

COUNTY OF LUNENBURG, VIRGINIA



ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF LUNENBURG, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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COUNTY OF LUNENBURG, VIRGINIA

Board of Supervisors

Charles R. Slayton, Chairperson

Robert G. Zava
Dr. Frank W. Bacon
T. Wayne Hoover

J. Mike Hankins
Alvester L. Edmonds
Edward W. Pennington

Department of Social Services

Charles R. Slayton
Patricia Harper-Tunley
Donna Pulliam
Sarah Hadley

Luther Drummond, Jr.
Mary Beth Gregory
Jacia Shaw

County School Board

Donald B. Carnes, Chairperson

Kathy P. Coffee
Doug Aibel
Ada A. Whitehead

Amy McClure
Beverley P. Hawthorne
Elizabeth R. Williams

Other Officials

Judge of the Circuit Court S. Anderson Nelson
Clerk of the Circuit Court Gordon F. Erby
Commonwealth's Attorney Robert E. Clement
Commissioner of the Revenue Liz Y. Hamlett
Treasurer Amona Currin
Sheriff Arthur Townsend
Superintendent of Schools Charles M. Berkley, Jr.
Director of Social Services Dorothy A. Newcomb
County Administrator Tracy M. Gee

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg, 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 22 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 76-77, and 78-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

Supplementary and Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of County of Lunenburg, 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 Lunenburg, 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 Lunenburg, Virginia's internal control over financial reporting and compliance.

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Richmond, Virginia
November 8, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Board of Supervisors To the Citizens of Lunenburg County County of Lunenburg, Virginia

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

Financial Highlights

Government-wide Financial Statements

- < The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,530,937 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$427,862 (Exhibit 5) after making contributions totaling \$3,722,693 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$10,625,426, an increase of \$427,862 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,570,735 or 70% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,664,099 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Lunenburg, Virginia itself (known as the primary government), but also a legally separate school district and industrial development authority for which the County of Lunenburg, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Lunenburg, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

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 a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds – the General Fund, the County Special Revenue Fund, the County Debt Service Fund, and the County Capital Projects Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board and Industrial Development Authority. Neither issues separate financial statements.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$14,530,937 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Position:

	Governmental Activities	
	2019	2018
Current and other assets	\$ 14,937,748	\$ 14,146,172
Capital assets	<u>14,963,051</u>	<u>15,997,464</u>
Total assets	\$ <u>29,900,799</u>	\$ <u>30,143,636</u>
Deferred outflows of resources	\$ <u>256,823</u>	\$ <u>279,982</u>
Current liabilities	\$ 568,153	\$ 459,720
Long-term liabilities outstanding	<u>11,381,195</u>	<u>12,971,294</u>
Total liabilities	\$ <u>11,949,348</u>	\$ <u>13,431,014</u>
Deferred inflows of resources	\$ <u>3,677,337</u>	\$ <u>3,420,115</u>
Net position:		
Net investment in capital assets	\$ 5,316,194	\$ 5,161,854
Unrestricted	<u>9,214,743</u>	<u>8,410,635</u>
Total net position	\$ <u><u>14,530,937</u></u>	\$ <u><u>13,572,489</u></u>

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Government-wide Financial Analysis (Continued)

The County's net position increased by \$958,448 during the current fiscal year. The following table summarizes the County's Statement of Activities:

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 396,717	\$ 307,852
Operating grants and contributions	3,559,207	3,661,994
Capital grants and contributions	240,775	149,463
General property taxes	6,612,170	6,439,308
Other local taxes	955,967	972,692
Grants and other contributions not restricted	1,261,796	1,287,127
Other general revenues	195,661	772,977
Payment from Lunenburg County School Board	380,000	459,896
Total revenues	\$ 13,602,293	\$ 14,051,309
Expenses:		
General government administration	\$ 1,076,899	\$ 2,156,747
Judicial administration	948,303	962,327
Public safety	2,411,413	2,228,083
Public works	426,234	502,266
Health and welfare	2,319,268	2,301,659
Education	4,638,256	3,941,309
Community development	444,798	483,415
Interest and other fiscal charges	378,674	407,364
Transfers	-	466,666
Total expenses	\$ 12,643,845	\$ 13,449,836
Change in net position	\$ 958,448	\$ 601,473
Net position, beginning of year	13,572,489	12,971,016
Net position, end of year	\$ 14,530,937	\$ 13,572,489

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$10,625,426, an increase of \$427,862 in comparison with the prior year. Approximately 81% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources exceeded budgetary estimates by \$1,125,842 and budgetary estimates were greater than expenditures and other uses by \$330,236. The resulting positive variance for change in fund balance was \$1,456,078.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2019 amounts to \$14,963,051 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$9,640,107. Of this amount, \$6,758,107 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease revenue bonds).

