

COUNTY OF PITTSYLVANIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

COUNTY OF PITTSYLVANIA, VIRGINIA

BOARD OF SUPERVISORS

Joe Davis, Chair	Ben Farmer
Dr. Charles Miller, Jr., Vice Chair	Tim R. Barber
Elton W. Blackstock	Robert "Bob" Warren
Ronald Searce	

COUNTY SCHOOL BOARD

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

SOCIAL SERVICES BOARD

Joseph Bray, Chairperson	Patricia Evans
Nancy Eanes, Vice Chairperson	Robert "Bob" Warren
Lee Cameron	Phillip Andrews
Andrea Johnson	

OTHER OFFICIALS

Clerk of the Circuit Court	Mark W. Scarce
Commonwealth's Attorney.....	Robert "Bryan" Haskins
Commissioner of the Revenue	Shirley Y. Hammock
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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

**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 unit-School Board, each major fund, and the aggregate remaining fund information of County of Pittsylvania, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Industrial Development Authority of Pittsylvania County, Virginia or the Pittsylvania County Service Authority. 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 Industrial Development Authority of Pittsylvania County, Virginia and 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 unit-School Board, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement Nos. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* and early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 28 to the financial statements, in 2019, the County restated beginning balances to reflect reinstating the solid waste fee and corresponding fund. 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, 103-105, and 106-128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 November 27, 2019, 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, James, Cox Associates". The signature is written in a cursive, flowing style.

Blacksburg, Virginia
November 27, 2019

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, 2019. 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 \$49,424,056 (net position). Of this amount, \$20,625,332 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 \$854,150. The component units include the School Board's net position totaling \$(41,210,231) of which \$(79,904,990) is unrestricted, the Industrial Development Authority's net position totaling \$2,114,278 all of which is unrestricted and Pittsylvania County Service Authority's net position totaling \$36,133,897 of which \$3,471,246 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 \$5,528,592 (after restatement - Note 28). In addition, the School Board's net position increased \$1,879,179 and the IDA's net position decreased by \$58,279 and the PCSA's net position increased by \$1,242,308. Business-type activities' net position decreased by \$774,819 (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 \$20,427,416 or 29 percent of total general fund expenditures. (See Exhibit 3.) This amount includes taxes, accounts and notes receivable reflected in the fiscal year 2019 budget as well as County Capital Improvement Projects for fiscal year 2020. It is important to note that the School Board carryover amount totaling \$1,366,422 has been assigned for fiscal year 2019, 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 \$27,151,992, a decrease of \$2,517,688 from last year. Approximately 90% percent of this total amount, or \$24,314,295 (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 \$653,112, (2) assigned funds which represent \$3,233,767 and (3) unassigned funds which represents \$20,427,416. (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 2018-2019.
- 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 \$49,424,056 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

	2019	2018
	Governmental Activities	Governmental Activities
Current and other assets	\$ 63,068,440	\$ 63,271,275
Capital assets	93,040,890	100,119,269
Total assets	<u>\$ 156,109,330</u>	<u>\$ 163,390,544</u>
Deferred Outflows of Resources	\$ 5,481,313	\$ 5,525,999
Long-term liabilities	\$ 85,263,200	\$ 99,608,776
Other liabilities	6,918,414	6,336,084
Total liabilities	<u>\$ 92,181,614</u>	<u>\$ 105,944,860</u>
Deferred Inflows of Resources	\$ 19,984,973	\$ 19,722,191
Net Position:		
Net investment in capital assets	\$ 22,285,188	\$ 23,610,189
Restricted	6,513,536	7,337,948
Unrestricted	20,625,332	12,301,355
Total net position	<u>\$ 49,424,056</u>	<u>\$ 43,249,492</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 45 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 13 percent of the total net position.

Government-wide Financial Analysis (continued)

Governmental Activities (continued)

The remaining balance of unrestricted net position, which is \$20,625,332 or 42 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 government's net position increased by \$5,528,592 during the current fiscal year (see restatement - Note 28). The County's net position increased primarily because of the board's concerted effort to be more forward thinking in terms of preparing financially for the County's future. During the FY2019 budget process, rates and fees were reviewed and increased in an attempt to cover much needed improvements to equipment and infrastructure and to start to build the County's unassigned fund balance to a more acceptable level. The following tax rates/fees were increased to help fund the FY2019 budget: Real increased from 59¢ per \$100 to 62¢ per \$100, personal property increased from \$8.75 per \$100 to \$9.00 per \$100, Vehicle License fee increased from \$38.75 per vehicle to \$40.75 per vehicle.

Governmental activities increased the County's net position by \$5,528,592. Key elements of this increase are as follows:

	2019 Governmental Activities	2019 Business-type Activities	2018 Governmental Activities
Revenues:			
Program revenues:			
Charges for services	\$ 639,705	\$ 5,104,351	\$ 908,173
Operating grants and contributions	20,829,443	-	19,512,825
Capital grants and contributions	179,825	-	2,176
General revenues:			
General property taxes	40,737,447	-	39,899,114
Other local taxes	7,728,921	-	7,375,931
Use of money and property	807,024	12,855	530,617
Miscellaneous	548,625	67,710	403,055
Grants and contributions not spec.	6,420,102	-	6,534,738
Transfers	(140,148)	140,148	-
Total Revenues	\$ 77,750,944	\$ 5,325,064	\$ 75,166,629
Expenses:			
General government	\$ 3,231,084	\$ -	\$ 3,887,279
Judicial administration	1,884,640	-	1,858,800
Public safety	18,360,059	-	18,156,348
Public works	1,610,567	3,696,095	4,010,797
Health and welfare	13,146,418	-	15,621,570
Education	21,053,924	-	18,851,498
Parks, recreation, and cultural	2,010,342	-	1,885,619
Community development	7,912,185	-	3,187,057
Interest on long-term debt	3,013,133	-	3,163,604
Total Expenses	\$ 72,222,352	\$ 3,696,095	\$ 70,622,572
Increase/(Decrease) in net position	\$ 5,528,592	\$ 1,628,969	\$ 4,544,057
Net position, beginning (as restated)	\$ 43,895,464	\$ (774,819)	\$ 38,705,435
Net position, ending	\$ 49,424,056	\$ 854,150	\$ 43,249,492

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 \$27,151,992. Approximately 75 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, 2019, total fund balance of the general fund was \$25,233,399 of which \$20,427,416 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 29 percent of total general fund expenditures, which includes transfers to and expenses on behalf of the School Board component unit of \$19,094,304.

An analysis of the supporting schedules (modified accrual) for fiscal year 2019 and 2018 reveals:

- Revenues: Real property taxes experienced an increase of 6%, public service corporations experienced an increase of 10% and personal property taxes experienced an increase of 5%. The increases were due to realizing the effect of receiving a full fiscal year of increased tax rates that were implemented January 1, 2018.
- Revenues: Other local taxes experienced an overall increase of 5% from FY2018 with both increases and decreases in various categories. Increases in other local tax revenues occurred in the following categories: Local Sales and Use Tax (12%), Meals Tax (3%), Motor Vehicle Licenses (1%), Bank Stock Tax (8%) and Taxes on Recordation and Wills (12%). Decreases occurred in the following other local taxes categories: Consumers' Utility Tax (less than 1%), Consumption Tax (Less than 1%), Franchise License Tax (1%), Business Licenses (7%).
- Expenses: Overall primary government expenditures decreased by 8% from FY2018. This decrease resulted from several factors with both increases and decreases in various categories. Workforce Investment Act Expenditures decreased 22% over the prior year. Decreases also occurred in the following categories: General government administration, Public Works, Health and welfare, Community development, Capital Projects and Interest on long-term debt. A major increase in expenditure occurred in the Industrial Development Fund over the prior since the County made efforts to complete a large sewer project in the Southern Virginia Multimodal Park at Berry Hill. Other increases occurred in the following categories: Judicial administration, Public Safety, and Education, Parks, recreation and cultural.
- Expenses: Education increased 3% from FY2018. Increased expenditures occurred in the following educational categories: Administration and health services (3%), Instructional Costs (3%), Pupil Transportation (5%), Operation and maintenance of school plant (13%) and Food service and non-instructional costs (4%). Decreases occurred in the following educational category: Technology (21%).

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</i> <i>6/30/2018</i> <u>Cash Balance</u>	<i>Per Treasurer</i> <i>6/30/2019</i> <u>Cash Balance</u>
General Fund	22,349,168	17,372,590
Beautification Fund	11,300	5,662
Pet Center Fund	3,472	49,070
Debt Reserve - Human Services Fund	38,482	38,594
Jail Inmate Management Fund	223,315	266,729
Bond Fund	2,400	2,400
Grants Fund	624,213	677,331
Capital Improvements Fund	1,507,186	564,908
E911 Bond Fund	1,368,368	905,266
Rural Roads Fund	268,781	268,781
Courthouse Construction Fund	-	20,754
Courthouse Security Fund	366,977	242,218
Jail Processing Fee Fund	19,926	23,136
Library Gifts Fund	76,257	100,752
Courthouse Maintenance Fund	47,404	57,604
Law Library Fund	28,861	34,459
Rescue Billing Fund	18,670	6,783
Total cash per Treasurer	26,954,780	20,637,037
Audit Adjustments to Cash:		
Tax collections held in bank	178,342	328,115
Entry to cash for overdraft Central Stores	(22,043)	(37,086)
Adjustments to cash by Finance	-	(122)
Reversion of School Salaries Payable Fund	2,599,821	2,624,646
Total cash as adjusted	29,710,900	23,552,590
Other Adjustments:		
Taxes and fees receivable	(3,020,629)	1,497,314
Accounts receivables	479,376	600,780
Due (to)/from other funds	22,043	(256,274)
Due from School Board	(1,417,520)	(1,431,926)
Due from the other governments	3,041,940	3,254,433
Accounts payables	(1,654,769)	(1,856,060)
Salaries payable	(127,426)	(127,458)
Total accrual adjustments	(2,676,985)	1,680,809
Ending General Fund - Fund Balance	27,033,915	25,233,399

The fund balance of the County's general fund decreased by \$1,800,516 during the current fiscal year. The majority of this decrease can be attributed to the depletion of loan proceeds as construction projects are nearing the end of construction as well as the re-establishment of the Solid Waste Enterprise Fund, which resided in the General Fund in FY2018. It is important to note the difference in the cash balance of the General Fund was due to the change in the tax due date from June 5 to June 20, which resulted in a large amount of tax not recorded before year-end.

General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budgeted appropriations were net increase of \$5,572,440. This increase occurred because of various budget increases/reductions that occurred after the 2019 budget process was complete. There were also increases that were made to the 2019 budget because of unforeseen events that occurred during the year. Significant budgetary supplements are included below:

- A major factor that attributed to the increased budget was due to the inclusion of carryover appropriations from the prior year. These carryover amounts totaled \$4,202,284, of which \$3,647,048 was for schools.
- Re-appropriated refunds and donations received totaled \$38,785
- Funds appropriated for change order to E911 Tower Site Project not covered by loan proceeds \$191,200
- Budget appropriation carried forward for the E911 tower project \$425,168
- Additional Grant Fund Appropriations totaled \$247,449

Capital Asset and Debt Administration

Capital assets

The County's investment in capital assets for its governmental activities as of June 30, 2019 is \$93,040,890 (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:

- Purchase and renovations to Hancock Building - \$134,904
- Improvements to the Armory - \$16,302
- Improvements to the Community Development - \$10,828
- E911 Parking Lot Repair - \$6,100
- E911 Tower Site Construction - \$1,039,297 (amount to date)
- Fire & Rescue Equipment - \$43,928
- Jail Camera System Upgrade - \$86,065
- Server Upgrades - \$100,237 (amount to date)

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

	2019 Governmental Activities	2019 Business-type Activities	2018 Governmental Activities
Land	\$ 5,510,544	\$ 95,000	\$ 5,605,544
Buildings and system	75,622,843	-	77,755,651
Machinery and equipment	10,408,025	1,270,449	13,397,450
Infrastructure	-	2,723,687	2,778,274
Construction in progress	1,499,478	-	582,350
Total	<u>\$ 93,040,890</u>	<u>\$4,089,136</u>	<u>\$100,119,269</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 \$64,337,229. 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)

	2019 Governmental activities	2019 Business-type activities	2018 Governmental activities	2018 Business- type activities
General obligation bonds	\$56,785,157	-	\$62,204,987	-
Lease Revenue Notes	3,486,901	\$1,875,643	4,029,133	\$2,237,281
Deferred Amounts:				
Bond Premium	6,101,539	87,996	6,370,544	123,195
Landfill closure/post-closure	-	3,169,490	-	3,046,215
Capital leases	8,835,120	-	10,848,512	-
Net pension liability	5,168,026	219,657	5,141,587	-
Net OPEB Obligation	3,020,520	128,381	3,529,000	-
Compensated absences	1,365,937	35,245	1,284,206	44,116
Contingency for CSA	500,000	-	750,000	-
Total	<u>\$85,263,200</u>	<u>\$5,516,412</u>	<u>\$94,157,969</u>	<u>\$5,450,808</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, 2019, the unemployment rate for the County was 3.1 percent, which is a decrease from the rate of 4.0 percent a year ago. This compares unfavorably to the state's average unemployment rate of 2.9 percent and unfavorably to the national average rate of 3.7 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 recently became a member of the newly formed Staunton-River Regional Industrial Facilities Authority in FY2019. This authority works to attract industry and business to Southside Virginia.
- Pittsylvania County has a median household income of \$44,356 compared to the State median household income of \$68,766.
- Pittsylvania County's population was estimated at 60,949 in 2018 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 2019 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 2020 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.pittgov.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, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	School Board	Industrial Development Authority	Pittsylvania County Service Authority
ASSETS						
Cash and cash equivalents	\$ 18,761,750	\$ 1,660,147	\$ 20,421,897	\$ 1,570,741	\$ 963,150	\$ 511,074
Investments	10,192,274	-	10,192,274	-	-	300,360
Receivables (net of allowance for uncollectibles):						
Taxes receivable	26,627,615	-	26,627,615	-	-	-
Accounts receivable	2,031,682	415,855	2,447,537	427,434	-	433,576
Notes receivable	-	-	-	-	460,715	-
Capital lease receivable	-	-	-	-	-	20,359
Due from primary government	-	-	-	1,431,926	-	-
Due from other governmental units	4,350,248	-	4,350,248	2,035,208	-	-
Inventories	6,734	-	6,734	-	-	37,887
Assets held for resale - Industrial sites	-	-	-	-	1,894,163	-
Prepaid items	-	-	-	878,013	-	53,530
Restricted assets:						
Cash and cash equivalents	1,098,137	-	1,098,137	-	-	-
Investments	-	210,211	210,211	-	-	2,744,022
Noncurrent assets:						
Notes receivable	-	-	-	-	4,737,457	-
Capital lease receivable	-	-	-	-	-	158,132
Capital assets (net of accumulated depreciation):						
Land	5,510,544	95,000	5,605,544	2,709,971	-	-
Buildings and improvements	75,622,843	-	75,622,843	31,459,181	-	-
Machinery and equipment	10,408,025	1,270,449	11,678,474	2,680,385	-	-
Infrastructure	-	2,723,687	2,723,687	-	-	-
Utility plant in service	-	-	-	-	-	32,662,651
Construction in progress	1,499,478	-	1,499,478	283,507	-	-
Total assets	\$ 156,109,330	\$ 6,375,349	\$ 162,484,679	\$ 43,476,366	\$ 8,055,485	\$ 36,921,591
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	\$ 3,586,465	\$ -	\$ 3,586,465	\$ -	\$ -	\$ -
OPEB related items	265,915	10,350	276,265	2,177,099	-	-
Pension related items	1,628,933	214,086	1,843,019	10,895,416	-	84,837
Total deferred outflows of resources	\$ 5,481,313	\$ 224,436	\$ 5,705,749	\$ 13,072,515	\$ -	\$ 84,837
LIABILITIES						
Accounts payable	\$ 2,728,702	\$ 77,620	\$ 2,806,322	\$ 1,105,036	\$ -	\$ 173,557
Salaries payable	127,458	24,128	151,586	2,624,646	-	8,158
Customer deposits	-	-	-	-	-	195,448
Retainage payable	231,587	-	231,587	-	-	-
Estimate of incurred but unreported health claims	1,189,092	-	1,189,092	-	-	-
Accrued interest payable	909,506	24,963	934,469	-	-	-
Amounts held for rescue squads	6,783	-	6,783	-	-	-
Internal balances	293,360	(293,360)	-	-	-	-
Due to component units	1,431,926	-	1,431,926	-	-	-
Unearned revenue	-	365,711	365,711	173,912	147,493	65,169
Long-term liabilities:						
Due within one year	9,598,864	436,698	10,035,562	1,262,742	356,472	-
Due in more than one year	75,664,336	5,079,714	80,744,050	83,809,707	5,437,242	328,625
Total liabilities	\$ 92,181,614	\$ 5,715,474	\$ 97,897,088	\$ 88,976,043	\$ 5,941,207	\$ 770,957
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$ 18,568,534	\$ -	\$ 18,568,534	\$ -	\$ -	\$ -
OPEB related items	507,432	21,568	529,000	1,136,591	-	-
Pension related items	909,007	8,593	917,600	7,646,478	-	101,574
Total deferred inflows of resources	\$ 19,984,973	\$ 30,161	\$ 20,015,134	\$ 8,783,069	\$ -	\$ 101,574
NET POSITION						
Net investment in capital assets	\$ 22,285,188	\$ 2,335,708	\$ 24,620,896	\$ 37,133,044	\$ -	\$ 32,662,651
Restricted:						
Construction	9,355	-	9,355	-	-	-
Grant funds	1,219,810	-	1,219,810	-	-	-
Asset forfeiture funds	510,395	-	510,395	-	-	-
Health insurance	4,773,976	-	4,773,976	-	-	-
School nutrition	-	-	-	1,561,715	-	-
Unrestricted	20,625,332	(1,481,558)	19,143,774	(79,904,990)	2,114,278	3,471,246
Total net position	\$ 49,424,056	\$ 854,150	\$ 50,278,206	\$ (41,210,231)	\$ 2,114,278	\$ 36,133,897

