	2,552,362	2,562,627	(10,265)
Total instruction costs	\$ 67,988,100	\$ 69,417,514	\$ 66,670,974	\$ 2,746,540
Operating costs:				
Pupil transportation	\$ 6,252,817	\$ 6,441,952	\$ 5,705,320	\$ 736,632
Operation and maintenance of school plant	8,853,300	9,811,285	8,337,175	1,474,110
Food service and non-instructional	8,930,695	8,939,405	5,337,421	3,601,984
Total operating costs	\$ 24,036,812	\$ 25,192,642	\$ 19,379,916	\$ 5,812,726
Total Discretely Presented Component Unit - School Board	\$ 95,931,926	\$ 98,659,871	\$ 90,101,476	\$ 8,558,395

## Other Statistical Information

Table 1

**County of Pittsylvania, Virginia**  
**Government-Wide Expenses by Function**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (2)	Health and Welfare	Education (1)	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2019-20	\$ 3,569,357	\$ 2,149,914	\$ 19,038,351	\$ 5,147,081	\$ 12,615,529	\$ 17,557,755	\$ 2,112,555	\$ 2,847,052	\$ 2,060,530	\$ 67,098,124
2018-19	3,231,084	1,884,640	18,360,059	5,306,662	13,146,418	21,053,924	2,010,342	7,912,185	3,013,133	75,918,447
2017-18	3,887,279	1,858,800	18,156,348	4,010,797	15,621,570	18,851,498	1,885,619	3,187,057	3,163,604	70,622,572
2016-17	3,481,098	1,728,160	16,607,010	3,681,562	15,056,995	16,754,289	2,279,169	2,639,500	3,723,137	65,950,920
2015-16	3,120,093	1,630,364	17,388,780	2,974,772	13,295,781	20,654,247	1,625,932	3,050,989	4,600,151	68,341,109
2014-15	2,761,239	1,570,134	15,971,461	4,208,049	11,762,632	20,144,745	1,653,432	4,328,560	4,156,131	66,556,383
2013-14	2,779,007	1,616,010	15,412,321	3,676,518	11,203,241	17,456,021	1,544,778	3,595,993	4,462,480	61,746,369
2012-13	3,151,761	1,577,467	14,150,804	1,367,550	11,742,309	17,610,398	1,519,663	4,541,281	5,044,241	60,705,474
2011-12	2,352,270	1,604,516	14,004,881	4,504,438	11,725,859	17,483,731	1,389,794	5,297,007	4,852,814	63,215,310
2010-11	2,317,903	1,521,622	13,492,424	5,199,400	15,013,208	16,068,919	1,212,790	6,009,715	5,052,047	65,888,028

(1) Debt financed assets are transferred to the School Board upon defeasance of debt.

This amounts includes assets (net of related depreciation) that were transferred to the School Board during the fiscal year.

(2) In FY 2012, the County implemented a Solid Waste Fund and in FY 2017 the County closed same to the General Fund.

In FY 2019, the County reimplemented the Solid Waste fund. All expenditures have been reported here in Public Works for comparability.

Table 2

County of Pittsylvania, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services (1)	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous (2)	Grants and Contributions Not Restricted to Specific Programs	Total
2019-20	\$ 4,613,263	\$ 19,872,881	\$ 217,699	\$	\$ 39,753,125	\$ 8,062,226	\$ 763,192	\$ 2,496,062	\$ 6,344,317	\$ 82,122,765
2018-19	5,744,056	20,829,443	179,825		40,737,447	7,728,921	819,879	616,335	6,420,102	83,076,008
2017-18	908,173	19,512,825	2,176		39,899,114	7,375,931	530,617	403,055	6,534,738	75,166,629
2016-17	887,208	18,054,322	34,726		36,635,453	7,255,197	534,540	2,597,060	6,657,163	72,655,669
2015-16	1,867,410	17,849,640	25,446		36,527,161	6,985,878	760,917	698,427	6,580,065	71,294,944
2014-15	2,587,105	16,442,410	884,983		34,348,146	6,929,692	729,073	273,313	6,647,166	68,841,888
2013-14	2,716,427	16,833,132	234,754		32,312,752	7,058,150	817,859	303,887	6,674,699	66,951,660
2012-13	2,952,151	16,862,088	-		31,959,232	6,759,321	640,925	449,990	6,781,594	66,405,301
2011-12	924,023	15,633,076	2,405,211		31,373,406	6,805,947	651,947	409,617	6,698,703	64,901,930
2010-11	861,632	16,037,575	3,564,213		28,781,337	6,696,327	646,849	673,095	6,760,306	64,021,334