The County's total debt decreased by \$1,664,099 during the current fiscal year.

Additional information on the County of Lunenburg, Virginia's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

There was a 6.3% increase in the overall FY20 budget and all tax rates remained the same as in 2019.

Requests for Information

This financial report is designed to provide a general overview of the County of Lunenburg, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, 11413 Courthouse Road, Lunenburg, Virginia 23952.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Lunenburg, Virginia
Statement of Net Position
June 30, 2019

	Primary		Component			
	Government		Units			
	Governmental	Activities	School Board	IDA		
ASSETS						
Cash and cash equivalents	\$	9,130,621	\$	101,851	\$	579,645
Investments		1,192,117		-		-
Inventory		-		-		80,000
Receivables (net of allowance for uncollectibles):						
Taxes receivable		3,812,763		-		-
Accounts receivable		104,334		3,408		-
Due from other governmental units		697,913		236,324		-
Net pension asset		-		391,058		-
Capital assets (net of accumulated depreciation):						
Land		276,151		37,807		-
Buildings and improvements		7,302,702		227,524		-
Intangible		79,975		-		-
Machinery and equipment		528,529		521,735		-
Jointly owned assets		6,758,105		4,155,308		-
Construction in progress		17,589		15,000		-
Total assets	\$	29,900,799	\$	5,690,015	\$	659,645
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$	237,533	\$	1,618,397	\$	-
OPEB related items		19,290		321,817		-
Total deferred outflow of resources	\$	256,823	\$	1,940,214	\$	-
LIABILITIES						
Accounts payable	\$	200,908	\$	147,541	\$	24,519
Accrued liabilities		258,354		-		-
Accrued interest payable		108,891		-		-
Due to other governmental units		-		95,202		-
Long-term liabilities:						
Due within one year		1,227,424		9,357		-
Due in more than one year		10,153,771		14,347,553		-
Total liabilities	\$	11,949,348	\$	14,599,653	\$	24,519
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	\$	3,306,823	\$	-	\$	-
Pension related items		342,514		2,331,215		-
OPEB related items		28,000		263,337		-
Total deferred inflows of resources	\$	3,677,337	\$	2,594,552	\$	-
NET POSITION						
Net investment in capital assets	\$	5,316,194	\$	4,940,621	\$	-
Unrestricted		9,214,743		(14,504,597)		635,126
Total net position	\$	14,530,937	\$	(9,563,976)	\$	635,126

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

County of Lunenburg, Virginia
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary		
					Governmental Activities	School Board	Component Units IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,076,899	\$ -	\$ 216,861	\$ -	\$ (860,038)	\$ -	\$ -
Judicial administration	948,303	22,355	442,969	-	(482,979)	-	-
Public safety	2,411,413	66,828	938,104	240,775	(1,165,706)	-	-
Public works	426,234	304,357	-	-	(121,877)	-	-
Health and welfare	2,319,268	-	1,812,830	-	(506,438)	-	-
Education	4,638,256	-	142,241	-	(4,496,015)	-	-
Community development	444,798	3,177	6,202	-	(435,419)	-	-
Interest on long-term debt	378,674	-	-	-	(378,674)	-	-
Total governmental activities	\$ 12,643,845	\$ 396,717	\$ 3,559,207	\$ 240,775	\$ (8,447,146)	\$ -	\$ -
Total primary government	\$ 12,643,845	\$ 396,717	\$ 3,559,207	\$ 240,775	\$ (8,447,146)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 16,786,888	\$ 317,865	\$ 13,794,798	\$ -	\$ -	\$ (2,674,225)	\$ -
IDA	28,555	-	-	-	-	-	(28,555)
Total component units	\$ 16,815,443	\$ 317,865	\$ 13,794,798	\$ -	\$ -	\$ (2,674,225)	\$ (28,555)
General revenues:							
General property taxes					\$ 6,612,170	\$ -	\$ -
Local sales and use taxes					449,132	-	-
Motor vehicle licenses					239,000	-	-
Utility taxes					184,421	-	-
Other local taxes					83,414	-	-
Unrestricted revenues from use of money and property					102,420	441	2,226
Miscellaneous					93,241	5,285	24,519
Grants and contributions not restricted to specific programs					1,261,796	-	-
Contribution from Lunenburg County					-	4,291,969	-
Contribution from Lunenburg County School Board					380,000	-	-
Total general revenues					\$ 9,405,594	\$ 4,297,695	\$ 26,745
Change in net position					\$ 958,448	\$ 1,623,470	\$ (1,810)
Net position - beginning					13,572,489	(11,187,446)	636,936
Net position - ending					\$ 14,530,937	\$ (9,563,976)	\$ 635,126