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, 2019

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	Total	School Board	Industrial Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,231,084	\$ 86,343	\$ 386,944	\$ -	\$ (2,757,797)	\$ -	\$ (2,757,797)	\$ -	\$ -
Judicial administration	1,884,640	15,491	1,112,782	-	(756,367)	-	(756,367)	-	-
Public safety	18,360,059	451,325	4,946,848	179,825	(12,782,061)	-	(12,782,061)	-	-
Public works	1,610,567	15,881	52,159	-	(1,542,527)	-	(1,542,527)	-	-
Health and welfare	13,146,418	-	10,560,993	-	(2,585,425)	-	(2,585,425)	-	-
Education	21,053,924	-	-	-	(21,053,924)	-	(21,053,924)	-	-
Parks, recreation, and cultural	2,010,342	70,665	159,945	-	(1,779,732)	-	(1,779,732)	-	-
Community development	7,912,185	-	3,609,772	-	(4,302,413)	-	(4,302,413)	-	-
Interest on long-term debt	3,013,133	-	-	-	(3,013,133)	-	(3,013,133)	-	-
Total governmental activities	\$ 72,222,352	\$ 639,705	\$ 20,829,443	\$ 179,825	\$ (50,573,379)	\$ -	\$ (50,573,379)	\$ -	\$ -
Business-type activities:									
Landfill	\$ 3,696,095	\$ 5,104,351	\$ -	\$ -	\$ -	\$ 1,408,256	\$ 1,408,256	\$ -	\$ -
Total primary government	\$ 75,918,447	\$ 5,744,056	\$ 20,829,443	\$ 179,825	\$ (50,573,379)	\$ 1,408,256	\$ (49,165,123)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 92,296,158	\$ 1,607,152	\$ 70,575,432	\$ -	-	\$ (20,113,574)	\$ -	\$ -	\$ -
Industrial Development Authority	274,811	-	-	-	-	-	(274,811)	-	-
Pittsylvania County Service Authority	3,638,114	2,797,860	-	2,015,065	-	-	-	-	1,174,811
Total component units	\$ 96,209,083	\$ 4,405,012	\$ 70,575,432	\$ 2,015,065	-	\$ (20,113,574)	\$ (274,811)	\$ -	\$ 1,174,811
General revenues:									
General property taxes					\$ 40,737,447	\$ -	\$ 40,737,447	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					2,633,244	-	2,633,244	-	-
Consumers' utility taxes					1,299,471	-	1,299,471	-	-
Motor vehicle licenses					2,347,943	-	2,347,943	-	-
Meals taxes					773,714	-	773,714	-	-
Other local taxes					674,549	-	674,549	-	-
Unrestricted revenues from use of money and property					807,024	12,855	819,879	29,897	216,532
Miscellaneous					548,625	67,710	616,335	623,344	-
Payments from the County of Pittsylvania					-	-	-	21,339,512	-
Grants and contributions not restricted to specific programs					6,420,102	-	6,420,102	-	-
Transfers					(140,148)	140,148	-	-	-
Total general revenues and transfers					\$ 56,101,971	\$ 220,713	\$ 56,322,684	\$ 21,992,753	\$ 67,497
Change in net position					5,528,592	1,628,969	7,157,561	1,879,179	1,242,308
Net position - beginning, as restated					43,895,464	(774,819)	43,120,645	(43,089,410)	34,891,589
Net position - ending					\$ 49,424,056	\$ 854,150	\$ 50,278,206	\$ (41,210,231)	\$ 36,133,897

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

County of Pittsylvania, Virginia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 12,262,179	\$ 756,861	\$ 301,030	\$ 733,690	\$ 14,053,760
Investments	10,192,274	-	-	-	10,192,274
Receivables (net of allowance for uncollectibles):					
Taxes receivable	26,627,615	-	-	-	26,627,615
Accounts receivable	614,873	9,917	115,644	-	740,434
Due from other funds	37,086	-	-	-	37,086
Due from other governmental units	3,240,340	822,639	287,269	-	4,350,248
Restricted assets:					
Cash and cash equivalents	1,098,137	-	-	-	1,098,137
Total assets	<u>\$ 54,072,504</u>	<u>\$ 1,589,417</u>	<u>\$ 703,943</u>	<u>\$ 733,690</u>	<u>\$ 57,099,554</u>
LIABILITIES					
Accounts payable	\$ 1,849,277	\$ 704,718	\$ 162,304	\$ 9,848	\$ 2,726,147
Salaries payable	127,458	-	-	-	127,458
Retainage payable	-	231,587	-	-	231,587
Amounts held for rescue squads	6,783	-	-	-	6,783
Due to other funds	293,360	-	-	-	293,360
Due to component unit	1,431,926	-	-	-	1,431,926
Total liabilities	<u>\$ 3,708,804</u>	<u>\$ 936,305</u>	<u>\$ 162,304</u>	<u>\$ 9,848</u>	<u>\$ 4,817,261</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 25,130,301	\$ -	\$ -	\$ -	\$ 25,130,301
FUND BALANCES					
Restricted:					
Construction	\$ 1,098,137	\$ -	\$ -	\$ 9,355	\$ 1,107,492
Grant funds	678,171	-	541,639	-	1,219,810
Asset Forfeiture Fund	-	-	-	510,395	510,395
Committed:					
Special revenue funds	-	653,112	-	-	653,112
Assigned:					
Pet Center Fund	49,070	-	-	-	49,070
Beautification Fund	5,662	-	-	-	5,662
Law Library Fund	34,459	-	-	-	34,459
Library Gifts Fund	100,752	-	-	-	100,752
Capital Outlay Fund	564,908	-	-	-	564,908
Jail Inmate Management Fund	266,246	-	-	-	266,246
Courthouse Maintenance Fund	57,604	-	-	-	57,604
Courthouse Security Fund	230,887	-	-	-	230,887
Courthouse Construction Fund	20,754	-	-	-	20,754
Jail Processing Fund	23,136	-	-	-	23,136
Rural Road Addition Fund	268,781	-	-	-	268,781
Debt Service Reserve Fund	-	-	-	204,092	204,092
Social Services Bond Fund	38,594	-	-	-	38,594
School Carryover	1,366,422	-	-	-	1,366,422
Schools Bond Fund	2,400	-	-	-	2,400
Unassigned	20,427,416	-	-	-	20,427,416
Total fund balances	<u>\$ 25,233,399</u>	<u>\$ 653,112</u>	<u>\$ 541,639</u>	<u>\$ 723,842</u>	<u>\$ 27,151,992</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 54,072,504</u>	<u>\$ 1,589,417</u>	<u>\$ 703,943</u>	<u>\$ 733,690</u>	<u>\$ 57,099,554</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, 2019

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 27,151,992
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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	75,622,843	
Machinery and equipment	10,408,025	
Construction in progress	<u>1,499,478</u>	93,040,890

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

Unavailable revenue - property taxes	6,561,767
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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.

4,777,239

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	\$ 3,586,465	
Pension related items	1,628,933	
OPEB related items	<u>265,915</u>	5,481,313

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	\$ (60,272,058)	
Capital leases	(8,835,120)	
Unamortized premiums	(6,101,539)	
Accrued interest payable	(909,506)	
Net OPEB liabilities	(3,020,520)	
Net pension liability	(5,168,026)	
Compensated absences	(1,365,937)	
Due to the Commonwealth - CSA	<u>(500,000)</u>	(86,172,706)

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

Pension related items	\$ (909,007)	
OPEB related items	<u>(507,432)</u>	<u>(1,416,439)</u>

Net position of governmental activities	<u><u>\$ 49,424,056</u></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, 2019

	<u>General</u>	<u>Industrial Development</u>	<u>Workforce Investment Act</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 40,423,061	\$ -	\$ -	\$ -	\$ 40,423,061
Other local taxes	7,728,921	-	-	-	7,728,921
Permits, privilege fees, and regulatory licenses	138,128	-	-	-	138,128
Fines and forfeitures	190,695	-	-	-	190,695
Revenue from the use of money and property	368,727	-	437,847	450	807,024
Charges for services	310,882	-	-	-	310,882
Miscellaneous	522,031	22,615	3,979	-	548,625
Recovered costs	1,281,594	35,497	-	-	1,317,091
Intergovernmental	20,961,404	3,609,772	2,428,083	180,111	27,179,370
Total revenues	<u>\$ 71,925,443</u>	<u>\$ 3,667,884</u>	<u>\$ 2,869,909</u>	<u>\$ 180,561</u>	<u>\$ 78,643,797</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,878,872	\$ -	\$ -	\$ -	\$ 3,878,872
Judicial administration	1,963,583	-	-	-	1,963,583
Public safety	17,956,692	-	-	233,211	18,189,903
Public works	1,085,493	-	-	-	1,085,493
Health and welfare	11,218,198	-	2,564,673	-	13,782,871
Education	19,104,624	-	-	-	19,104,624
Parks, recreation, and cultural	1,975,372	-	-	-	1,975,372
Community development	1,851,148	6,261,236	-	-	8,112,384
Nondepartmental	11,121	-	-	-	11,121
Capital projects	1,010,825	-	-	-	1,010,825
Debt service:					
Principal retirement	8,128,744	-	-	-	8,128,744
Interest and other fiscal charges	2,995,640	-	-	-	2,995,640
Total expenditures	<u>\$ 71,180,312</u>	<u>\$ 6,261,236</u>	<u>\$ 2,564,673</u>	<u>\$ 233,211</u>	<u>\$ 80,239,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 745,131</u>	<u>\$ (2,593,352)</u>	<u>\$ 305,236</u>	<u>\$ (52,650)</u>	<u>\$ (1,595,635)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 389	\$ 1,623,594	\$ -	\$ -	\$ 1,623,983
Transfers out	(1,764,131)	-	-	-	(1,764,131)
Issuance of capital leases	153,290	-	-	-	153,290
Total other financing sources (uses)	<u>\$ (1,610,452)</u>	<u>\$ 1,623,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,142</u>
Net change in fund balances	\$ (865,321)	\$ (969,758)	\$ 305,236	\$ (52,650)	\$ (1,582,493)
Fund balances - beginning, as restated	26,098,720	1,622,870	236,403	776,492	28,734,485
Fund balances - ending	<u>\$ 25,233,399</u>	<u>\$ 653,112</u>	<u>\$ 541,639</u>	<u>\$ 723,842</u>	<u>\$ 27,151,992</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, 2019

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

Net change in fund balances - total governmental funds	\$	(1,582,493)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded the capital outlays in the current period.

Capital outlays	\$ 1,589,637	
Depreciation expense	(4,888,161)	(3,298,524)

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

Loss on disposal of assets		(10,138)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		314,386
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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	\$ (153,290)	
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Principal Payments

Bonds payable	5,962,062	
Capital leases	2,166,682	
Due to Commonwealth - CSA	250,000	8,225,454

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	\$ (81,731)	
Change in accrued interest payable	84,910	
Change in net OPEB liabilities and related items	241,505	
Change in net pension liability and related items	682,946	
Amortization of bond premium	269,005	
Amortization of loss on refunding	(371,408)	825,227

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.