(1) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.

(2) During fiscal year 2017 a local nonprofit donated a community center valued at \$2,306,900.

Table 3

County of Pittsylvania, Virginia  
General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Capital Projects	Non-departmental	Debt Service	Total
2019-20	\$ 3,887,073	\$ 2,115,096	\$ 18,671,954	\$ 1,114,173	\$ 12,924,182	\$ 91,075,532	\$ 2,053,465	\$ 2,953,462	\$ 1,549,326	\$ 35,031	\$ 10,669,146	\$ 147,048,440
2018-19	3,878,872	1,963,583	18,189,903	1,085,493	13,782,871	92,432,166	1,975,372	8,112,384	1,010,825	11,121	11,124,384	153,566,974
2017-18 (4)	4,277,067	1,872,516	17,759,838	3,140,876	15,624,190	89,879,252	1,820,633	3,207,041	2,893,567	17,203	11,306,433	151,798,616
2016-17	3,885,062	1,742,237	15,612,859	4,060,175	15,405,524	86,583,587	1,853,468	2,658,745	5,917,781	-	13,168,887	150,888,325
2015-16 (4)	3,274,249	1,629,683	16,035,366	1,467,351	13,227,647	84,200,723	1,606,150	2,437,884	4,346,659	-	17,299,326	145,525,038
2014-15	3,165,000	1,565,244	15,181,758	1,380,874	11,818,253	86,172,273	1,635,900	4,456,982	939,715	-	11,896,121	138,212,120
2013-14	3,294,816	1,575,143	15,788,738	1,113,579	11,225,531	84,740,262	1,497,279	3,842,302	4,840,641	-	11,946,638	139,864,929
2012-13 (4)	3,495,374	1,566,578	14,763,371	1,300,429	11,927,840	84,680,673	1,509,918	7,586,932	5,794,131	-	9,450,033	142,075,279
2011-12	2,768,169	1,566,584	14,222,860	1,215,984	11,862,939	85,983,611	1,384,918	5,540,095	3,705,766	-	9,948,658	138,199,584
2010-11	2,784,289	1,494,085	13,806,655	3,244,763	12,690,342	82,087,870	1,178,396	6,502,580	398,872	-	9,436,325	133,624,177

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) In FY 2012, the County implemented a Solid Waste Fund which decreased the Public Works expenditures. In FY 2017, the Solid Waste Fund was merged back into the General Fund.

(4) Refunding debt excluded from Debt Service.

Table 4

**County of Pittsylvania, Virginia**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property			Charges for Services (3)	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
					Property							
2019-20	\$ 41,191,363	\$ 8,062,226	\$ 212,697	\$ 133,108	\$ 785,702	\$ 1,586,673	\$ 1,754,295	\$ 2,685,490	\$ 98,398,472	\$ 154,810,026		
2018-19	40,423,061	7,728,921	138,128	190,695	836,921	1,918,034	1,171,969	2,050,849	97,754,802	152,213,380		
2017-18	38,092,864	7,375,931	157,376	205,021	567,380	2,319,128	1,991,736	1,917,836	95,725,521	148,352,793		
2016-17	36,433,274	7,255,197	157,900	200,936	555,870	2,505,571	1,959,508	1,996,942	92,762,102	143,827,300		
2015-16	35,693,771	6,985,878	157,941	207,431	809,547	2,243,356	1,991,633	1,566,935	90,268,791	139,925,283		
2014-15	34,603,292	6,929,692	153,455	174,184	771,975	2,079,998	1,530,400	1,959,553	89,836,994	138,039,543		
2013-14	32,986,528	7,058,150	175,564	224,057	858,598	2,076,001	1,385,352	4,932,637	87,106,346	136,803,233		
2012-13	31,732,883	6,759,321	188,607	197,581	638,443	2,509,379	1,250,731	7,523,537	87,096,527	137,897,009		
2011-12	29,536,089	6,805,947	162,287	173,265	670,207	2,393,242	1,270,149	4,672,806	88,822,247	134,506,239		
2010-11	29,100,604	6,696,327	178,650	170,237	688,107	2,877,131	1,173,698	5,320,326	88,957,513	135,162,593		