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

FUND FINANCIAL STATEMENTS

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,760,830	\$ 259,492	\$ 18,647	\$ 91,652	\$ 9,130,621
Investments	1,192,117	-	-	-	1,192,117
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,812,763	-	-	-	3,812,763
Accounts receivable	102,710	1,624	-	-	104,334
Due from other governmental units	697,913	-	-	-	697,913
Total assets	<u>\$ 14,566,333</u>	<u>\$ 261,116</u>	<u>\$ 18,647</u>	<u>\$ 91,652</u>	<u>\$ 14,937,748</u>
LIABILITIES					
Accounts payable	\$ 200,658	\$ 250	\$ -	\$ -	\$ 200,908
Accrued liabilities	258,354	-	-	-	258,354
Total liabilities	<u>\$ 459,012</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,262</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 3,853,060	\$ -	\$ -	\$ -	\$ 3,853,060
Total deferred inflows of resources	<u>\$ 3,853,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,853,060</u>
FUND BALANCES					
Committed	\$ 1,654,405	\$ 260,866	\$ 18,647	\$ 91,652	\$ 2,025,570
Assigned	82,121	-	-	-	82,121
Unassigned	8,517,735	-	-	-	8,517,735
Total fund balances	<u>\$ 10,254,261</u>	<u>\$ 260,866</u>	<u>\$ 18,647</u>	<u>\$ 91,652</u>	<u>\$ 10,625,426</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,566,333</u>	<u>\$ 261,116</u>	<u>\$ 18,647</u>	<u>\$ 91,652</u>	<u>\$ 14,937,748</u>

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

County of Lunenburg, 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		\$ 10,625,426
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 26,984,640	
Accumulated depreciation	<u>(12,021,589)</u>	14,963,051
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - property taxes		546,237
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	237,533	
OPEB related items	<u>19,290</u>	256,823
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bond	\$ (2,882,000)	
General obligation bonds	(6,758,107)	
Bond premium	(6,750)	
Compensated absences	(122,023)	
Net pension liability	(1,443,315)	
Net OPEB liability	(169,000)	
Accrued interest payable	<u>(108,891)</u>	(11,490,086)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (342,514)	
OPEB related items	<u>(28,000)</u>	(370,514)
Net position of governmental activities		<u><u>\$ 14,530,937</u></u>

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

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

	<u>General</u>	<u>County Special Revenue</u>	<u>County Debt Service</u>	<u>County Capital Projects</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 6,522,172	\$ -	\$ -	\$ -	\$ 6,522,172
Other local taxes	955,967	-	-	-	955,967
Permits, privilege fees, and regulatory licenses	35,763	-	-	-	35,763
Fines and forfeitures	30,127	-	-	-	30,127
Revenue from the use of money and property	95,054	7,366	-	-	102,420
Charges for services	329,966	861	-	-	330,827
Miscellaneous	91,191	2,050	-	-	93,241
Recovered costs	14,334	-	-	-	14,334
Intergovernmental:					
Local Government	-	-	380,000	-	380,000
Commonwealth	4,243,283	14,540	-	-	4,257,823
Federal	661,714	-	142,241	-	803,955
Total revenues	<u>\$ 12,979,571</u>	<u>\$ 24,817</u>	<u>\$ 522,241</u>	<u>\$ -</u>	<u>\$ 13,526,629</u>
EXPENDITURES					
Current:					
General government administration	\$ 1,142,067	\$ -	\$ -	\$ -	\$ 1,142,067
Judicial administration	765,567	1,555	-	-	767,122
Public safety	2,288,590	1,815	-	-	2,290,405
Public works	415,632	-	-	-	415,632
Health and welfare	2,388,743	-	-	-	2,388,743
Education	3,722,693	-	-	-	3,722,693
Community development	407,641	34,291	-	-	441,932
Capital projects	173,612	-	-	176,653	350,265
Debt service:					
Principal retirement	-	-	1,187,909	-	1,187,909
Interest and other fiscal charges	-	-	391,999	-	391,999
Total expenditures	<u>\$ 11,304,545</u>	<u>\$ 37,661</u>	<u>\$ 1,579,908</u>	<u>\$ 176,653</u>	<u>\$ 13,098,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,675,026</u>	<u>\$ (12,844)</u>	<u>\$ (1,057,667)</u>	<u>\$ (176,653)</u>	<u>\$ 427,862</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 972,966	\$ 176,652	\$ 1,149,618
Transfers out	(972,966)	-	(176,652)	-	(1,149,618)
Total other financing sources (uses)	<u>\$ (972,966)</u>	<u>\$ -</u>	<u>\$ 796,314</u>	<u>\$ 176,652</u>	<u>\$ -</u>
Net change in fund balances	\$ 702,060	\$ (12,844)	\$ (261,353)	\$ (1)	\$ 427,862
Fund balances - beginning	9,552,201	273,710	280,000	91,653	10,197,564
Fund balances - ending	<u>\$ 10,254,261</u>	<u>\$ 260,866</u>	<u>\$ 18,647</u>	<u>\$ 91,652</u>	<u>\$ 10,625,426</u>