		1,054,680
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Change in net position of governmental activities	\$	5,528,592
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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 Fund
June 30, 2019

	Enterprise Fund Solid Waste Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,660,147	\$ 4,707,990
Accounts receivables, net of allowances for uncollectibles	415,855	1,291,248
Due from other funds	293,360	-
Inventories	-	6,734
Total current assets	<u>\$ 2,369,362</u>	<u>\$ 6,005,972</u>
Noncurrent assets:		
Restricted assets:		
Investments	\$ 210,211	\$ -
Total restricted current assets	<u>\$ 210,211</u>	<u>\$ -</u>
Capital assets: (net of related depreciation)		
Land	\$ 95,000	\$ -
Machinery and equipment	1,270,449	-
Infrastructure	2,723,687	-
Total capital assets	<u>\$ 4,089,136</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 4,299,347</u>	<u>\$ -</u>
Total assets	<u>\$ 6,668,709</u>	<u>\$ 6,005,972</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related items	\$ 10,350	\$ -
Pension related items	214,086	-
Total deferred outflows of resources	<u>\$ 224,436</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 77,620	\$ 2,555
Estimate of incurred but unreported health claims	-	1,189,092
Accrued salaries	24,128	-
Due to other funds	-	37,086
Interest payable	24,963	-
Unearned revenue	365,711	-
Compensated absences - current portion	26,434	-
Bonds payable - current portion	410,264	-
Total current liabilities	<u>\$ 929,120</u>	<u>\$ 1,228,733</u>
Noncurrent liabilities:		
Landfill closure/postclosure liability	\$ 3,169,490	\$ -
Bonds payable - net of current portion	1,553,375	-
Compensated absences - net of current portion	8,811	-
Net pension liability	219,657	-
Net OPEB liabilities	128,381	-
Total noncurrent liabilities	<u>\$ 5,079,714</u>	<u>\$ -</u>
Total liabilities	<u>\$ 6,008,834</u>	<u>\$ 1,228,733</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related items	\$ 21,568	\$ -
Pension related items	8,593	-
Total deferred inflows of resources	<u>\$ 30,161</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	\$ 2,335,708	\$ -
Restricted for health insurance claims	-	4,773,976
Unrestricted	(1,481,558)	3,263
Total net position	<u>\$ 854,150</u>	<u>\$ 4,777,239</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 Fund
For the Year Ended June 30, 2019

	Enterprise Fund Solid Waste Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Materials and supplies	\$ -	\$ 461,454
Insurance premiums	-	13,764,336
Recycling	4,444	-
Solid waste collections	5,075,422	-
Penalties and interest	24,485	-
Miscellaneous	67,710	-
Total operating revenues	<u>\$ 5,172,061</u>	<u>\$ 14,225,790</u>
OPERATING EXPENSES		
Supplies, insurance and telephone	\$ -	\$ 432,744
Insurance claims and expenses	-	12,738,366
Salaries	520,667	-
Fringes	424,201	-
Contractual services	1,412,878	-
Utilities	51,782	-
Insurance	23,112	-
Fuel	192,496	-
Supplies	164,360	-
Landfill monitoring	126,129	-
Improvements and closure costs	183,175	-
Miscellaneous	169,571	-
Depreciation	382,318	-
Total operating expenses	<u>\$ 3,650,689</u>	<u>\$ 13,171,110</u>
Change in Net Position	<u>\$ 1,521,372</u>	<u>\$ 1,054,680</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 12,855	\$ -
Interest expense	(45,406)	-
Total nonoperating revenues (expenses)	<u>\$ (32,551)</u>	<u>\$ -</u>
Income before transfers	1,488,821	1,054,680
Transfers in	\$ 140,537	\$ -
Transfers out	(389)	-
Change in Net Position	<u>\$ 1,628,969</u>	<u>\$ 1,054,680</u>
Total net position - beginning, as restated	(774,819)	3,722,559
Total net position - ending	<u>\$ 854,150</u>	<u>\$ 4,777,239</u>

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

County of Pittsylvania, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund Solid Waste Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 5,151,148	\$ -
Receipts for materials and supplies	-	440,031
Receipts for insurance premiums	-	13,659,816
Payments to suppliers	(2,155,843)	(455,074)
Payments to employees	(795,019)	-
Payments for insurance premiums	-	(12,817,774)
Net cash provided by (used for) operating activities	<u>\$ 2,200,286</u>	<u>\$ 826,999</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund borrowings	<u>\$ (153,212)</u>	<u>\$ 15,043</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of utility plant	\$ (701,737)	\$ -
Principal payments on bonds	(361,638)	-
Interest expense	(84,565)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,147,940)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	<u>\$ 12,855</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 911,989</u>	<u>\$ 842,042</u>
Cash and cash equivalents - beginning	958,369	3,865,948
Cash and cash equivalents - ending (including investments of \$210,211)	<u><u>\$ 1,870,358</u></u>	<u><u>\$ 4,707,990</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 1,521,372	\$ 1,054,680
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	382,318	-
(Increase) decrease in accounts receivable	(386,624)	(125,943)
(Increase) decrease in inventories	-	(844)
Increase (decrease) in accrued salaries	4,957	-
Increase (decrease) in closure/postclosure liability	123,274	-
Increase (decrease) in accounts payable	44,386	(100,894)
Increase (decrease) in compensated absences	(8,871)	-
Increase (decrease) in unearned revenue	365,711	-
Increase (decrease) in net pension liability	219,657	-
Increase (decrease) in net OPEB liabilities	128,381	-
Changes in deferred outflows related to pension	(214,086)	-
Changes in deferred inflows related to pension	8,593	-
Changes in deferred outflows related to OPEB	(10,350)	-
Changes in deferred inflows related to OPEB	21,568	-
Total adjustments	<u>678,914</u>	<u>(227,681)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 2,200,286</u></u>	<u><u>\$ 826,999</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, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 297,075
Cash in custody of others	17,971
Total assets	<u>\$ 315,046</u>
LIABILITIES	
Amounts held for social services clients	\$ 29,475
Amounts held for developers	267,600
Amounts held for land sales	2,634
Amounts held for inmates	15,337
Total liabilities	<u>\$ 315,046</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, 2019

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 December 31st and financial data presented herewith for the Authority is for the fiscal year ended December 31, 2018. 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, 2018. The Service Authority issues separate financial statements that may be obtained from the County of Pittsylvania, 21 North Main Street, Chatham, Virginia 24531.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

A. Financial Reporting Entity (continued)

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.

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 \$357,612 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 \$233,684 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 Altavista, 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.

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, 2019

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 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

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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").

2. Investments

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

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 1st. Property taxes attach as an enforceable lien on property as of January 1st. Real estate taxes are payable in installments on June 20th and December 20th. Personal property taxes are due and collectible in installments on June 20th and December 20th. 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 \$508,078 at June 30, 2019 and is comprised solely of property taxes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB 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, 2019

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, 2019

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, 2019, no departments had expenditures in excess of its appropriations.

C. Deficit fund equity

At June 30, 2019, no funds had deficit fund equity.

Note 3-Deposits and Investments:

Deposits

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

Investments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 3-Deposits and Investments: (Continued)**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, 2019, the County and the Component Unit - School Board did not hold any investments that were subject to custodial credit risk.

Concentration of Credit Risk

At June 30, 2019, 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. The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
SNAP	\$ 210,211

External Investment Pools

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

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	1 - 5 years
SNAP	\$ 210,211	\$ 210,211	\$ -
Certificates of Deposit	10,192,274	8,075,414	2,116,860
Total	<u>\$ 10,402,485</u>	<u>\$ 8,285,625</u>	<u>\$ 2,116,860</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 4-Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 422,912	\$ -
Communication sales tax	307,417	-
State sales tax	-	1,198,474
Noncategorical aid	138,620	-
Categorical aid - shared expenses	466,927	-
Categorical aid - Virginia Public Assistance funds	112,165	-
Categorical aid - CSA funds	1,421,380	-
Categorical aid - other	914,483	13,665
<u>Federal Government:</u>		
Categorical aid - Virginia Public Assistance funds	209,349	-
Categorical aid - Workforce Investment Act funds	287,269	-
Categorical aid - other	69,726	823,069
Totals	\$ <u>4,350,248</u>	\$ <u>2,035,208</u>

Note 5-Interfund/Component-Unit Obligations:

<u>Fund</u>	<u>Due from Primary Government/ Component Unit</u>	<u>Due to Primary Government/ Component Unit</u>
Primary Government:		
General Fund	\$ -	\$ 1,431,926
Component Unit - School Board:		
School Fund	\$ 1,431,926	\$ -

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 5-Interfund/Component-Unit Obligations: (continued)**

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

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
Primary Government:		
Major Governmental Funds:		
General Fund	\$ 37,086	\$ 293,360
Enterprise Funds:		
Solid Waste Fund	293,360	-
Internal Service Funds:		
Central Stores Fund	-	37,086
Total	<u>\$ 330,446</u>	<u>\$ 330,446</u>

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, 2019, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Major Governmental Funds:		
General Fund	\$ 389	\$ 1,764,131
Industrial Development Fund	1,623,594	-
Enterprise Funds:		
Solid Waste Fund	140,537	389
Total	<u>\$ 1,764,520</u>	<u>\$ 1,764,520</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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, 2019:

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
General obligation bonds	\$ 62,204,987	\$ -	\$ (5,419,830)	\$ 56,785,157
Direct borrowings:				
Lease revenue bonds	4,029,133	-	(542,232)	3,486,901
Unamortized bond premiums	6,370,544	-	(269,005)	6,101,539
Capital leases	10,848,512	153,290	(2,166,682)	8,835,120
Due to Commonwealth (CSA)	750,000	-	(250,000)	500,000
Compensated absences	1,284,206	1,044,886	(963,155)	1,365,937
Net pension liability	5,141,587	6,608,179	(6,581,740)	5,168,026
Net OPEB liabilities	3,529,000	406,580	(915,060)	3,020,520
Total	<u>\$ 94,157,969</u>	<u>\$ 8,212,935</u>	<u>\$ (17,107,704)</u>	<u>\$ 85,263,200</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
2020	\$ 5,649,045	\$ 2,358,693	\$ 450,319	\$ 118,817
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	1,493,991	290,966	85,480
2024	5,272,448	1,207,464	294,025	75,276
2025-2029	21,792,293	2,960,620	1,432,113	220,131
2030-2034	5,550,000	209,214	446,365	23,355
Totals	<u>\$56,785,157</u>	<u>\$12,112,755</u>	<u>\$ 3,486,901</u>	<u>\$ 724,209</u>

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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
General Obligation Bonds:							
General obligation bond (2)	3.00-5.00%	8/21/2015	2/1/2030	\$625,000-3,600,000 a+	\$ 37,660,000	\$ 34,745,000	\$ 2,850,000
General obligation bond (1)	3.00-5.00%	6/2/2016	6/15/2031	\$605,000-1,150,000 a+	13,275,000	11,320,000	725,000
General obligation bond (1)	4.10-5.60%	11/10/2004	7/15/2024	\$999,906-1,010,000 a+	15,735,749	5,585,157	879,045
General obligation bond	2.00-5.00%	4/22/2010	3/1/2023	\$1,189,963-1,414,500 a+	12,485,000	5,135,000	1,195,000
Total general obligation bonds						\$ 56,785,157	\$ 5,649,045
Direct Borrowings - Lease Revenue Bonds:							
Revenue bond - IDA	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$ 1,803,802	\$ 660,429	\$ 63,378
Revenue bond - SSB	3.99%	4/27/2006	7/15/2019	\$244,017-271,292 a+	2,900,000	168,000	168,000
QECB Energy Revenue Bond	3.47%	1/20/2016	3/1/2031	\$216,581-224,519 a+	3,313,595	2,658,472	218,941
Total direct borrowings - lease revenue bonds						\$ 3,486,901	\$ 450,319
Deferred amounts:							
Plus:							
Unamortized Premium						\$ 6,101,539	\$ 664,177
Other Obligations:							
Capital leases (Note 7)						\$ 8,835,120	\$ 1,560,870
Due to Commonwealth (CSA)						500,000	250,000
Compensated absences						1,365,937	1,024,453
Net pension liability						5,168,026	-
Net OPEB liability						3,020,520	-
Total other obligations						\$ 18,889,603	\$ 2,835,323
Total long-term obligations						\$ 85,263,200	\$ 9,598,864
(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, 2019**Note 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, 2019:

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings:				
Lease revenue bonds	\$ 2,237,281	\$ -	\$ (361,638)	\$ 1,875,643
Unamortized bond premiums	123,195	-	(35,199)	87,996
Landfill closure/post-closure liability	3,046,216	123,274	-	3,169,490
Compensated absences	44,116	24,216	(33,087)	35,245
Net pension liability	-	490,489	(270,832)	219,657
Net OPEB liabilities	-	161,160	(32,779)	128,381
Total	\$ 5,450,808	\$ 799,139	\$ (733,535)	\$ 5,516,412

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

Year Ending June 30,	Direct Borrowings	
	Lease Revenue Bonds	
	Principal	Interest
2020	\$ 375,066	\$ 69,868
2021	393,510	53,689
2022	412,079	35,642
2023	105,776	24,001
2024	109,609	20,169
2025-2029	479,603	39,505
Totals	\$ 1,875,643	\$ 242,874

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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
Direct Borrowing - Lease Revenue Bonds:							
Lease revenue bond	2.125-5.125%	11/16/2011	11/1/2021	\$268,616-317,944 a+	\$ 2,555,000	\$ 885,000	\$ 280,000
Lease revenue bond	3.59%	1/30/2018	2/1/2028	\$152,730-315,936 a+	\$ 1,803,802	990,643	95,066
Total direct borrowing- lease revenue bonds						<u>\$ 1,875,643</u>	<u>\$ 375,066</u>
Deferred amounts:							
Plus:							
Unamortized Premium						<u>\$ 87,996</u>	<u>\$ 35,198</u>
Other Obligations:							
Landfill closure/post-closure liability						\$ 3,169,490	\$ -
Compensated absences						35,245	26,434
Net pension liability						219,657	-
Net OPEB liability						128,381	-
Total other obligations						<u>\$ 3,552,773</u>	<u>\$ 26,434</u>
Total long-term obligations						<u>\$ 5,516,412</u>	<u>\$ 436,698</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, 2019

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	\$ 1,608,471	\$ -	\$ 14,616,410	\$ 16,224,881
Construction in progress	-	153,290	-	153,290
Less: Accumulated depreciation	(468,121)	-	(6,700,937)	(7,169,058)
Net capital assets	<u>\$ 1,140,350</u>	<u>\$ 153,290</u>	<u>\$ 7,915,473</u>	<u>\$ 9,209,113</u>

In addition to the above assets, the County has \$1,098,137 cash and cash equivalents at year end relating to the E-911 equipment lease issuance that will be used for improving the E-911 towers.