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board. Excludes Capital Projects fund.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) The Solid Waste fund created in fiscal year 2012 started billings in fiscal year 2013. These billings subsequently ended in fiscal year 2016 but were implemented again in fiscal year 2019.



Table 5

**County of Pittsylvania, Virginia**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of		Percent of	
						Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Delinquent Taxes to Tax Levy	
2019-20	\$ 44,767,886	\$ 42,661,051	95.29%	\$ 1,866,886	\$ 44,527,937	99.46%	\$ 5,804,812	12.97%	
2018-19	44,387,221	42,381,905	95.48%	1,352,945	43,734,850	98.53%	5,930,888	13.36%	
2017-18	43,537,449	40,436,259	92.88%	1,030,852	41,467,111	95.24%	5,657,845	13.00%	
2016-17	39,605,816	38,409,842	96.98%	1,343,284	39,753,126	100.37%	4,664,208	11.78%	
2015-16	39,880,759	38,231,862	95.87%	1,601,186	39,833,048	99.88%	4,842,100	12.14%	
2014-15	38,263,674	35,807,738	93.58%	2,291,993	38,099,731	99.57%	5,987,436	15.65%	
2013-14	38,160,477	35,105,305	91.99%	1,417,570	36,522,875	95.71%	5,996,958	15.72%	
2012-13	35,706,993	34,265,018	95.96%	908,882	35,173,900	98.51%	4,969,523	13.92%	
2011-12	34,990,189	32,026,677	91.53%	1,158,500	33,185,177	94.84%	4,388,377	12.54%	
2010-11	32,592,883	31,183,881	95.68%	1,432,717	32,616,598	100.07%	4,024,379	12.35%	

(1) Exclusive of penalties and interest.

(2) Includes amount received under the Personal Property Tax Relief Act.

Table 6

**County of Pittsylvania, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property	Machinery and			Merchant's Capital (3)	Mobile Homes	Public Service (2)	Total
			Tools						
2019-20	\$ 4,309,781,500	\$ 146,721,189	\$ 32,668,500	\$	13,478,436	\$ 42,341,668	\$ 480,184,634	\$ 5,025,175,927	
2018-19	4,260,148,100	142,182,223	42,933,670		11,605,436	42,125,545	458,174,427	4,957,169,401	
2017-18	4,220,028,900	137,754,840	38,436,500		15,126,580	41,331,258	430,745,366	4,883,423,444	
2016-17	3,936,640,945	134,812,310	32,929,860		13,133,790	45,246,180	426,950,518	4,589,713,603	
2015-16	3,944,880,745	129,084,080	30,643,700		18,824,710	44,879,870	399,383,840	4,567,696,945	
2014-15	3,923,602,695	123,687,595	33,048,510		11,472,330	44,465,390	374,927,366	4,511,203,886	
2013-14	3,880,009,003	122,969,818	39,320,240		9,880,649	44,322,009	355,616,806	4,452,118,525	
2012-13	3,765,453,474	119,660,633	39,087,600		8,899,321	47,871,206	338,873,822	4,319,846,056	
2011-12	3,701,567,643	116,972,188	35,378,260		8,856,290	46,913,277	316,586,962	4,226,274,620	
2010-11	3,703,464,286	112,839,901	34,298,350		8,580,130	47,038,600	326,907,505	4,233,128,772	

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

(2) Assessed values are established by the State Corporation Commission-includes all property types.