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

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

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

Net change in fund balances - total governmental funds \$ 427,862

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

Capital asset additions	\$ 217,520	
Transfer of joint tenancy assets	(392,623)	
Depreciation expense	(859,310)	(1,034,413)

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

Property taxes 89,998

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

Principal retirement on lease revenue bonds	\$ 449,000	
Principal retirement on general obligation bonds	738,909	1,187,909

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

(Increase) decrease in accrued interest payable	\$ 12,481	
Amortization of bond issuance premium	844	
Pension expense	293,288	
OPEB expense	12,294	
(Increase) decrease in compensated absences	(31,815)	287,092

Change in net position of governmental activities \$ 958,448

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

County of Lunenburg, Virginia
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 34,634
LIABILITIES	
Amounts held for others	\$ 32,459
Amounts held for social services clients	2,175
Total liabilities	\$ 34,634

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

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Note 1—Summary of Significant Accounting Policies:

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

The financial statements of the County of Lunenburg, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 are reported as separate columns in the fund financial statements.

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Lunenburg (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units. The County has no blended component units at June 30, 2019.

Discretely Presented Component Units. The School Board members are elected by the citizens of Lunenburg County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

The Industrial Development Authority of Lunenburg County is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2019. The Industrial Development Authority of Lunenburg County does not issue a separate financial report.

C. Other Related Organizations

Jointly Governed Organizations

The County, in conjunction with other localities, has created the Crossroads Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. During the year, the County contributed \$53,000 to the Crossroads Community Services Board.

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Lunenburg, Virginia, Office of the Administrator, 11413 Courthouse Road, Lunenburg, VA 23952.

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

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific 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 cash is received by the government.

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund, County Special Revenue Fund, County Debt Service Fund, and County Capital Projects fund as major governmental funds.

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Special Revenue Fund - The County Special Revenue Fund accounts for and reports the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund - The County Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service.

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

2. Fiduciary Funds (Trust and Agency Funds) - account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements. The County reports the following Fiduciary Funds: Special Welfare and Cell Tower Escrow.

E. Cash and Cash Equivalents

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

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

F. 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.

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$242,537 at June 30, 2019 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

H. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as expenses in the Statement of Activities and long-term obligations in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

K. 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.

L. 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 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 1—Summary of Significant Accounting Policies: (Continued)

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

N. Fund Balance

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

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

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

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

N. Fund Balance (Continued)

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

	General Fund	Major Special Revenue Fund	Major Debt Service Fund	Major Capital Projects Fund	Total
	Fund	County Special Revenue Fund	County Debt Service Fund	County Capital Projects	
Fund Balances:					
Committed:					
Landfill	\$ 989,428	\$ -	\$ -	\$ -	\$ 989,428
Project lifesaver	-	4,108	-	-	4,108
Law library	-	22,624	-	-	22,624
Forfeited assets	-	11,504	-	-	11,504
Airport	-	26,528	-	-	26,528
Debt service	-	-	18,647	-	18,647
County capital projects	-	-	-	91,652	91,652
Land sale unclaimed funds	116,197	-	-	-	116,197
E-911	548,780	-	-	-	548,780
Economic Development	-	196,102	-	-	196,102
Total Committed	\$ 1,654,405	\$ 260,866	\$ 18,647	\$ 91,652	\$ 2,025,570
Assigned:					
Reassessment	\$ 24,034	\$ -	\$ -	\$ -	\$ 24,034
Emergency Services	58,087	-	-	-	58,087
Total Assigned	\$ 82,121	\$ -	\$ -	\$ -	\$ 82,121
Unassigned	\$ 8,517,735	\$ -	\$ -	\$ -	\$ 8,517,735
Total Fund Balances	\$ 10,254,261	\$ 260,866	\$ 18,647	\$ 91,652	\$ 10,625,426

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

O. Pensions

For purposes of measuring the net pension liability (asset), 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.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, Teacher HIC, and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Long-term Obligations

In the government-wide 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. Bonds payable are reported net of the applicable bond premium or discount.