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30,	School Buses	County Network	E-911 Equipment	Total
2020	\$ 229,637	\$ 53,053	\$ 1,478,544	\$ 1,761,234
2021	-	53,053	1,481,632	1,534,685
2022	-	-	1,484,796	1,484,796
2023	-	-	1,488,039	1,488,039
2024	-	-	1,491,360	1,491,360
2025-2026	-	-	1,806,967	1,806,967
Sub-total	\$ 229,637	\$ 106,106	\$ 9,231,338	\$ 9,567,081
Less: Amount representing interest	(3,416)	(5,869)	(722,676)	(731,961)
Present Value of Lease Agreements	<u>\$ 226,221</u>	<u>\$ 100,237</u>	<u>\$ 8,508,662</u>	<u>\$ 8,835,120</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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, 2019:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	\$ 1,683,975	\$ 1,262,662	\$ (1,262,981)	\$ 1,683,656
Net pension liability	65,183,821	17,570,369	(17,697,226)	65,056,964
Net OPEB liabilities	18,712,000	2,403,869	(2,784,040)	18,331,829
Total	<u>\$ 85,579,796</u>	<u>\$ 21,236,900</u>	<u>\$ (21,744,247)</u>	<u>\$ 85,072,449</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 1,683,656	\$ 1,262,742
Net pension liability	65,056,964	-
Net OPEB liabilities	18,331,829	-
Total other obligations	<u>\$ 85,072,449</u>	<u>\$ 1,262,742</u>
Total long-term obligations	<u>\$ 85,072,449</u>	<u>\$ 1,262,742</u>

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

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 creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9—Pension Plans: (continued)*****Employees Covered by Benefit Terms***

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	238	173
Inactive members:		
Vested inactive members	38	12
Non-vested inactive members	73	40
Inactive members active elsewhere in VRS	<u>90</u>	<u>32</u>
Total inactive members	201	84
Active members	<u>344</u>	<u>141</u>
Total covered employees	<u><u>783</u></u>	<u><u>398</u></u>

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, 2019 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 \$1,353,100 and \$1,392,480 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employee contribution rate for nonprofessional employees for the year ended June 30, 2019 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, 2019**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 \$203,666 and \$214,640 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

Actuarial Assumptions - General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9—Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

Post-Retirement:

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

Post-Disablement:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9—Pension Plans: (continued)*****Actuarial Assumptions - General Employees (continued)***

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9—Pension Plans: (continued)

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9—Pension Plans: (continued)*****Long-term Expected Rate of Return***

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

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

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

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

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 9—Pension Plans: (continued)*****Discount Rate (continued)***

From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 66,801,952	\$ 61,660,365	\$ 5,141,587
Changes for the year:			
Service cost	\$ 1,552,874	\$ -	\$ 1,552,874
Interest	4,557,967	-	4,557,967
Benefit changes	260,443	-	260,443
Differences between expected and actual experience	474,277	-	474,277
Contributions - employer	-	1,392,480	(1,392,480)
Contributions - employee	-	716,663	(716,663)
Net investment income	-	4,533,806	(4,533,806)
Benefit payments, including refunds of employee contributions	(3,376,271)	(3,376,271)	-
Administrative expenses	-	(39,457)	39,457
Other changes	-	(4,027)	4,027
Net changes	\$ 3,469,290	\$ 3,223,194	\$ 246,096
Balances at June 30, 2018	\$ 70,271,242	\$ 64,883,559	\$ 5,387,683

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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, 2017	\$ 14,098,040	\$ 13,429,219	\$ 668,821
Changes for the year:			
Service cost	\$ 284,563	\$ -	\$ 284,563
Interest	953,988	-	953,988
Differences between expected and actual experience	107,647	-	107,647
Contributions - employer	-	214,640	(214,640)
Contributions - employee	-	133,817	(133,817)
Net investment income	-	976,204	(976,204)
Benefit payments, including refunds of employee contributions	(939,281)	(939,281)	-
Administrative expenses	-	(8,749)	8,749
Other changes	-	(857)	857
Net changes	\$ 406,917	\$ 375,774	\$ 31,143
Balances at June 30, 2018	\$ 14,504,957	\$ 13,804,993	\$ 699,964

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 14,029,300	\$ 5,387,683	\$ (1,841,007)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 2,256,556	\$ 699,964	\$ (621,223)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$685,130 and (\$147,169), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit-School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 332,702	\$ 168,374	\$ 58,493	\$ 32,119
Change in assumptions	-	75,131	-	19,410
Net difference between projected and actual earnings on pension plan investments	-	516,878	-	101,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	157,217	157,217	-	-
Employer contributions subsequent to the measurement date	1,353,100	-	203,666	-
Total	\$ 1,843,019	\$ 917,600	\$ 262,159	\$ 153,478

\$1,353,100 and \$203,666 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ 165,525	\$ 52,142
2021	44,081	3,394
2022	(584,596)	(139,087)
2023	(52,691)	(11,434)
2024	-	-
Thereafter	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 9—Pension Plans: (continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$6,854,257 and \$7,075,682 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$64,357,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.54725% as compared to 0.52460% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$4,774,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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, 2019, 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	\$ -	\$ 5,503,000
Change in assumptions	768,000	-
Net difference between projected and actual earnings on pension plan investments	-	1,365,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,011,000	625,000
Employer contributions subsequent to the measurement date	6,854,257	-
Total	\$ 10,633,257	\$ 7,493,000

\$6,854,257 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board (professional)
2020	\$ (71,000)
2021	(987,000)
2022	(2,421,000)
2023	(297,000)
2024	62,000
Thereafter	-

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:**Pre-Retirement:**

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

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 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, 2019**Note 9—Pension Plans: (continued)****Component Unit School Board (professional) (continued)*****Actuarial Assumptions (continued)***

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

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

Net Pension Liability

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

		Teacher Employee Retirement Plan
Total Pension Liability	\$	46,679,555
Plan Fiduciary Net Position		34,919,563
Employers' Net Pension Liability (Asset)	\$	<u>81,599,118</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.81%

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>Discount Rate</u>	<u>(8.00%)</u>
		<u>(7.00%)</u>	
School division's proportionate share of the			
VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset)	\$ 98,307,000	\$ 64,357,000	\$ 36,256,000

Pension Plan Fiduciary Net Position

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

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

	<u>Primary Government</u>				<u>Component Unit School Board</u>			
			Net Pension				Net Pension	
	Deferred	Deferred	Liability	Pension	Deferred	Deferred	Liability	Pension
	Outflows	Inflows	(Asset)	Expense	Outflows	Inflows	(Asset)	Expense
VRS Pension Plans:								
Primary Government	\$ 1,843,019	\$ 917,600	\$ 5,387,683	\$ 685,130	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	262,159	153,478	699,964	(147,169)
School Board Professional	-	-	-	-	10,633,257	7,493,000	64,357,000	4,774,000
Totals	<u>\$ 1,843,019</u>	<u>\$ 917,600</u>	<u>\$ 5,387,683</u>	<u>\$ 685,130</u>	<u>\$ 10,895,416</u>	<u>\$ 7,646,478</u>	<u>\$ 65,056,964</u>	<u>\$ 4,626,831</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, 2019

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, 2019 was \$104,000 and \$741,000, 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, 2018
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	3.62% as of July 1, 2018
Medical Trend Rate	The healthcare trend rate assumption starts at 7.00% for 2019 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-2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on July 1, 2017 valuation data rolled forward to the measurement date. The methods, assumptions, and participant data used can be found in the July 1, 2018 actuarial valuation report.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62% based on the Fidelity Index's "20-year Municipal GO AA Index" as of July 1, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**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 (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Discount Rate		
	1% Decrease (2.62%)	Current (3.62%)	1% Increase (4.62%)
Primary Government	\$ 1,917,908	\$ 1,741,000	\$ 1,582,432
Component Unit - School Board	8,015,337	7,276,000	6,613,312

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	\$ 1,566,575	\$ 1,741,000	\$ 1,946,756
Component Unit - School Board	6,547,043	7,276,000	8,135,898

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019, the County and School Board reported a liability of \$1,741,000 and \$7,276,000, respectively, for their proportionate share of the total OPEB Liability. The total OPEB Liability was measured as of July 1, 2018 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, 2019 and 2018, the County's proportion was 19.10% and 20.79%, respectively. At June 30, 2019 and 2018, the School Board's proportion was 79.84% and 78.20%, respectively.

For the year ended June 30, 2019, the County and School Board recognized OPEB expense in the amount of \$113,000 and \$498,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 10—Other Postemployment Benefits - Health Insurance: (Continued)**

At June 30, 2019, 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	\$ -	\$ 345,000	\$ 89,000	\$ -
Change in assumptions	-	65,000	-	627,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Employer contributions subsequent to the measurement date	104,000	-	741,000	-
Total	\$ 104,000	\$ 410,000	\$ 830,000	\$ 627,000

\$104,000 and \$741,000, 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, 2020. 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
2020	\$ (61,000)	\$ (80,000)
2021	(61,000)	(80,000)
2022	(61,000)	(80,000)
2023	(61,000)	(80,000)
2024	(61,000)	(80,000)
Thereafter	(105,000)	(138,000)

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) Program (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

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

Contributions

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

Contributions to the Group Life Insurance Program from the County were \$76,404 and \$76,806 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (nonprofessional) were \$14,898 and \$14,609 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the Group Life Insurance Program from the Component Unit School Board (professional) were \$231,359 and \$229,700 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

Primary Government

At June 30, 2019, the entity reported a liability of \$1,181,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.0777% as compared to 0.0776% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$11,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

Component Unit School Board (nonprofessional)

At June 30, 2019, the entity reported a liability of \$224,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.0148% as compared to 0.0154% at June 30, 2017.

Component Unit School Board (professional)

At June 30, 2019, the entity reported a liability of \$3,529,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.2324% as compared to 0.2242% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$47,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (continued)***

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

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>		<u>Component Unit School Board (professional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,000	\$ 22,000	\$ 11,000	\$ 5,000	\$ 173,000	\$ 63,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	38,000	-	7,000	-	115,000
Change in assumptions	-	49,000	-	9,000	-	147,000
Changes in proportion	6,000	-	-	9,000	116,000	-
Employer contributions subsequent to the measurement date	76,404	-	14,898	-	231,359	-
Total	<u>\$ 140,404</u>	<u>\$ 109,000</u>	<u>\$ 25,898</u>	<u>\$ 30,000</u>	<u>\$ 520,359</u>	<u>\$ 325,000</u>

\$76,404, \$14,898, and \$231,359 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>	<u>Component Unit School Board (professional)</u>
2020	\$ (16,000)	\$ (5,000)	\$ (30,000)
2021	(16,000)	(5,000)	(30,000)
2022	(16,000)	(5,000)	(30,000)
2023	(5,000)	(4,000)	3,000
2024	6,000	-	33,000
Thereafter	2,000	-	18,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)****Actuarial Assumptions**

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

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

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

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, 2019**Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)****Actuarial Assumptions (continued)****Mortality Rates - Teachers (continued)**

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

Actuarial Assumptions (continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)****Actuarial Assumptions (continued)**

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

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

Net GLI OPEB Liability

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

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

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

Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)***Long-Term Expected Rate of Return***

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

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

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

Discount Rate

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

Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 11-Group Life Insurance (GLI) Program (OPEB Plan): (continued)*****Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the GLI Program Net OPEB Liability	\$ 1,543,000	\$ 1,181,000	\$ 887,000
Component Unit School Board's (nonprofessional) proportionate share of the GLI Program Net OPEB Liability	293,000	224,000	168,000
Component Unit School Board's (professional) proportionate share of the GLI Program Net OPEB Liability	4,612,000	3,529,000	2,650,000

GLI Program Fiduciary Net Position

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 12—Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Employees Covered by Benefit Terms***

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

	Primary Government	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	107	44
Inactive members:		
Vested inactive members	1	-
Active members	344	141
Total covered employees	452	185

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, 2019 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 Program were \$27,861 and \$28,652 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions from the School Board (nonprofessional) to the HIC Program were \$28,931 and \$26,330 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 12—Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Actuarial Assumptions***

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

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

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

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 12—Health Insurance Credit (HIC) Program (OPEB Plan): (continued)**Actuarial Assumptions: (continued)****Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability 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, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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

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

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

Long-Term Expected Rate of Return

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

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

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

Long-Term Expected Rate of Return (continued)

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

Discount Rate

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 12—Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****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, 2017	\$ 606,480	\$ 388,578	\$ 217,902
Changes for the year:			
Service cost	\$ 10,816	\$ -	\$ 10,816
Interest	40,909	-	40,909
Differences between expected and actual experience	9,815	-	9,815
Contributions - employer	-	28,042	(28,042)
Net investment income	-	27,141	(27,141)
Benefit payments	(44,133)	(44,133)	-
Administrative expenses	-	(624)	624
Other changes	-	(2,018)	2,018
Net changes	\$ 17,407	\$ 8,408	\$ 8,999
Balances at June 30, 2018	\$ 623,887	\$ 396,986	\$ 226,901

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 12—Health Insurance Credit (HIC) Program (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, 2017	\$ 389,235	\$ (9,753)	\$ 398,988
Changes for the year:			
Service cost	\$ 9,246	\$ -	\$ 9,246
Interest	13,464	-	13,464
Differences between expected and actual experience	(6,419)	-	(6,419)
Contributions - employer	-	26,449	(26,449)
Net investment income	-	1	(1)
Benefit payments	(22,067)	(22,067)	-
Net changes	\$ (5,776)	\$ 4,383	\$ (10,159)
Balances at June 30, 2018	\$ 383,459	\$ (5,370)	\$ 388,829

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 Program net HIC OPEB liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's			
Net HIC OPEB Liability	\$ 290,368	\$ 226,901	\$ 172,550
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability	\$ 431,141	\$ 388,829	\$ 352,785

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 12—Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB***

For the year ended June 30, 2019, the County and School Board (nonprofessional) recognized HIC Program OPEB expense of \$22,350 and \$14,685, respectively. At June 30, 2019, 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	\$ 4,000	\$ -	\$ -	\$ 5,036
Net difference between projected and actual earnings on HIC OPEB plan investments	-	10,000	-	948
Change in assumptions	-	-	-	18,607
Employer contributions subsequent to the measurement date	27,861	-	28,931	-
Total	<u>\$ 31,861</u>	<u>\$ 10,000</u>	<u>\$ 28,931</u>	<u>\$ 24,591</u>

\$27,861 and 28,931 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

	Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$	1,000	\$ (8,555)
2021		(3,000)	(8,555)
2022		(4,000)	(6,487)
2023		-	(994)
2024		-	-
Thereafter		-	-

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

HIC Program Plan Data

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

HIC Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$533,911 and \$541,549 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$6,914,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.5446% as compared to 0.5232% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$594,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 13- Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB (continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 35,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	5,000
Change in assumptions	-	60,000
Change in proportion	238,000	30,000
Employer contributions subsequent to the measurement date	<u>533,911</u>	<u>-</u>
Total	\$ <u>771,911</u>	\$ <u>130,000</u>

\$533,911 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 12,000
2021	12,000
2022	12,000
2023	15,000
2024	14,000
Thereafter	43,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 13- Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Actuarial Assumptions***

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

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 13- Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Actuarial Assumptions (continued)***

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 13- Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Long-Term Expected Rate of Return (continued)***

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

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

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

Discount Rate

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 13- Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (continued)*****Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 7,722,000	\$ 6,914,000	\$ 6,227,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

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.

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, 2019 was \$187,789.

COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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	\$ 104,000	\$ 410,000	\$ 1,741,000	\$ 113,000	\$ -	\$ -	\$ -	\$ -
School Board	-	-	-	-	830,000	627,000	7,276,000	498,000
VRS OPEB Plans:								
GLI Program (Note 11)								
County	140,404	109,000	1,181,000	11,000	-	-	-	-
School Board Nonprofessional	-	-	-	-	25,898	30,000	224,000	-
School Board Professional	-	-	-	-	520,359	325,000	3,529,000	47,000
HIC Program (Note 12)								
County	31,861	10,000	226,901	22,350	-	-	-	-
School Board Nonprofessional	-	-	-	-	28,931	24,591	388,829	14,685
Teacher HIC Program (Note 13)	-	-	-	-	771,911	130,000	6,914,000	594,000
Totals	\$ 276,265	\$ 529,000	\$ 3,148,901	\$ 146,350	\$ 2,177,099	\$ 1,136,591	\$ 18,331,829	\$ 1,153,685

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,510,544	\$ -	\$ -	\$ 5,510,544
Construction in progress	582,350	1,063,534	(146,406)	1,499,478
Total capital assets not being depreciated	\$ 6,092,894	\$ 1,063,534	\$ (146,406)	\$ 7,010,022
Capital assets, being depreciated:				
Buildings and improvements	\$ 106,070,052	\$ 162,033	\$ -	\$ 106,232,085
Machinery and equipment	31,697,385	510,476	(375,128)	31,832,733
Total capital assets being depreciated	\$ 137,767,437	\$ 672,509	\$ (375,128)	\$ 138,064,818
Accumulated depreciation:				
Buildings and improvements	\$ (27,919,032)	\$ (2,690,210)	\$ -	\$ (30,609,242)
Machinery and equipment	(19,591,747)	(2,197,951)	364,990	(21,424,708)
Total accumulated depreciation	\$ (47,510,779)	\$ (4,888,161)	\$ 364,990	\$ (52,033,950)
Total capital assets being depreciated, net	\$ 90,256,658	\$ (4,215,652)	\$ (10,138)	\$ 86,030,868
Governmental activities capital assets, net	\$ 96,349,552	\$ (3,152,118)	\$ (156,544)	\$ 93,040,890

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 16-Capital Assets:** (continued)

Primary Government: (continued)

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 95,000	\$ -	\$ -	\$ 95,000
Construction in progress	-	102,866	(102,866)	-
Total capital assets not being depreciated	\$ 95,000	\$ 102,866	\$ (102,866)	\$ 95,000
Capital assets, being depreciated:				
Infrastructure	\$ 8,333,984	\$ 102,866	\$ -	\$ 8,436,850
Machinery and equipment	3,571,025	598,871	(468,816)	3,701,080
Total capital assets being depreciated	\$ 11,905,009	\$ 701,737	\$ (468,816)	\$ 12,137,930
Accumulated depreciation:				
Infrastructure	\$ (5,555,710)	\$ (157,453)	\$ -	\$ (5,713,163)
Machinery and equipment	(2,674,582)	(224,865)	468,816	(2,430,631)
Total accumulated depreciation	\$ (8,230,292)	\$ (382,318)	\$ 468,816	\$ (8,143,794)
Total capital assets being depreciated, net	\$ 3,674,717	\$ 319,419	\$ -	\$ 3,994,136
Business-type activities capital assets, net	\$ 3,769,717	\$ 422,285	\$ (102,866)	\$ 4,089,136

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

Governmental Activities:

General government administration	\$ 92,362
Judicial administration	15,430
Public safety	1,806,319
Public works	451,572
Health and welfare	98,252
Education	2,245,208
Parks, recreation, and cultural	109,379
Community development	69,639

Total depreciation expense-governmental activities	<u>\$ 4,888,161</u>
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Business-type Activities:

Landfill fund	<u>\$ 382,318</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 16-Capital Assets: (continued)**

Capital asset activity for the School Board for the year ended June 30, 2019 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,709,971	\$ -	\$ -	\$ 2,709,971
Construction in progress	-	358,367	(74,860)	283,507
Total capital assets not being depreciated	\$ 2,709,971	\$ 358,367	\$ (74,860)	\$ 2,993,478
Capital assets, being depreciated:				
Buildings and improvements	\$ 67,601,337	\$ 92,260	\$ -	\$ 67,693,597
Machinery and equipment	18,064,929	303,153	(75,168)	18,292,914
Total capital assets being depreciated	\$ 85,666,266	\$ 395,413	\$ (75,168)	\$ 85,986,511
Accumulated depreciation:				
Buildings and improvements	\$ (34,746,512)	\$ (1,487,904)	\$ -	\$ (36,234,416)
Machinery and equipment	(15,074,350)	(607,947)	69,768	(15,612,529)
Total accumulated depreciation	\$ (49,820,862)	\$ (2,095,851)	\$ 69,768	\$ (51,846,945)
Total capital assets being depreciated, net	\$ 35,845,404	\$ (1,700,438)	\$ (5,400)	\$ 34,139,566
Governmental activities capital assets, net	\$ 38,555,375	\$ (1,342,071)	\$ (80,260)	\$ 37,133,044

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, 2019

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 & Deposit Company of Maryland-Surety:</u>	
Mark Scarce, Clerk of the Circuit Court	\$ 25,000
Vincent Shorter, Treasurer	750,000
Shirley Y. Hammock, 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, 2019**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. \$5,085,667 is the total estimated closure and postclosure care liability at June 30, 2019. 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 2019. The liability on the statement of net position of \$3,169,490 is based on the County's estimate that the landfill has reached 100% of Phase I and 37% of Phase II of capacity with a remaining useful life of 17 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 2019, a total of \$12,738,366 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 \$1,189,092 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 2019 and the two previous years were as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
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
2016-17	1,206,700	11,639,644	(11,724,444)	1,121,900

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COUNTY OF PITTSYLVANIA, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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 2019	\$	15,058,418
Prepaid taxes		3,510,116
Total deferred revenue for governmental activities	\$	18,568,534
Taxes receivable due prior to June 30, 2019, not collected within 60 days		6,561,767
Total unavailable revenue for governmental funds	\$	25,130,301

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 \$233,684 towards these agreements in fiscal year 2019.

The County has obligated funds for the projects described below as of June 30, 2019:

	Original Contract	Amount Paid As of 6/30/2019	Retainage Payable	Remaining Contract Amount
Courthouse and Jail Study	\$ 179,255	\$ 146,233	\$ -	\$ 33,022
Mega Park Phase I Sanitary Sewer	5,132,404	3,914,941	231,587	1,217,463
E911 Tower Project	2,145,953	827,486	-	1,318,467
Total Contracts	\$ 7,457,612	\$ 4,888,660	\$ 231,587	\$ 2,568,952

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, 2019:

Contractor	Service Provided	Project	Total Contract	Paid as of 6/30/2019	Contract Remaining
Dewberry	Engineering	SOVA Megasite at Berry Hill	\$ 990,850	\$ 987,879	\$ 2,971
Dewberry	Engineering	SOVA Berry Hill Park-Amend. #4-#8 (Lot 4)	1,707,563	1,569,513	138,050
Dewberry	Engineering	Cane Creek-Wetland Monitoring	71,881	38,757	33,124
Haymes Brothers, Inc.	Construction	Construction on Phase I Graded Pad-SOVA Megasi	4,250,475	4,243,151	7,324
Appalachian Power Company	Construction	Construction-SOVA Megasite at Berry Hill	1,655,000	180,000	1,475,000
DEQ	Permitting	Permitting at SOVA Megasite at Berry Hill	11,000	9,600	1,400
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	149,600	34,905	114,695
C.W. Cauley & Son	Construction	SOVA Megasite-Phase I Water	1,843,540	-	1,843,540
Totals			\$ 10,769,209	\$ 7,146,605	\$ 3,622,604
County's 50% obligation			\$ 5,384,605	\$ 3,573,303	\$ 1,811,302

Note 24-Commitments and Contingencies: (continued)

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, 2019 the commitment related to the Early Retirement Incentive Program was \$4,073,129.

Note 25—Litigation:

At June 30, 2019, 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—Adoption of Accounting Principles:

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

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

Note 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."

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**Note 27—Economic Incentive Tax Abatement Programs: (continued)**

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 \$108,600 and \$144,319, respectively, have been agreed to in aggregate and are applied over the next 3-5 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 2019, there were no new tax rebate incentives provided to companies.

Note 28—Restatement:

	Primary Government	
	General	
	Fund	
Fund Balance, July 1, 2018, as previously stated	\$	27,033,915
Move cash to Solid Waste Fund		(958,369)
Move accounts receivable to Solid Waste Fund		(29,231)
Move accrued payroll to Solid Waste Fund		19,171
Move accounts payable to Solid Waste Fund		33,234
Fund Balance, July 1, 2018, as restated	\$	26,098,720

	Primary Government	Primary Government
	Governmental	Business-type
	Activities	Activities
Net Position, July 1, 2018, as previously stated	\$ 43,249,492	\$ -
Implementation of business-type fund:		
Fund restatement (above)	(935,195)	935,195
Capital assets, net of accumulated depreciation	(3,769,717)	3,769,717
Interest payable	28,923	(28,923)
Long-term obligations	5,450,808	(5,450,808)
Deferred trash fee	(128,847)	-
Net Position, July 1, 2018, as restated	\$ 43,895,464	\$ (774,819)

Note 29—Subsequent Events:

On September 19, 2019, the School Board issued a capital lease for the purchase of 11 school buses totaling \$963,565. The capital lease carries an interest rate of 2.18% and matures on September 19, 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

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, 2018.

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

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

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

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

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 39,811,591	\$ 39,811,597	\$ 40,423,061	\$ 611,464
Other local taxes	7,576,777	7,576,777	7,728,921	152,144
Permits, privilege fees, and regulatory licenses	138,350	138,350	138,128	(222)
Fines and forfeitures	220,000	220,000	190,695	(29,305)
Revenue from the use of money and property	362,500	362,500	368,727	6,227
Charges for services	215,800	215,800	310,882	95,082
Miscellaneous	169,630	369,404	522,031	152,627
Recovered costs	750,200	1,144,957	1,281,594	136,637
Intergovernmental	24,020,629	23,847,159	20,961,404	(2,885,755)
Total revenues	\$ 73,265,477	\$ 73,686,544	\$ 71,925,443	\$ (1,761,101)
EXPENDITURES				
Current:				
General government administration	\$ 4,065,932	\$ 4,085,086	\$ 3,878,872	\$ 206,214
Judicial administration	2,039,053	2,106,703	1,963,583	143,120
Public safety	18,073,846	19,322,783	17,956,692	1,366,091
Public works	1,256,590	1,277,521	1,085,493	192,028
Health and welfare	13,726,345	13,348,433	11,218,198	2,130,235
Education	18,097,029	21,744,078	19,104,624	2,639,454
Parks, recreation, and cultural	1,938,563	2,099,258	1,975,372	123,886
Community development	2,142,175	2,125,619	1,851,148	274,471
Nondepartmental	471,919	204,913	11,121	193,792
Capital projects	1,307,144	2,376,339	1,010,825	1,365,514
Debt service:				
Principal retirement	7,154,905	7,155,126	8,128,744	(973,618)
Interest and other fiscal charges	2,636,756	2,636,838	2,995,640	(358,802)
Total expenditures	\$ 72,910,257	\$ 78,482,697	\$ 71,180,312	\$ 7,302,385
Excess (deficiency) of revenues over (under) expenditures	\$ 355,220	\$ (4,796,153)	\$ 745,131	\$ 5,541,284
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 30,000	\$ 184,662	\$ 389	\$ (184,273)
Transfers out	(1,653,594)	(2,035,826)	(1,764,131)	271,695
Issuance of capital leases	-	-	153,290	153,290
Total other financing sources (uses)	\$ (1,623,594)	\$ (1,851,164)	\$ (1,610,452)	\$ 240,712
Net change in fund balances	\$ (1,268,374)	\$ (6,647,317)	\$ (865,321)	\$ 5,781,996
Fund balances - beginning, as restated	1,268,374	6,647,317	26,098,720	19,451,403
Fund balances - ending	\$ -	\$ -	\$ 25,233,399	\$ 25,233,399

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, 2019

	<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>
REVENUES				
Miscellaneous	\$ -	\$ 14,697	\$ 22,615	\$ 7,918
Recovered costs	-	35,497	35,497	-
Intergovernmental	5,623,940	7,201,682	3,609,772	(3,591,910)
Total revenues	<u>\$ 5,623,940</u>	<u>\$ 7,251,876</u>	<u>\$ 3,667,884</u>	<u>\$ (3,583,992)</u>
EXPENDITURES				
Current:				
Community development	<u>\$ 7,792,727</u>	<u>\$ 10,748,803</u>	<u>\$ 6,261,236</u>	<u>\$ 4,487,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,168,787)</u>	<u>\$ (3,496,927)</u>	<u>\$ (2,593,352)</u>	<u>\$ 903,575</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 1,623,594</u>	<u>\$ 1,623,594</u>	<u>\$ 1,623,594</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (545,193)</u>	<u>\$ (1,873,333)</u>	<u>\$ (969,758)</u>	<u>\$ 903,575</u>
Fund balances - beginning	545,193	1,873,333	1,622,870	(250,463)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 653,112</u>	<u>\$ 653,112</u>

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, 2019

	<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>
REVENUES				
Revenue from the use of money and property	\$ 250,000	\$ 250,000	\$ 437,847	\$ 187,847
Miscellaneous	1,000	2,625	3,979	1,354
Intergovernmental	3,755,884	5,113,865	2,428,083	(2,685,782)
Total revenues	<u>\$ 4,006,884</u>	<u>\$ 5,366,490</u>	<u>\$ 2,869,909</u>	<u>\$ (2,496,581)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 4,006,884	\$ 5,372,479	\$ 2,564,673	\$ 2,807,806
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (5,989)	\$ 305,236	\$ 311,225
Net change in fund balances	\$ -	\$ (5,989)	\$ 305,236	\$ 311,225
Fund balances - beginning	-	5,989	236,403	230,414
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 541,639</u>	<u>\$ 541,639</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, 2018 and 2017

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

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

County and School Board

Valuation Date: 7/1/2018

Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	3.62% as of July 1, 2018
Inflation	2.50% per year as of July 1, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.00% for 2019 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, 2018
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-2018.

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
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 Program
For the Years Ended June 30, 2010 through June 30, 2019

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)			
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%
2010	24,960	24,960	-	9,244,521	0.27%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
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 Program
For the Years Ended June 30, 2010 through June 30, 2019

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)	
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%
2010	80,691	80,691	-	29,885,790	0.27%

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
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 Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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%
2010	6,213	6,213	-	2,301,072	0.27%

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

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

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

Teachers

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Pittsylvania, Virginia
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Program
For the Measurement Dates of June 30, 2018 and 2017

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 10,816	\$ 12,454
Interest	40,909	40,771
Changes of benefit terms	-	-
Differences between expected and actual experience	9,815	-
Changes in assumptions	-	(16,465)
Benefit payments	(44,133)	(25,441)
Net change in total HIC OPEB liability	\$ 17,407	\$ 11,319
Total HIC OPEB Liability - beginning	606,480	595,161
Total HIC OPEB Liability - ending (a)	\$ 623,887	\$ 606,480
 Plan fiduciary net position		
Contributions - employer	\$ 28,042	\$ 27,160
Net investment income	27,141	40,026
Benefit payments	(44,133)	(25,441)
Administrative expense	(624)	(650)
Other	(2,018)	2,018
Net change in plan fiduciary net position	\$ 8,408	\$ 43,113
Plan fiduciary net position - beginning	388,578	345,465
Plan fiduciary net position - ending (b)	\$ 396,986	\$ 388,578
 County of Pittsylvania's net HIC OPEB liability - ending (a) - (b)	\$ 226,901	\$ 217,902
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	63.63%	64.07%
 Covered payroll	\$ 14,759,147	\$ 14,294,169
 County of Pittsylvania's net HIC OPEB liability as a percentage of covered payroll	1.54%	1.52%

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) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
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%
2010	-	-	-	12,308,072	0.00%