(3) In FY 2017, the County changed the tax assessment methodology for merchant's capital from 30% original cost to a tiered approach based on the total original cost. The tiers consist of 30%, 10% and 5% of original cost.

Table 7

County of Pittsylvania, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery & Tools	Merchant's Capital	Mobile Homes	Generating Equipment (2)
2019-20	\$ 0.62	\$ 9.00	\$ 4.50	\$ 2.75	\$ 0.62	0.62
2018-19	0.62	9.00	4.50	2.75	0.62	0.62
2017-18	0.59/0.62	8.75/9.00	4.50	2.75	0.59/0.62	0.59/0.62
2016-17	0.59	8.75	4.50	2.75	0.59	0.59
2015-16	0.59	8.75	4.50	2.75	0.59	0.59
2014-15	0.59	8.75	4.50	2.75	0.59	0.59
2013-14	0.56/0.59	8.75	4.50	2.75	0.56/0.59	0.56/0.59
2012-13	0.56	8.75	4.50	2.75	0.56	0.56
2011-12	0.52/0.56	8.75	4.50	2.75	0.52/0.56	0.52/0.56
2010-11	0.52	8.50	4.50	2.75	0.52	0.52

(1) Per \$100 of assessed value. Property taxes are assessed on January 1 of each year and therefore, the rates for amounts due on December 5th, may be different from the rates for amounts due on June 5th.

(2) Included as part of Public Service Corporations in other schedules

Table 8

**County of Pittsylvania, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	63,506	\$ 5,025,176	\$ 53,720,428	\$ 53,720,428	1.07%	\$ 846
2018-19	63,506	4,957,169	60,251,224	60,251,224	1.22%	949
2017-18	63,506	4,883,423	65,594,489	65,594,489	1.34%	1,033
2016-17	63,506	4,589,714	69,495,208	69,495,208	1.51%	1,094
2015-16	63,506	4,567,697	76,753,162	76,753,162	1.68%	1,209
2014-15	63,506	4,511,204	89,007,609	89,007,609	1.97%	1,402
2013-14	63,506	4,452,119	95,451,194	95,451,194	2.14%	1,503
2012-13	63,506	4,319,846	101,616,973	101,616,973	2.35%	1,600
2011-12	63,506	4,226,275	107,562,022	107,562,022	2.55%	1,694
2010-11	63,506	4,233,129	110,332,166	110,332,166	2.61%	1,737

(1) Bureau of the Census.

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

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

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

Table 9

**County of Pittsylvania, Virginia**  
**Ratio of Annual Debt Service Expenditures for General Bonded**  
**Debt to Total General Governmental Expenditures (1)**  
**Last Ten Fiscal Years**

Fiscal Year	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2019-20	\$ 10,669,146	\$ 147,048,440	7.26%
2018-19	11,124,384	153,566,974	7.24%
2017-18 (2)	11,306,433	151,798,616	7.45%
2016-17	13,168,887	150,888,325	8.73%
2015-16 (2)	17,299,326	145,525,038	11.89%
2014-15	11,896,121	138,212,120	8.61%
2013-14	11,946,638	139,864,929	8.54%
2012-13 (2)	9,450,033	142,075,279	6.65%
2011-12	9,948,658	138,199,584	7.20%
2010-11	9,436,325	133,624,177	7.06%

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

(2) Excludes refunding debt.