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

R. Inventory

Inventory in the Component Unit - Economic Development Authority consists of land held for resale.

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

6. All appropriations expire as of June 30 each year.

Expenditures and Appropriations

Expenditures exceeded appropriations in no funds at June 30, 2019.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

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

Rated Debt Investments	Fair Quality Ratings				
	AAA	AAAm	AA+	AA-	Unrated
Money Market Mutual Fund	\$ -	\$ 116,011	-	-	\$ -
Corporate Issues	49,942	-	-	54,885	-
U.S. Government Issues	-	-	921,251	-	50,030
Total	\$ 49,942	\$ 116,011	\$ 921,251	\$ 54,885	\$ 50,030

Interest Rate Risk

Investment Type	Investment Maturities (in years)		
	Fair Value	Less Than 1 Year	1-5 Years
Money Market Mutual Fund	\$ 116,011	\$ 116,011	\$ -
Corporate Issues	104,827	104,827	-
U.S. Government Issues	971,281	646,004	325,277
Total	\$ 1,192,119	\$ 866,842	\$ 325,277

Note 4—Due to/from Other Governments:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Lunenburg County School Board	\$ 95,202	\$ -
Commonwealth of Virginia:		
Local sales tax	71,733	-
Welfare	16,086	-
Mobile home titling tax	2,630	-
State sales tax	-	215,303
E911 grant	6,976	-
Constitutional officer reimbursements	111,530	-
Recordation tax	3,958	-
Comprehensive services act	315,256	-
School resource officer	19,943	-
Communications tax	27,939	-
Federal Government:		
School fund grants	-	21,021
Welfare	10,977	-
Other federal grants	<u>15,683</u>	<u>-</u>
Total due from other governments	<u>\$ 697,913</u>	<u>\$ 236,324</u>

At June 30, 2019, amounts due to other local governments are as follows:

Other Local Governments:		
County of Lunenburg	\$ <u> -</u>	\$ <u> 95,202</u>

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Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Capital Assets:

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

Primary Government:

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2019</u>
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 260,582	\$ 15,569	\$ -	\$ 276,151
Construction in progress	119,223	17,589	119,223	17,589
Total capital assets not subject to depreciation	<u>\$ 379,805</u>	<u>\$ 33,158</u>	<u>\$ 119,223</u>	<u>\$ 293,740</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 10,880,463	\$ 126,663	\$ -	\$ 11,007,126
Machinery and equipment	2,839,300	176,922	-	3,016,222
Intangible	159,950	-	-	159,950
Jointly owned assets	13,234,250	-	726,648	12,507,602
Total capital assets subject to depreciation	<u>\$ 27,113,963</u>	<u>\$ 303,585</u>	<u>\$ 726,648</u>	<u>\$ 26,690,900</u>
Accumulated depreciation:				
Buildings and improvements	\$ 3,409,333	\$ 295,091	\$ -	\$ 3,704,424
Machinery and equipment	2,285,756	201,937	-	2,487,693
Intangible	63,980	15,995	-	79,975
Jointly owned assets	5,737,235	346,287	334,025	5,749,497
Total accumulated depreciation	<u>\$ 11,496,304</u>	<u>\$ 859,310</u>	<u>\$ 334,025</u>	<u>\$ 12,021,589</u>
Total capital assets being depreciated, net	<u>\$ 15,617,659</u>	<u>\$ (555,725)</u>	<u>\$ 392,623</u>	<u>\$ 14,669,311</u>
Governmental activities capital assets, net	<u>\$ 15,997,464</u>	<u>\$ (522,567)</u>	<u>\$ 511,846</u>	<u>\$ 14,963,051</u>

Component Unit - School Board:

	Balance <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2019</u>
Component Unit - School Board:				
Capital assets not subject to depreciation:				
Land	\$ 37,807	\$ -	\$ -	\$ 37,807
Construction in progress	-	15,000	-	15,000
Total capital assets not subject to depreciation	<u>\$ 37,807</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 52,807</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 30,000	\$ 208,495	\$ -	\$ 238,495
Machinery and equipment	3,020,263	376,154	-	3,396,417
Jointly owned assets	6,963,806	-	(726,648)	7,690,454
Total capital assets subject to depreciation	<u>\$ 10,014,069</u>	<u>\$ 584,649</u>	<u>\$ (726,648)</u>	<u>\$ 11,325,366</u>
Accumulated depreciation:				
Buildings and improvements	\$ 7,500	\$ 3,471	\$ -	\$ 10,971
Machinery and equipment	2,749,473	125,209	-	2,874,682
Jointly owned assets	3,018,907	182,214	(334,025)	3,535,146
Total accumulated depreciation	<u>\$ 5,775,880</u>	<u>\$ 310,894</u>	<u>\$ (334,025)</u>	<u>\$ 6,420,799</u>
Total capital assets being depreciated, net	<u>\$ 4,238,189</u>	<u>\$ 273,755</u>	<u>\$ (392,623)</u>	<u>\$ 4,904,567</u>
Component Unit - School Board capital assets, net	<u>\$ 4,275,996</u>	<u>\$ 288,755</u>	<u>\$ (392,623)</u>	<u>\$ 4,957,374</u>

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	41,176
Judicial administration		234,516
Public safety		175,260
Public works		37,294
Health and welfare		18,904
Education		346,287
Community development		<u>5,873</u>
Total Governmental activities	\$	<u>859,310</u>
Component Unit School Board	\$	<u>310,894</u>

Note 6—Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 972,966
County debt service fund	972,966	85,000
County capital projects	<u>85,000</u>	<u>-</u>
Total Primary Government	\$ <u>1,057,966</u>	\$ <u>1,057,966</u>

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

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Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2019:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 90,208	\$ 40,836	\$ 9,021	\$ 122,023	\$ 12,202
Net pension liability	1,869,476	1,105,236	1,531,397	1,443,315	-
Net OPEB liability	176,000	31,000	38,000	169,000	
Direct Borrowings and Direct Placements:					
Lease revenue bond	<u>3,331,000</u>	<u>-</u>	<u>449,000</u>	<u>2,882,000</u>	<u>457,000</u>
Total incurred by County	<u>\$ 5,466,684</u>	<u>\$ 1,177,072</u>	<u>\$ 2,027,418</u>	<u>\$ 4,616,338</u>	<u>\$ 469,202</u>
Incurred by School Board:					
Direct Borrowings and Direct Placements:					
General obligation bonds	\$ 7,497,016	\$ -	\$ 738,909	\$ 6,758,107	\$ 758,222
Issuance premium	<u>7,594</u>	<u>-</u>	<u>844</u>	<u>6,750</u>	<u>-</u>
Total incurred by School Board	<u>\$ 7,504,610</u>	<u>\$ -</u>	<u>\$ 739,753</u>	<u>\$ 6,764,857</u>	<u>\$ 758,222</u>
Total Governmental Activities Obligations	<u>\$ 12,971,294</u>	<u>\$ 1,177,072</u>	<u>\$ 2,767,171</u>	<u>\$ 11,381,195</u>	<u>\$ 1,227,424</u>

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

		<u>Direct Borrowings and Direct Placements</u>	
		<u>Incurred by County</u>	
Year Ending June 30	Lease Revenue Bond		
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 457,000	\$ 56,775	
2021	466,000	47,773	
2022	476,000	38,592	
2023	485,000	29,215	
2024	494,000	19,661	
2025	<u>504,000</u>	<u>9,928</u>	
Total	<u>\$ 2,882,000</u>	<u>\$ 201,944</u>	

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	Direct Borrowings and Direct Placements Incurred by School Board	
	General Obligation Bonds	
	Principal	Interest
2020	\$ 758,222	\$ 306,110
2021	777,971	285,788
2022	798,177	264,881
2023	743,865	243,472
2024	763,159	222,331
2025	776,478	201,061
2026	791,235	179,268
2027	425,000	166,112
2028	343,000	98,994
2029	351,000	94,206
2030	115,000	89,250
2031	115,000	89,250
Total	\$ <u>6,758,107</u>	\$ <u>2,240,723</u>