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

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 9,246	\$ 10,897
Interest	13,464	12,310
Differences between expected and actual experience	(6,419)	-
Changes in assumptions	-	(32,389)
Benefit payments	(22,067)	(21,078)
Net change in total HIC OPEB liability	\$ (5,776)	\$ (30,260)
Total HIC OPEB Liability - beginning	389,235	419,495
Total HIC OPEB Liability - ending (a)	<u>\$ 383,459</u>	<u>\$ 389,235</u>
 Plan fiduciary net position		
Contributions - employer	\$ 26,449	\$ 26,507
Net investment income	1	-
Benefit payments	(22,067)	(21,078)
Net change in plan fiduciary net position	\$ 4,383	\$ 5,429
Plan fiduciary net position - beginning	(9,753)	(15,182)
Plan fiduciary net position - ending (b)	<u>\$ (5,370)</u>	<u>\$ (9,753)</u>
 Pittsylvania School Board's net HIC OPEB liability - ending (a) - (b)	\$ 388,829	\$ 398,988
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	-1.40%	-2.51%
 Covered payroll	\$ 2,803,851	\$ 2,819,928
 Pittsylvania School Board's net HIC OPEB liability as a percentage of covered payroll	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) Program
 For the Years Ended June 30, 2015 through June 30, 2019

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
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) Program
For the Year Ended June 30, 2019

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
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) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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%
2010	309,737	309,737	-	41,857,232	0.74%

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

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

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

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

County of 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, 2018

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

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, 2018

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

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, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.5473%	0.5246%	0.5265%	0.5340%	0.5224%
Employer's Proportionate Share of the Net Pension Liability	\$ 64,357,000	\$ 64,515,000	\$ 73,790,000	\$ 67,217,000	\$ 63,129,000
Employer's Covered Payroll	\$ 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	146.17%	156.31%	185.36%	170.54%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

County of Pittsylvania, Virginia
Schedule of Employer Contributions
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess)* (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 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%
2010	1,095,418	1,095,418	-	12,308,072	8.90%
Component Unit School Board (nonprofessional)					
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%
2010	210,680	210,680	-	3,135,115	6.72%
Component Unit School Board (professional)					
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%
2010	4,716,692	4,716,692	-	41,857,232	11.27%

County of Pittsylvania, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Other Supplementary Information

County of Pittsylvania, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	School Capital Improvements <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 520,243	\$ 204,092	\$ 9,355	\$ 733,690
Total assets	<u>\$ 520,243</u>	<u>\$ 204,092</u>	<u>\$ 9,355</u>	<u>\$ 733,690</u>
LIABILITIES				
Accounts payable	\$ 9,848	\$ -	\$ -	\$ 9,848
Total liabilities	<u>\$ 9,848</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,848</u>
FUND BALANCES				
Restricted:				
Construction	\$ -	\$ -	\$ 9,355	\$ 9,355
Forfeited Assets Fund	510,395	-	-	510,395
Assigned:				
Debt service	-	204,092	-	204,092
Total fund balances	<u>\$ 510,395</u>	<u>\$ 204,092</u>	<u>\$ 9,355</u>	<u>\$ 723,842</u>
Total liabilities and fund balances	<u>\$ 520,243</u>	<u>\$ 204,092</u>	<u>\$ 9,355</u>	<u>\$ 733,690</u>

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

	Forfeited Assets <u>Fund</u>	Debt Service Reserve <u>Fund</u>	School Capital Improvements <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 450	\$ -	\$ -	\$ 450
Intergovernmental	180,111	-	-	180,111
Total revenues	<u>\$ 180,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,561</u>
EXPENDITURES				
Current:				
Public safety	\$ 233,211	\$ -	\$ -	\$ 233,211
Total expenditures	<u>\$ 233,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (52,650)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,650)</u>
Net change in fund balances	\$ (52,650)	\$ -	\$ -	\$ (52,650)
Fund balances - beginning	563,045	204,092	9,355	776,492
Fund balances - ending	<u><u>\$ 510,395</u></u>	<u><u>\$ 204,092</u></u>	<u><u>\$ 9,355</u></u>	<u><u>\$ 723,842</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, 2019

	Forfeited Assets Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 300	\$ 300	\$ 450	\$ 150
Intergovernmental	62,000	62,000	180,111	118,111
Total revenues	\$ 62,300	\$ 62,300	\$ 180,561	\$ 118,261
EXPENDITURES				
Current:				
Public safety	\$ 145,000	\$ 305,000	\$ 233,211	\$ 71,789
Excess (deficiency) of revenues over (under) expenditures	\$ (82,700)	\$ (242,700)	\$ (52,650)	\$ 190,050
Net change in fund balances	\$ (82,700)	\$ (242,700)	\$ (52,650)	\$ 190,050
Fund balances - beginning	82,700	242,700	563,045	320,345
Fund balances - ending	\$ -	\$ -	\$ 510,395	\$ 510,395

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, 2019

	<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>
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
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, 2019

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

INTERNAL SERVICE FUNDS

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, 2019

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 4,707,990	\$ 4,707,990
Accounts receivables, net of allowances for uncollectibles	36,170	1,255,078	1,291,248
Inventories	6,734	-	6,734
Total assets	<u>\$ 42,904</u>	<u>\$ 5,963,068</u>	<u>\$ 6,005,972</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,555	\$ -	\$ 2,555
Estimate of incurred but unreported health claims	-	1,189,092	1,189,092
Due to other funds	37,086	-	37,086
Total liabilities	<u>\$ 39,641</u>	<u>\$ 1,189,092</u>	<u>\$ 1,228,733</u>
NET POSITION			
Restricted for health insurance claims	\$ -	\$ 4,773,976	\$ 4,773,976
Unrestricted	3,263	-	3,263
Total net position	<u>\$ 3,263</u>	<u>\$ 4,773,976</u>	<u>\$ 4,777,239</u>

County of Pittsylvania, Virginia
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Materials and supplies	\$ 461,454	\$ -	\$ 461,454
Insurance premiums	-	13,764,336	13,764,336
Total operating revenues	<u>\$ 461,454</u>	<u>\$ 13,764,336</u>	<u>\$ 14,225,790</u>
OPERATING EXPENSES			
Supplies, insurance and telephone	\$ 432,744	\$ -	\$ 432,744
Insurance claims and expenses	-	12,738,366	12,738,366
Total operating expenses	<u>\$ 432,744</u>	<u>\$ 12,738,366</u>	<u>\$ 13,171,110</u>
 Operating income (loss)	 <u>\$ 28,710</u>	 <u>\$ 1,025,970</u>	 <u>\$ 1,054,680</u>
 Total net position - beginning	 (25,447)	 3,748,006	 3,722,559
Total net position - ending	<u>\$ 3,263</u>	<u>\$ 4,773,976</u>	<u>\$ 4,777,239</u>

County of Pittsylvania, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Central Stores <u>Fund</u>	Self- Insurance <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for materials and supplies	\$ 440,031	\$ -	\$ 440,031
Receipts for insurance premiums	-	13,659,816	13,659,816
Payments to suppliers	(455,074)	-	(455,074)
Payments for premiums	-	(12,817,774)	(12,817,774)
Net cash provided by (used for) operating activities	<u>\$ (15,043)</u>	<u>\$ 842,042</u>	<u>\$ 826,999</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	<u>\$ 15,043</u>	<u>\$ -</u>	<u>\$ 15,043</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 842,042	\$ 842,042
Cash and cash equivalents - beginning	-	3,865,948	3,865,948
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 4,707,990</u>	<u>\$ 4,707,990</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 28,710	\$ 1,025,970	\$ 1,054,680
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
(Increase) decrease in accounts receivable	(21,423)	(104,520)	(125,943)
(Increase) decrease in inventories	(844)	-	(844)
Increase (decrease) in accounts payable	(21,486)	(79,408)	(100,894)
Total adjustments	<u>\$ (43,753)</u>	<u>\$ (183,928)</u>	<u>\$ (227,681)</u>
Net cash provided by (used for) operating activities	<u>\$ (15,043)</u>	<u>\$ 842,042</u>	<u>\$ 826,999</u>

FIDUCIARY FUNDS

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, 2019

	Agency Funds				Total
	Special Welfare	Cash Bond Fund	Land Sales Fund	Sheriff's Inmate Trust and Canteen Account Fund	
ASSETS					
Cash and cash equivalents	\$ 29,475	\$ 267,600	\$ -	\$ -	\$ 297,075
Cash in custody of others	-	-	2,634	15,337	17,971
Total assets	<u>\$ 29,475</u>	<u>\$ 267,600</u>	<u>\$ 2,634</u>	<u>\$ 15,337</u>	<u>\$ 315,046</u>
LIABILITIES					
Amounts held for social services clients	\$ 29,475	\$ -	\$ -	\$ -	\$ 29,475
Amounts held for developers	-	267,600	-	-	267,600
Amounts held for land sales	-	-	2,634	-	2,634
Amounts held for inmates	-	-	-	15,337	15,337
Total liabilities	<u>\$ 29,475</u>	<u>\$ 267,600</u>	<u>\$ 2,634</u>	<u>\$ 15,337</u>	<u>\$ 315,046</u>

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

	Agency Funds			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	\$ 14,952	\$ 55,385	\$ 40,862	\$ 29,475
Cash Bond Fund	332,565	4,035	69,000	267,600
Land Sales Fund	64,434	42,829	104,629	2,634
Cash in Custody of Others:				
Sheriff Inmate Trust Fund	4,453	157,393	153,494	8,352
Sheriff Canteen Fund	7,799	58,810	59,624	6,985
Total assets	<u>\$ 424,203</u>	<u>\$ 318,452</u>	<u>\$ 427,609</u>	<u>\$ 315,046</u>
LIABILITIES				
Amounts held for social services clients	\$ 14,952	\$ 55,385	\$ 40,862	\$ 29,475
Amounts held for developers	332,565	4,035	69,000	267,600
Amounts held for land sales	64,434	42,829	104,629	2,634
Amounts held for inmates	12,252	216,203	213,118	15,337
Total liabilities	<u>\$ 424,203</u>	<u>\$ 318,452</u>	<u>\$ 427,609</u>	<u>\$ 315,046</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, 2019

	School Operating Fund
ASSETS	
Cash and cash equivalents	\$ 1,570,741
Receivables (net of allowance for uncollectibles):	
Accounts receivable	427,434
Due from primary government	1,431,926
Due from other governmental units	2,035,208
Total assets	<u>\$ 5,465,309</u>
LIABILITIES	
Accounts payable	\$ 1,105,036
Salaries payable	2,624,646
Unearned revenue	173,912
Total liabilities	<u>\$ 3,903,594</u>
FUND BALANCES	
Restricted:	
School cafeteria	\$ 1,561,715
Total fund balances	<u>\$ 1,561,715</u>
Total liabilities and fund balances	<u>\$ 5,465,309</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Total fund balances per above	\$ 1,561,715
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	283,507
Buildings and improvements	31,459,181
Machinery and equipment	<u>2,680,385</u>
	37,133,044
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	878,013
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 10,895,416
OPEB related items	<u>2,177,099</u>
	13,072,515
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (65,056,964)
Net OPEB liabilities	(18,331,829)
Compensated absences	<u>(1,683,656)</u>
	(85,072,449)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (7,646,478)
OPEB related items	<u>(1,136,591)</u>
	(8,783,069)
Net position of governmental activities	<u>\$ (41,210,231)</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, 2019

	School Operating Fund
REVENUES	
Revenue from the use of money and property	\$ 29,897
Charges for services	1,607,152
Miscellaneous	623,344
Recovered costs	733,758
Intergovernmental	89,669,736
Total revenues	<u>\$ 92,663,887</u>
EXPENDITURES	
Current:	
Education	<u>\$ 92,421,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 242,041</u>
Net change in fund balances	242,041
Fund balances - beginning	1,319,674
Fund balances - ending	<u><u>\$ 1,561,715</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	\$ 242,041
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	\$ 678,920
Depreciation expense	<u>(2,095,851)</u> (1,416,931)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net assets.	(5,400)
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	\$ 319
Change in net pension liabilities and related deferred items	2,431,089
Change in net OPEB liabilities and related deferred items	<u>593,491</u> 3,024,899
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	34,570
Change in net position of governmental activities	<u><u>\$ 1,879,179</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, 2019

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 32,950	\$ 32,950	\$ 29,897	\$ (3,053)
Charges for services	1,823,155	1,938,155	1,607,152	(331,003)
Miscellaneous	406,500	488,795	623,344	134,549
Recovered costs	532,950	532,950	733,758	200,808
Intergovernmental	91,868,482	96,270,953	89,669,736	(6,601,217)
Total revenues	\$ 94,664,037	\$ 99,263,803	\$ 92,663,887	\$ (6,599,916)
EXPENDITURES				
Current:				
Education	\$ 94,664,037	\$ 99,263,803	\$ 92,421,846	\$ 6,841,957
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 242,041	\$ 242,041
Net change in fund balances	-	-	242,041	242,041
Fund balances - beginning	-	-	1,319,674	1,319,674
Fund balances - ending	\$ -	\$ -	\$ 1,561,715	\$ 1,561,715

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

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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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 25,860,488	\$ 25,860,494	\$ 25,901,314	\$ 40,820
Real and Personal PSC Tax	2,702,336	2,702,336	3,002,022	299,686
Personal Property Tax	7,933,740	7,933,740	8,112,473	178,733
Mobile Home Tax	241,316	241,316	245,715	4,399
Machinery and Tools Tax	1,992,428	1,992,428	1,933,516	(58,912)
Merchants Capital	382,283	382,283	400,533	18,250
Penalties	374,000	374,000	445,305	71,305
Interest	325,000	325,000	382,183	57,183
Total general property taxes	<u>\$ 39,811,591</u>	<u>\$ 39,811,597</u>	<u>\$ 40,423,061</u>	<u>\$ 611,464</u>
Other local taxes:				
Local Sales and Use Tax	\$ 2,563,830	\$ 2,563,830	\$ 2,633,244	\$ 69,414
Consumers' Utility Tax	1,300,000	1,300,000	1,299,471	(529)
Consumption Taxes	200,000	200,000	204,994	4,994
Franchise License Tax	-	-	33,710	33,710
Business License Tax	500	500	700	200
Meals Tax	750,000	750,000	773,714	23,714
Motor Vehicle Licenses	2,393,447	2,393,447	2,347,943	(45,504)
Bank Stock Tax	70,000	70,000	85,746	15,746
Taxes on Recordation and Wills	299,000	299,000	349,399	50,399
Total other local taxes	<u>\$ 7,576,777</u>	<u>\$ 7,576,777</u>	<u>\$ 7,728,921</u>	<u>\$ 152,144</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 70,000	\$ 70,000	\$ 76,359	\$ 6,359
Cellular tower fees	18,250	18,250	21,900	3,650
Animal licenses	30,000	30,000	26,152	(3,848)
Permits and other licenses	20,100	20,100	13,717	(6,383)
Total permits, privilege fees, and regulatory licenses	<u>\$ 138,350</u>	<u>\$ 138,350</u>	<u>\$ 138,128</u>	<u>\$ (222)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 220,000</u>	<u>\$ 220,000</u>	<u>\$ 190,695</u>	<u>\$ (29,305)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 205,000	\$ 205,000	\$ 208,779	\$ 3,779
Revenue from use of property	157,500	157,500	159,948	2,448
Total revenue from use of money and property	<u>\$ 362,500</u>	<u>\$ 362,500</u>	<u>\$ 368,727</u>	<u>\$ 6,227</u>