Table 10

County of Pittsylvania, Virginia  
Assessed Valuation of Top Ten Taxpayers  
Fiscal Year 2020

Taxpayer	Type of Business	2020 Assessed Valuation	Percentage of Total Assessed Valuation
Virginia Electric & Power	Electric Utility	\$ 135,685,458	2.70%
Transcontinental Gas Pipeline	Gas Utility	98,359,770	1.96%
Appalachian Power Company	Electric Utility	89,236,839	1.78%
Mountain Valley Pipeline	Gas Utility	32,911,500	0.65%
Intertape Polymer Corp	Manufacturer	32,681,900	0.65%
Colonial Pipeline	Gas Utility	29,708,684	0.59%
Mecklenburg Electric Coop, Inc.	Electric Utility	27,448,663	0.55%
Industry Danville LLC	Manufacturer	24,805,300	0.49%
Sartomer	Manufacturer	12,749,690	0.25%
DanChem Technologies	Manufacturer	8,578,260	0.17%
Total		\$ 492,166,064	9.79%
All Others		\$ 4,533,009,863	90.21%
Total Assessed Valuation		\$ 5,025,175,927	100.00%

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## COMPLIANCE SECTION

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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**

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**To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units - School Board and Industrial Development Authority, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated December 3, 2020. Our report includes a reference to other auditors who audited the financial statements of Pittsylvania County Service Authority, as described in our report on the County of Pittsylvania, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

## Purpose of this Report

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

A handwritten signature in black ink that reads "Robinson, James, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia  
December 3, 2020

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

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To the Board of Supervisors  
County of Pittsylvania, Virginia  
Chatham, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited County of Pittsylvania, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Pittsylvania, Virginia's major federal programs for the year ended June 30, 2020. County of Pittsylvania, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County of Pittsylvania, Virginia's basic financial statements include the operations of the Pittsylvania County Service Authority, which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of the Pittsylvania County Service Authority because the component unit engaged other auditors to perform their audit in accordance with the *Uniform Guidance*, if applicable.

***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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of County of Pittsylvania, 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 County of Pittsylvania, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, County of Pittsylvania, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia  
December 3, 2020

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

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number		Federal Expenditures	Subrecipient Expenditures
Department of Health and Human Services:					
Pass Through Payments:					
Department of Social Services:					
Promoting Safe and Stable Families Program	93.556	0950118, 0950119		\$ 13,813	
Temporary Assistance for Needy Families	93.558	0400119, 0400120	\$ 428,867		
Temporary Assistance for Needy Families	93.558	BEN-19-024	128,532	557,399	
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120		576	
Low-Income Home Energy Assistance	93.568	0600419, 0600420		80,791	
Child Care and Development Fund Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119, 0760120		81,839	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119		1,116	
Foster Care - Title IV-E	93.658	1100119, 1100120		340,295	
Adoption Assistance	93.659	1120118, 1120119		96,516	
Social Services Block Grant	93.667	1000119, 1000120		343,477	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119, 9150120		3,639	
Children's Health Insurance Program	93.767	0540119, 0540120		7,070	
Medicaid Cluster:					
Medical Assistance Program	93.778	1200119, 1200120		556,405	
Total Department of Health and Human Services				\$ 2,082,936	
Department of Agriculture:					
Pass Through Payments:					
Child Nutrition Cluster:					
Virginia Department of Agriculture & Consumer Services:					
Food Distribution-Schools (Note C)	10.555	Not applicable	\$ 353,877		
Department of Education:					
COVID-19 National School Lunch Program	10.555	APE40254	432,761		
National School Lunch Program	10.555	APE40254	1,938,943	\$ 2,725,581	
COVID-19 Summer Food Service Program for Children	10.559	APE60302		112,599	
COVID-19 School Breakfast Program	10.553	APE40253	\$ 245,283		
School Breakfast Program	10.553	APE40253	824,039	1,069,322	
Total Child Nutrition Cluster				\$ 3,907,502	
Department of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010119, 0010120, 0040119, 0040120, 0050119, 0050120		605,607	
Total Department of Agriculture				\$ 4,513,109	
Department of Treasury:					
Pass Through Payments:					
Virginia Department of Accounts:					
COVID-19 Coronavirus Relief Fund	21.019	SLT0022	\$ 1,709,600		\$ 112,587
Virginia Department of Education:					
COVID-19 Coronavirus Relief Fund	21.019	Not available	396,866	\$ 2,106,466	
Department of Justice:					
Direct payments:					
Equitable Sharing Program	16.922	Not applicable		\$ 62,882	
Pass Through Payments:					
Department of Criminal Justice Services:					
Bulletproof Vest Partnership Program	16.607	Not available		4,915	
Crime Victim Assistance	16.575	17VAGX0018		80,478	
Total Department of Justice				\$ 148,275	
Department of Transportation:					
Pass Through Payments:					
Department of Motor Vehicles:					
Alcohol Open Container Requirements	20.607	154AL-2020-50139-20139 154AL-2019-59207-9207		\$ 18,041	
Highway Safety Cluster:					
State and Community Highway Safety	20.600	FOP-2020-50143-20143 FOP-2019-59233-9233		4,433	
Total Department of Transportation				\$ 22,474	