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Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Incurring Entity:	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Incurring by the County:							
Compensated absences (payable from the General Fund)						\$ 122,023	\$ 12,202
Net OPEB liability (payable from the General Fund)						\$ 169,000	\$ -
Net pension liability (payable from the General Fund)						\$ 1,443,315	\$ -
Direct borrowings and placements:							
<u>Revenue Bonds:</u>							
Public Facility Lease Revenue Bond	(a)	1.97%	12/22/2017	2/1/2025	3,763,000	\$ 2,882,000	\$ 457,000
Total long-term obligations incurred by the County						\$ 4,616,338	\$ 469,202
Incurring by the School Board:							
Direct borrowings and placements:							
<u>General Obligation Bonds:</u>							
VPSA Bond Outstanding, plus unamortized premium of \$6,750	(a)	4.25%	7/8/2010	6/1/2027	1,175,000	\$ 676,750	\$ 80,000
VPSA Bond Outstanding	(a)	4.25%	12/15/2012	12/1/2030	2,100,000	1,555,000	170,000
VPSA Bond Outstanding	(a)	4.60% - 5.10%	10/25/2005	1/15/2026	5,856,256	2,393,107	314,222
VPSA Bond Outstanding	(a)	2.10%	12/20/2017	2/1/2029	2,508,000	2,140,000	194,000
Total General Obligation and Lease Revenue Bonds						\$ 6,764,857	\$ 758,222
Total Direct Borrowings and Placements						\$ 6,764,857	\$ 758,222
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 6,764,857	\$ 758,222
Total outstanding debt - governmental activities						\$ 11,381,195	\$ 1,227,424

(a) No other terms specified in the debt agreement

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board:

	Balance at July 1, 2018	Increases	Decreases	Balance at June 30, 2019	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 11,943,000	\$ 3,403,000	\$ 3,958,000	\$ 11,388,000	\$ -
Capital lease	25,601	-	8,848	16,753	9,357
Net OPEB liabilities	<u>2,740,535</u>	<u>618,916</u>	<u>407,294</u>	<u>2,952,157</u>	<u>-</u>
Total Component Unit-School Board	<u>\$ 14,709,136</u>	<u>\$ 4,021,916</u>	<u>\$ 4,374,142</u>	<u>\$ 14,356,910</u>	<u>\$ 9,357</u>

Note 8—Capital Leases:

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

The assets acquired through capital leases are as follows:

	Component Unit Incurred by School Board
Asset:	
Equipment	\$ 43,345
Less: accumulated depreciation	<u>(17,338)</u>
Total	<u>\$ 26,007</u>

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

Year Ended June 30	Component Unit Incurred by School Board
2020	\$ 10,101
2021	<u>7,576</u>
Total minimum lease payments	\$ 17,677
Less: amount representing interest	<u>(924)</u>
Present value of minimum lease payments	<u>\$ 16,753</u>

Note 9—Unearned and Deferred/Unavailable Revenue:

Unearned and unavailable revenue represent 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. The County reports deferred revenue and unavailable revenue totaling \$3,306,823 and \$3,853,060, respectively, at June 30, 2019 which is comprised of the following:

	Government-wide Statements	Balance Sheet
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 546,237
2nd half assessment - property tax	3,067,214	3,067,214
Prepaid property taxes due in December but paid in advance by taxpayers	239,609	239,609
Total	<u>\$ 3,306,823</u>	<u>\$ 3,853,060</u>

Note 10—Commitments and Contingent Liabilities:

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

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

Note 11—Litigation:

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

Note 12—Risk Management:

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates with other Virginia localities in public entity risk pools for the provision of insurance coverage. The County receives workers' compensation, liability and property loss coverage through the Virginia Association of Counties Group Self Insurance Risk Pool. The School Board receives its workers' compensation coverage from

Note 12—Risk Management: (Continued)

the School Systems of Virginia and all other coverage from commercial carriers. The County pays an annual premium to the pool for insurance through member premiums. There have been no reductions in any insurance coverage from the previous year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 13—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 13—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.

Note 13—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:

	Primary Government	Component Unit School Board nonprofessional
	<u> </u>	<u> </u>
Inactive members or their beneficiaries currently receiving benefits	59	26
Inactive members:		
Vested inactive members	8	2
Non-vested inactive members	13	4
Inactive members active elsewhere in VRS	<u>32</u>	<u>6</u>
Total inactive members	53	12
Active members	<u>52</u>	<u>34</u>
Total covered employees	<u><u>164</u></u>	<u><u>72</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 employer contribution rate for the year ended June 30, 2019 was 11.10% 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 \$237,533 and \$268,986 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 1.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$6,073 and \$9,888 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 13—Pension Plans: (Continued)

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liability/asset were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability/asset were determined by an actuarial valuation performed as of June 30, 2017, 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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

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%

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%

Note 13—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13—Pension Plans: (Continued)

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Note 13—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:

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

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

Discount Rate

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

Note 13—Pension Plans: (Continued)

Discount Rate (Continued)