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

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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>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for courthouse security	\$ 65,000	\$ 65,000	\$ 57,780	\$ (7,220)
Charges for parks and recreation	45,000	45,000	45,192	192
Charges for jail inmates	26,200	26,200	62,830	36,630
Charges for administration	42,000	42,000	42,000	-
Charges for library	8,000	8,000	25,473	17,473
Charges for sanitation and waste removal	-	-	83	83
Charges for courthouse maintenance	-	-	15,798	15,798
Charges for law library	8,000	8,000	11,402	3,402
Charges for fire prevention	4,000	4,000	1,250	(2,750)
Charges for commonwealth's attorney	4,500	4,500	4,089	(411)
Charges for law enforcement	4,500	4,500	5,013	513
Charges for animal control	-	-	31,246	31,246
Other charges for services	8,600	8,600	8,726	126
Total charges for services	\$ 215,800	\$ 215,800	\$ 310,882	\$ 95,082
Miscellaneous:				
Tax sales	\$ -	\$ -	\$ 121,244	\$ 121,244
Miscellaneous other	113,730	193,471	217,627	24,156
Gifts and donations	12,900	132,933	137,692	4,759
City of Danville, Virginia revenue sharing	43,000	43,000	45,468	2,468
Total miscellaneous	\$ 169,630	\$ 369,404	\$ 522,031	\$ 152,627
Recovered costs:				
Jail reimbursements	\$ 248,365	\$ 248,365	\$ 274,594	\$ 26,229
Sheriffs extra duty	130,000	130,000	202,212	72,212
Soil and water conservation district	120,339	120,339	101,596	(18,743)
School resource officer	109,000	109,000	110,375	1,375
City of Danville, Virginia	35,000	35,000	27,092	(7,908)
Health department	30,000	30,000	118,748	88,748
Social Services	48,000	48,000	60,997	12,997
Other recovered costs	29,496	424,253	385,980	(38,273)
Total recovered costs	\$ 750,200	\$ 1,144,957	\$ 1,281,594	\$ 136,637
Total revenue from local sources	\$ 49,244,848	\$ 49,839,385	\$ 50,964,039	\$ 1,124,654
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicles carriers' tax	\$ 89,500	\$ 89,500	\$ 88,056	\$ (1,444)
Mobile home titling tax	70,000	70,000	91,895	21,895
Motor vehicle rental tax	3,500	3,500	3,065	(435)
State recordation tax	78,997	78,997	84,419	5,422
State communications tax	2,100,000	2,100,000	1,926,051	(173,949)
Personal property tax relief act funds	4,139,277	4,139,277	4,139,277	-
Total noncategorical aid	\$ 6,481,274	\$ 6,481,274	\$ 6,332,763	\$ (148,511)

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

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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>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	\$ 586,520	\$ 586,520	\$ 567,129	\$ (19,391)
Sheriff	4,297,097	4,297,097	4,244,495	(52,602)
Commissioner of Revenue	160,305	160,305	162,946	2,641
Treasurer	175,083	175,083	176,412	1,329
Registrar/electoral board	47,000	47,000	47,586	586
Clerk of the Circuit Court	428,133	428,133	436,060	7,927
Circuit Court	65,500	65,500	72,046	6,546
Total Shared Expenses	\$ 5,759,638	\$ 5,759,638	\$ 5,706,674	\$ (52,964)
Other categorical aid:				
Victim witness grant	\$ 27,461	\$ 27,461	\$ 26,418	\$ (1,043)
VJCCA grant	41,765	41,765	41,765	-
Records preservation grant	9,500	11,129	11,129	-
E-911 grants	627,435	443,337	244,488	(198,849)
EMS grants	65,000	64,777	66,884	2,107
Fire program funds	206,300	212,822	210,022	(2,800)
Library grants	158,296	159,945	159,945	-
Litter control grants	24,240	24,240	12,701	(11,539)
Public assistance	2,012,872	2,012,872	1,364,422	(648,450)
Children's Services Act	5,365,470	5,365,470	3,868,719	(1,496,751)
School resource officer	151,140	151,140	-	(151,140)
Total other categorical aid	\$ 8,689,479	\$ 8,514,958	\$ 6,006,493	\$ (2,508,465)
Total categorical aid	\$ 14,449,117	\$ 14,274,596	\$ 11,713,167	\$ (2,561,429)
Total revenue from the Commonwealth	\$ 20,930,391	\$ 20,755,870	\$ 18,045,930	\$ (2,709,940)
Revenue from the federal government:				
Noncategorical aid:				
QCEB interest rebate	\$ -	\$ -	\$ 87,339	\$ 87,339
Categorical aid:				
Transportation enhancement grant	\$ 111,512	\$ 111,512	\$ 39,458	\$ (72,054)
Emergency management preparedness	22,803	32,803	24,160	(8,643)
Law enforcement block grants	226,617	217,668	35,494	(182,174)
Crime victim assistance	82,383	82,383	79,254	(3,129)
Bureau of justice assistance	44,800	44,800	-	(44,800)
Public assistance	2,602,123	2,602,123	2,649,769	47,646
Total categorical aid	\$ 3,090,238	\$ 3,091,289	\$ 2,828,135	\$ (263,154)
Total revenue from the federal government	\$ 3,090,238	\$ 3,091,289	\$ 2,915,474	\$ (175,815)
Total General Fund	\$ 73,265,477	\$ 73,686,544	\$ 71,925,443	\$ (1,761,101)

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

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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>
Special Revenue Funds:				
Industrial Development Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Donations	\$ -	\$ 14,697	\$ 22,615	\$ 7,918
Recovered costs:				
Industrial Development Authority	\$ -	\$ 35,497	\$ 35,497	\$ -
Total revenue from local sources	\$ -	\$ 50,194	\$ 58,112	\$ 7,918
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco indemnification funds	\$ 5,623,940	\$ 6,946,682	\$ 3,354,772	\$ (3,591,910)
Governor's opportunity funds	-	255,000	255,000	-
Total revenue from the Commonwealth	\$ 5,623,940	\$ 7,201,682	\$ 3,609,772	\$ (3,591,910)
Total Industrial Development Fund	\$ 5,623,940	\$ 7,251,876	\$ 3,667,884	\$ (3,583,992)
Special Revenue Funds:				
Workforce Investment Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 250,000	\$ 250,000	\$ 437,847	\$ 187,847
Total revenue from use of money and property	\$ 250,000	\$ 250,000	\$ 437,847	\$ 187,847
Miscellaneous:				
Other miscellaneous	\$ 1,000	\$ 2,625	\$ 3,979	\$ 1,354
Total revenue from local sources	\$ 251,000	\$ 252,625	\$ 441,826	\$ 189,201
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
WIA adult programs, youth activities, and dislocated workers	\$ 3,755,884	\$ 5,113,865	\$ 2,428,083	\$ (2,685,782)
Total Workforce Investment Act Fund	\$ 4,006,884	\$ 5,366,490	\$ 2,869,909	\$ (2,496,581)
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 300	\$ 300	\$ 450	\$ 150
Total revenue from local sources	\$ 300	\$ 300	\$ 450	\$ 150

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

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>
Nonmajor Special Revenue Funds: (Continued)				
Forfeited Assets Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Asset forfeiture funds	\$ 22,000	\$ 22,000	\$ 286	\$ (21,714)
Revenue from the federal government:				
Categorical aid:				
Asset forfeiture funds	\$ 40,000	\$ 40,000	\$ 179,825	\$ 139,825
Total Forfeited Assets Fund	\$ 62,300	\$ 62,300	\$ 180,561	\$ 118,261
Total Primary Government	\$ 82,958,601	\$ 86,367,210	\$ 78,643,797	\$ (7,723,413)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 2,000	\$ 2,000	\$ 10,637	\$ 8,637
Revenue from the use of property	30,950	30,950	19,260	(11,690)
Total revenue from use of money and property	\$ 32,950	\$ 32,950	\$ 29,897	\$ (3,053)
Charges for services:				
School food	\$ 1,716,525	\$ 1,831,525	\$ 1,455,636	\$ (375,889)
Tuition and payments from other divisions	106,630	106,630	151,516	44,886
Total charges for services	\$ 1,823,155	\$ 1,938,155	\$ 1,607,152	\$ (331,003)
Miscellaneous:				
Other miscellaneous	\$ 406,500	\$ 488,795	\$ 623,344	\$ 134,549
Recovered costs:				
Other recovered costs	\$ 532,950	\$ 532,950	\$ 733,758	\$ 200,808
Total revenue from local sources	\$ 2,795,555	\$ 2,992,850	\$ 2,994,151	\$ 1,301
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Pittsylvania, Virginia	\$ 18,086,709	\$ 21,733,758	\$ 19,094,304	\$ (2,639,454)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 10,483,893	\$ 10,483,893	\$ 10,128,995	\$ (354,898)
Basic Aid	29,700,116	29,700,116	29,739,123	39,007
Remedial summer education	220,587	220,587	213,996	(6,591)
Regular foster care	45,132	45,132	13,882	(31,250)
Gifted and talented	320,201	320,201	321,161	960
Remedial education	1,178,341	1,178,341	1,181,873	3,532
Special education	3,842,417	3,842,417	3,853,934	11,517
Textbook payment	644,822	644,822	646,754	1,932

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

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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>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Enrollment loss	\$ 280,943	\$ 280,943	\$ -	\$ (280,943)
Alternative education	209,014	209,014	219,014	10,000
Algebra readiness	161,417	161,417	163,794	2,377
Mentor teacher program	4,757	4,757	4,540	(217)
Social security fringe benefits	1,889,188	1,889,188	1,894,851	5,663
Group life	128,081	128,081	128,464	383
Retirement fringe benefits	4,169,023	4,169,023	4,181,518	12,495
Governor's school	17,630	17,630	17,630	-
Early reading intervention	219,762	219,762	186,924	(32,838)
Homebound education	117,652	117,652	107,861	(9,791)
Vocation education	1,172,557	1,172,557	1,136,175	(36,382)
JROTC	225,493	277,999	268,550	(9,449)
Special education - foster children	-	-	15,495	15,495
At risk payments	1,271,093	1,302,991	1,448,848	145,857
Primary class size	1,445,549	1,445,549	1,413,303	(32,246)
Technology	544,000	544,000	545,653	1,653
At risk four-year olds	999,137	999,137	999,137	-
School Food	245,018	245,018	129,684	(115,334)
English as a second language	178,958	178,958	173,874	(5,084)
Other state funds	25,612	71,663	138,479	66,816
GED prep program	23,576	23,576	25,065	1,489
Lottery payments	1,758,971	1,876,103	2,339,017	462,914
Total categorical aid	\$ 61,522,940	\$ 61,770,527	\$ 61,637,594	\$ (132,933)
Total revenue from the Commonwealth	\$ 61,522,940	\$ 61,770,527	\$ 61,637,594	\$ (132,933)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 2,647,031	\$ 2,647,031	\$ 2,303,856	\$ (343,175)
Special education	1,911,491	1,911,491	1,876,366	(35,125)
Special education, preschool	23,137	23,137	27,386	4,249
Vocational education	184,351	158,868	158,937	69
School food program	6,578,296	7,111,614	3,926,059	(3,185,555)
Adult education	131,074	131,074	84,356	(46,718)
Improving teacher quality	378,609	378,609	275,865	(102,744)
Rural and low income	174,648	174,648	163,261	(11,387)
Language acquisition	14,673	14,673	23,279	8,606
Other federal funds	215,523	215,523	98,473	(117,050)
Total categorical aid	\$ 12,258,833	\$ 12,766,668	\$ 8,937,838	\$ (3,828,830)
Total revenue from the federal government	\$ 12,258,833	\$ 12,766,668	\$ 8,937,838	\$ (3,828,830)
Total Discretely Presented Component Unit - School Board	\$ 94,664,037	\$ 99,263,803	\$ 92,663,887	\$ (6,599,916)

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

Schedule 2
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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>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 228,986	\$ 231,094	\$ 210,987	\$ 20,107
General and financial administration:				
County administrator	\$ 604,102	\$ 557,119	\$ 542,623	\$ 14,496
Legal services	213,459	264,500	262,352	2,148
Independent auditor	88,500	92,500	85,330	7,170
Human resources	107,550	112,635	102,392	10,243
Commissioner of revenue	689,486	696,709	652,526	44,183
Reassessment	256,500	71,556	10,540	61,016
Treasurer	746,198	751,740	669,124	82,616
Central accounting	467,838	475,935	473,524	2,411
Information technology	407,286	571,496	621,255	(49,759)
Total general and financial administration	\$ 3,580,919	\$ 3,594,190	\$ 3,419,666	\$ 174,524
Board of elections:				
Electoral board	\$ 256,027	\$ 259,802	\$ 248,219	\$ 11,583
Total general government administration	\$ 4,065,932	\$ 4,085,086	\$ 3,878,872	\$ 206,214
Judicial administration:				
Courts:				
Circuit court	\$ 146,940	\$ 154,816	\$ 143,413	\$ 11,403
General district court	11,706	12,815	12,596	219
Special magistrates	4,500	4,500	3,978	522
Juvenile and domestic relations court	17,350	17,350	12,199	5,151
Clerk of the circuit court	701,799	753,523	730,071	23,452
Sheriff - courts	224,493	224,493	183,925	40,568
Law Library	23,000	23,000	10,559	12,441
Victim and witness assistance	109,844	109,844	105,671	4,173
Commissioner of accounts	1,850	1,850	1,738	112
Total courts	\$ 1,241,482	\$ 1,302,191	\$ 1,204,150	\$ 98,041
Commonwealth's attorney:				
Commonwealth's attorney	\$ 797,571	\$ 804,512	\$ 759,433	\$ 45,079
Total judicial administration	\$ 2,039,053	\$ 2,106,703	\$ 1,963,583	\$ 143,120
Public safety:				
Law enforcement and traffic control:				
Sheriff - law enforcement	\$ 6,664,417	\$ 7,058,492	\$ 7,174,330	\$ (115,838)
Sheriff - grants	432,787	523,198	68,498	454,700
Sheriff - E911 system	596,720	434,890	184,832	250,058
Total law enforcement and traffic control	\$ 7,693,924	\$ 8,016,580	\$ 7,427,660	\$ 588,920
Fire and rescue services:				
Fire marshall	\$ -	\$ 2,000	\$ -	\$ 2,000
Volunteer fire and rescue agencies	3,278,720	3,836,519	3,636,004	200,515
Total fire and rescue services	\$ 3,278,720	\$ 3,838,519	\$ 3,636,004	\$ 202,515