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

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Subrecipient Expenditures
Department of Labor:				
Pass Through Payments:				
Virginia Community College System:				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	534027	\$ 592,601	\$ 533,341
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	534027	\$ 25,456	22,910
WIOA Dislocated Worker Formula Grants	17.278	534027	317,993	286,194
WIOA Youth Activities	17.259	534027	553,950	498,555
Total Workforce Innovation and Opportunity Act Cluster			\$ 1,490,000	
H-1B Job Training Grants	17.268	534027	81,682	
Total Department of Labor			\$ 1,571,682	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Adult Education - Basic Grants to States	84.002	APE42801	\$ 82,852	
Title I Grants to Local Educational Agencies	84.010	APE42901	2,708,216	
Special Education Cluster:				
Special Education: Grants to States	84.027	APE43071	\$ 1,699,722	
Special Education: Preschool Grants	84.173	APE62521	26,656	
Total Special Education Cluster				1,726,378
Career and Technical Education Basic Grants to States	84.048	APE61095		174,311
English Language Acquisition State Grants	84.365	APE60512		13,295
Supporting Effective Instruction State Grant	84.367	APE61480		259,991
Rural Education	84.358	APE43481		9,324
Student Support and Academic Enrichment Program	84.424	APE60019		118,576
Total Department of Education			\$ 5,092,943	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Hazard Mitigation Grant	97.039	FEMA-DR-4262-VA-011	\$ 180,000	
Emergency Management Performance Grants	97.042	114363	22,803	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4411DRVAP00000001	14,350	
Total Department of Homeland Security			\$ 217,153	
Total Expenditures of Federal Awards			\$ 15,755,038	\$ 1,453,587

**Notes to the Expenditures of Federal Awards**

**Note A -- Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Pittsylvania, Virginia and its discretely presented component unit - School Board under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**Note B -- Summary of Significant Accounting Policies**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.
- (3) The County did not elect an indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any outstanding loans at year end as described in 2 CFR section 200.502(b).
- (5) The County passed funds of \$1,453,587 to subrecipients as noted above.

**Note C -- Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, The Pittsylvania County School Board had food commodities totaling \$0 in inventory.

**Note D -- Relationship to Financial Statements**

Federal expenditures, revenues, and capital contributions are reported in the County's financial statements as follows:

Primary government:	
General Fund (Schedule 1)	\$ 4,665,565
Less: QCEB interest subsidy (Schedule 1)	(81,014)
Workforce Investment Act Fund (Schedule 1)	1,700,214
Forfeited Assets Fund (Schedule 1)	546
Plus: Use of federal Forfeited Assets fund balance	62,336
Solid Waste Fund (Exhibit 8)	10,080
Total primary government:	\$ 6,357,727
Component Unit School Board:	
School Operating Fund (Schedule 1)	\$ 9,397,311
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 15,755,038

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

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**Section I - Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
17.258/17.259/17.278	WIOA Cluster
21.019	COVID-19 Coronavirus Relief Fund

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

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings or questioned costs.

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no prior year audit findings.