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

Schedule 2
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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>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Sheriff - correction and detention	\$ 4,881,953	\$ 4,948,319	\$ 4,506,205	\$ 442,114
Court services unit	426,808	428,277	435,911	(7,634)
Other correction and detention	27,600	27,600	25,150	2,450
Total correction and detention	<u>\$ 5,336,361</u>	<u>\$ 5,404,196</u>	<u>\$ 4,967,266</u>	<u>\$ 436,930</u>
Other protection:				
Animal control	\$ 560,274	\$ 490,891	\$ 462,925	\$ 27,966
Pet Center	-	449,388	384,487	64,901
Medical examiner	2,500	2,500	2,020	480
E911 System	1,159,164	1,077,806	1,054,865	22,941
Emergency management	22,803	22,803	21,465	1,338
Emergency Services	20,100	20,100	-	20,100
Total other protection	<u>\$ 1,764,841</u>	<u>\$ 2,063,488</u>	<u>\$ 1,925,762</u>	<u>\$ 137,726</u>
Total public safety	<u>\$ 18,073,846</u>	<u>\$ 19,322,783</u>	<u>\$ 17,956,692</u>	<u>\$ 1,366,091</u>
Public works:				
Maintenance of general buildings and grounds:				
Maintenance of general buildings and grounds	\$ 1,047,090	\$ 1,065,486	\$ 947,074	\$ 118,412
Fleet management	209,500	212,035	138,419	73,616
Total maintenance of general buildings and grounds	<u>\$ 1,256,590</u>	<u>\$ 1,277,521</u>	<u>\$ 1,085,493</u>	<u>\$ 192,028</u>
Total public works	<u>\$ 1,256,590</u>	<u>\$ 1,277,521</u>	<u>\$ 1,085,493</u>	<u>\$ 192,028</u>
Health and welfare:				
Health:				
Local health department	\$ 517,570	\$ 517,570	\$ 517,570	\$ -
Behavioral Health and Development Services:				
Behavioral health and development services	<u>\$ 357,612</u>	<u>\$ 357,612</u>	<u>\$ 357,612</u>	<u>\$ -</u>
Welfare:				
Welfare administration	\$ 4,575,715	\$ 4,576,666	\$ 3,793,725	\$ 782,941
Public assistance	994,824	994,824	833,106	161,718
Children's Services Act	7,280,624	6,901,761	5,716,185	1,185,576
Total welfare	<u>\$ 12,851,163</u>	<u>\$ 12,473,251</u>	<u>\$ 10,343,016</u>	<u>\$ 2,130,235</u>
Total health and welfare	<u>\$ 13,726,345</u>	<u>\$ 13,348,433</u>	<u>\$ 11,218,198</u>	<u>\$ 2,130,235</u>
Education:				
Other instructional costs:				
Contribution to local school board	\$ 18,086,709	\$ 21,733,758	\$ 19,094,304	\$ 2,639,454
Contributions to community college	10,320	10,320	10,320	-
Total education	<u>\$ 18,097,029</u>	<u>\$ 21,744,078</u>	<u>\$ 19,104,624</u>	<u>\$ 2,639,454</u>

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

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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>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Administration of parks and recreation	\$ 448,619	\$ 478,878	\$ 384,420	\$ 94,458
State Forestry	33,600	34,375	34,375	-
Total parks and recreation	<u>\$ 482,219</u>	<u>\$ 513,253</u>	<u>\$ 418,795</u>	<u>\$ 94,458</u>
Library:				
Library administration	\$ 1,456,344	\$ 1,586,005	\$ 1,556,577	\$ 29,428
Total parks, recreation, and cultural	<u>\$ 1,938,563</u>	<u>\$ 2,099,258</u>	<u>\$ 1,975,372</u>	<u>\$ 123,886</u>
Community development:				
Planning and community development:				
Planning commission	\$ -	\$ 21,772	\$ 21,572	\$ 200
Community & industry development	390,204	389,693	377,074	12,619
Community development	656,383	645,959	638,064	7,895
Economic development	861,801	745,918	548,478	197,440
Total planning and community development	<u>\$ 1,908,388</u>	<u>\$ 1,803,342</u>	<u>\$ 1,585,188</u>	<u>\$ 218,154</u>
Environmental management:				
Soil and water conservation district	\$ 120,339	\$ 116,505	\$ 100,676	\$ 15,829
Other environmental management	24,240	48,584	16,291	32,293
Total environmental management	<u>\$ 144,579</u>	<u>\$ 165,089</u>	<u>\$ 116,967</u>	<u>\$ 48,122</u>
Cooperative extension program:				
Cooperative extension program	\$ 89,208	\$ 157,188	\$ 148,993	\$ 8,195
Total community development	<u>\$ 2,142,175</u>	<u>\$ 2,125,619</u>	<u>\$ 1,851,148</u>	<u>\$ 274,471</u>
Nondepartmental:				
Other nondepartmental	\$ 471,919	\$ 204,913	\$ 11,121	\$ 193,792
Capital projects:				
E911 Towers	\$ 943,200	\$ 1,559,569	\$ 736,688	\$ 822,881
Other capital projects	363,944	816,770	274,137	542,633
Total capital projects	<u>\$ 1,307,144</u>	<u>\$ 2,376,339</u>	<u>\$ 1,010,825</u>	<u>\$ 1,365,514</u>
Debt service:				
Principal retirement	\$ 7,154,905	\$ 7,155,126	\$ 8,128,744	\$ (973,618)
Interest and other fiscal charges	2,636,756	2,636,838	2,995,640	(358,802)
Total debt service	<u>\$ 9,791,661</u>	<u>\$ 9,791,964</u>	<u>\$ 11,124,384</u>	<u>\$ (1,332,420)</u>
Total General Fund	<u>\$ 72,910,257</u>	<u>\$ 78,482,697</u>	<u>\$ 71,180,312</u>	<u>\$ 7,302,385</u>

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

Schedule 2
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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>
Special Revenue Funds:				
Industrial Development Fund:				
Community development:				
Planning and community development:				
Industrial development	\$ 1,623,594	\$ 3,468,080	\$ 1,771,598	\$ 1,696,482
Sova Vineyard Grant	739,500	750,730	-	750,730
Berry Hill Projects	5,423,825	5,024,185	4,387,080	637,105
Cane Creek shell building	-	1,500,000	102,558	1,397,442
Hurt Klopman Mills water and sewer improvements	5,808	5,808	-	5,808
Total planning and community development	<u>\$ 7,792,727</u>	<u>\$ 10,748,803</u>	<u>\$ 6,261,236</u>	<u>\$ 4,487,567</u>
Total Industrial Development Fund	<u>\$ 7,792,727</u>	<u>\$ 10,748,803</u>	<u>\$ 6,261,236</u>	<u>\$ 4,487,567</u>
Workforce Investment Act Fund:				
Health and welfare:				
Welfare:				
Workforce investment act	\$ 4,006,884	\$ 5,372,479	\$ 2,564,673	\$ 2,807,806
Total Workforce Investment Act Fund	<u>\$ 4,006,884</u>	<u>\$ 5,372,479</u>	<u>\$ 2,564,673</u>	<u>\$ 2,807,806</u>
Nonmajor Special Revenue Funds:				
Forfeited Assets Fund:				
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 145,000	\$ 305,000	\$ 233,211	\$ 71,789
Total Forfeited Asset Fund	<u>\$ 145,000</u>	<u>\$ 305,000</u>	<u>\$ 233,211</u>	<u>\$ 71,789</u>
Total Primary Government	<u>\$ 84,854,868</u>	<u>\$ 94,908,979</u>	<u>\$ 80,239,432</u>	<u>\$ 14,669,547</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 3,735,359	\$ 3,843,520	\$ 3,807,731	\$ 35,789
Instruction costs:				
Instructional costs	\$ 64,522,199	\$ 66,572,566	\$ 65,677,866	\$ 894,700
Technology	2,891,029	3,152,632	2,693,969	458,663
Total instruction costs	<u>\$ 67,413,228</u>	<u>\$ 69,725,198</u>	<u>\$ 68,371,835</u>	<u>\$ 1,353,363</u>
Operating costs:				
Pupil transportation	\$ 6,676,716	\$ 6,699,420	\$ 6,134,718	\$ 564,702
Operation and maintenance of school plant	7,607,801	9,510,964	8,541,539	969,425
Food service and non-instructional	9,230,933	9,484,701	5,566,023	3,918,678
Total operating costs	<u>\$ 23,515,450</u>	<u>\$ 25,695,085</u>	<u>\$ 20,242,280</u>	<u>\$ 5,452,805</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 94,664,037</u>	<u>\$ 99,263,803</u>	<u>\$ 92,421,846</u>	<u>\$ 6,841,957</u>

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
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
2009-10	3,008,491	1,289,615	13,884,135	5,552,474	18,784,848	11,601,833	1,179,959	5,879,792	5,658,339	66,839,486

(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
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
2009-10	885,248	21,413,814	3,006,599		27,907,392	6,414,085	1,174,002	758,424	6,748,918	68,308,482

(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
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
2009-10 (4)	3,149,941	1,536,157	14,173,636	3,634,763	18,836,521	82,202,930	1,116,757	6,385,274	-	8,342	10,609,182	141,653,503

(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
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
2009-10	29,247,029	6,414,085	179,480	166,937	740,864	2,801,689	981,228	1,779,199	100,511,627	142,822,138

(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	
2018-19	\$ 44,387,221	\$ 40,913,333	92.17%	\$ 2,821,517	\$ 43,734,850	98.53%	\$ 10,187,974	22.95%	
2017-18	43,537,449	40,436,259	92.88%	1,030,852	41,467,111	95.24%	6,333,913	14.55%	
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%	
2009-10	31,940,215	30,753,521	96.28%	2,000,871	32,754,392	102.55%	4,372,838	13.69%	

(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 Tools			Merchant's Capital (3)	Mobile Homes	Public Service (2)	Total
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		
2009-10	3,658,961,545	111,212,898	30,661,670	8,358,600	46,670,090	302,840,801	4,158,705,604		

(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)
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
2009-10	0.56/0.52	8.50	4.50	2.75	0.56/0.52	0.56/0.52

(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
2018-19	63,506	\$ 4,957,169	\$ 59,489,229	\$ 59,489,229	1.20%	\$ 937
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
2009-10	61,745	4,158,706	114,021,227	114,021,227	2.74%	1,847

(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
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%
2009-10 (2)	10,609,182	141,653,503	7.49%

(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 2019

Taxpayer	Type of Business	2019 Assessed Valuation	Percentage of Total Assessed Valuation
Virginia Electric & Power	Electric Utility	\$ 137,958,442	3.07%
Transcontinental Gas Pipeline	Gas Utility	83,799,087	1.86%
Appalachian Power Company	Electric Utility	83,232,663	1.85%
IKEA	Manufacturer	32,840,890	0.73%
Intertape Polymer Corp	Manufacturer	31,617,780	0.70%
Colonial Pipeline	Gas Utility	30,467,958	0.68%
Mecklenburg Electric Coop, Inc.	Electric Utility	26,352,679	0.59%
Sartomer	Manufacturer	12,611,950	0.28%
Owens Brockway	Manufacturer	12,079,480	0.27%
DanChem Technologies	Manufacturer	8,395,090	0.19%
Total		\$ 459,356,019	10.21%
All Others		\$ 4,039,638,932	89.79%
Total Assessed Valuation		\$ 4,498,994,951	100.00%

COMPLIANCE SECTION



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

**To the 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 unit-School Board, each major fund, and the aggregate remaining fund information of the County of Pittsylvania, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Pittsylvania, Virginia's basic financial statements, and have issued our report thereon dated November 27, 2019. Our report includes a reference to other auditors who audited the financial statements of Pittsylvania County Service Authority and Pittsylvania County Industrial Development 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Robinson, James, Cox Associates".

Blacksburg, Virginia
November 27, 2019

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

**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, 2019. 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.

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, 2019.

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
November 27, 2019

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

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	93.556	0950117, 0950118	\$ 16,527	
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	0400118, 0400119	485,934	
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118, 0500119	300	
Low-Income Home Energy Assistance	93.568	0600418, 0600419	75,632	
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760118, 0760119	83,334	
Chafee Education and Training Vouchers Program (ETV)	93.599	9160118	360	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118, 0900119	550	
Foster Care - Title IV-E	93.658	1100118, 1100119	359,002	
Adoption Assistance	93.659	1120118, 1120119	91,806	
Social Services Block Grant	93.667	1000118, 1000119	341,118	
Chafee Foster Care Independence Program	93.674	9150118, 9150119	4,482	
Children's Health Insurance Program	93.767	0540118, 0540119	16,200	
Medicaid Cluster:				
Medical Assistance Program	93.778	1200118, 1200119	651,456	
Total Department of Health and Human Services			\$ 2,126,701	
Department of Agriculture:				
Pass Through Payments:				
Child Nutrition Cluster:				
Virginia Department of Agriculture & Consumer Services:				
Food Distribution-Schools (Note C)	10.555	Not applicable	\$ 365,199	
Department of Education:				
National School Lunch Program	10.555	APE40254	2,520,566	\$ 2,885,765
Virginia Department of Agriculture & Consumer Services:				
Summer Food Service Program for Children (Note C)	10.559	Not applicable	1,270	
Department of Education:				
School Breakfast Program	10.553	APE40253	1,019,361	
Total Child Nutrition Cluster				\$ 3,906,396
Child Nutrition Discretionary Grants Limited Availability	10.579	DOE86804	19,541	
State Administrative Expenses for Child Nutrition	10.560	DOE86507	122	
Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	0010118, 0010119, 0030118, 0030119, 0040118, 0040119, 0050118, 0050119	554,827	
Total Department of Agriculture			\$ 4,480,886	
Department of Justice:				
Direct payments:				
Equitable Sharing Program	16.922	Not applicable	\$ 212,875	
Pass Through Payments:				
Department of Criminal Justice Services:				
Bulletproof Vest Partnership Program	16.607	Not available	6,491	
Crime Victim Assistance	16.575	17VAGX0018	79,254	
Total Department of Justice			\$ 298,620	
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	EN03-187-105	\$ 39,458	
Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2018-58282-8282 154AL-2019-59207-9207	22,303	
Highway Safety Cluster:				
State and Community Highway Safety	20.600	FOP-2018-58305-8305 FSC-2018-58301-8301	6,700	
Total Department of Transportation			\$ 68,461	

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

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	\$ 581,954	\$ 523,759
WIOA Dislocated Worker Formula Grants	17.278	534027	373,358	336,022
WIOA Youth Activities	17.259	534027	1,109,649	998,684
Total Workforce Innovation and Opportunity Act Cluster			\$ 2,064,961	
H-1B Job Training Grants	17.268	534027	104,795	
Workforce Innovation Fund	17.283	534027	226,568	
Total Department of Labor			\$ 2,396,324	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Adult Education - Basic Grants to States	84.002	APE42801	\$ 84,356	
Title I Grants to Local Educational Agencies	84.010	APE42901	2,303,856	
Special Education Cluster:				
Special Education: Grants to States	84.027	APE43071	\$ 1,876,366	
Special Education: Preschool Grants	84.173	APE62521	27,386	
Total Special Education Cluster			1,903,752	
Career and Technical Education Basic Grants to States	84.048	APE61095	158,937	
English Language Acquisition State Grants	84.365	APE60512	23,279	
Supporting Effective Instruction State Grant	84.367	APE61480	275,865	
Rural and Low-income Schools	84.358	APE43481	163,261	
Student Support and Academic Enrichment Program	84.424	APE60019	98,473	
Total Department of Education			\$ 5,011,779	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Emergency Management Performance Grants	97.042	EMP-2017-EP-00006	\$ 24,160	
Total Expenditures of Federal Awards			\$ 14,406,931	\$ 1,858,465

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, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, 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 \$1,858,465 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, 2019, 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 (Schedule 1) as follows:

Primary government:	
General Fund	\$ 2,915,474
Less: QCEB interest subsidy	(87,339)
Workforce Investment Act Fund	2,428,083
Forfeited Assets Fund	179,825
Plus: Use of federal Forfeited Assets fund balance	33,050
Total primary government:	\$ 5,469,093
Component Unit School Board:	
School Operating Fund	\$ 8,937,838
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 14,406,931

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I - Grants to Local Education Agencies
93.658	Title IV-E Foster Care
93.667	Social Services Block Grant

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