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	\$ 12,681,833	\$ 10,812,357	\$ 1,869,476
Changes for the year:			
Service cost	\$ 233,959	\$ -	\$ 233,959
Interest	863,622	-	863,622
Differences between expected and actual experience	(367,253)	-	(367,253)
Contributions - employer	-	268,987	(268,987)
Contributions - employee	-	103,367	(103,367)
Net investment income	-	791,790	(791,790)
Benefit payments, including refunds of employee contributions	(688,743)	(688,743)	-
Administrative expenses	-	(6,955)	6,955
Other changes	-	(700)	700
Net changes	\$ 41,585	\$ 467,746	\$ (426,161)
Balances at June 30, 2018	\$ 12,723,418	\$ 11,280,103	\$ 1,443,315

Note 13—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 2,380,846	\$ 2,722,891	\$ (342,045)
Changes for the year:			
Service cost	\$ 55,480	\$ -	\$ 55,480
Interest	162,172	-	162,172
Differences between expected and actual experience	(30,275)	-	(30,275)
Contributions - employer	-	9,888	(9,888)
Contributions - employee	-	29,353	(29,353)
Net investment income	-	199,084	(199,084)
Benefit payments, including refunds of employee contributions	(128,200)	(128,200)	-
Administrative expenses	-	(1,759)	1,759
Other changes	-	(176)	176
Net changes	<u>\$ 59,177</u>	<u>\$ 108,190</u>	<u>\$ (49,013)</u>
Balances at June 30, 2018	<u>\$ 2,440,023</u>	<u>\$ 2,831,081</u>	<u>\$ (391,058)</u>

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability	\$ 2,867,651	\$ 1,443,315	\$ 243,696
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (102,295)	\$ (391,058)	\$ (633,223)

Note 13—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 \$(55,752) and \$(76,645) 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	\$ -	\$ 245,279	\$ 5,605	\$ 19,062
Change in assumptions	-	10,516	-	19,697
Net difference between projected and actual earnings on pension plan investments	-	86,719	-	23,456
Employer contributions subsequent to the measurement date	237,533	-	6,073	-
Total	\$ 237,533	\$ 342,514	\$ 11,678	\$ 62,215

\$237,533 and \$6,073 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 year fiscal 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	\$ (127,721)	\$ (16,132)
2021	(93,259)	(10,105)
2022	(112,279)	(28,042)
2023	(9,255)	(2,331)
2024	-	-
Thereafter	-	-

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.

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information 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 \$1,284,719 and \$1,220,769 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 \$11,388,000 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 .09684% as compared to .09711% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$406,000. 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.

Note 13—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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 974,000
Change in assumptions	136,000	-
Net difference between projected and actual earnings on pension plan investments	-	242,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	186,000	1,053,000
Employer contributions subsequent to the measurement date	<u>1,284,719</u>	-
Total	<u>\$ 1,606,719</u>	<u>\$ 2,269,000</u>

\$1,284,719 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:

<u>Year ended June 30</u>	
2020	\$ (394,000)
2021	(454,000)
2022	(742,000)
2023	(309,000)
2024	(48,000)

Note 13—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, 2017.

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.

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

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

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

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

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

Long-Term Expected Rate of Return

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 17,396,000	\$ 11,388,000	\$ 6,416,000

Note 13—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

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

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 237,533	\$ 342,514	\$ 1,443,315	\$ (55,752)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	11,678	62,215	(391,058)	(76,645)
School Board Professional	-	-	-	-	1,606,719	2,269,000	11,388,000	406,000
Totals	\$ 237,533	\$ 342,514	\$ 1,443,315	\$ (55,752)	\$ 1,618,397	\$ 2,331,215	\$ 10,996,942	\$ 329,355

Note 14—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.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)**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.

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 \$11,290 and \$10,996 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 group were \$42,444 and \$40,581 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 group were \$3,378 and \$3,343 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

At June 30, 2019, the County reported a liability of \$169,000 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$624,000 and \$51,000, respectively, 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 County's proportion was .01112% as compared to .01174% at June 30, 2017. At June 30, 2018, the Component Unit School Board professional and nonprofessional groups' proportion was .04104% and .00338%, respectively as compared to .04137% and .00351% respectively at June 30, 2017.

Note 14—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)

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$(2,000). For the year ended June 30, 2019, the Component Unit School Board professional group recognized GLI OPEB expense of \$(9,000). For the year ended June 30, 2019, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$(2,000). 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.

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:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,000	\$ 4,000	\$ 30,000	\$ 11,000	\$ 3,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,000	-	20,000	-	2,000
Change in assumptions	-	7,000	-	26,000	-	2,000
Changes in proportion	-	12,000	-	59,000	-	-
Employer contributions subsequent to the measurement date	11,290	-	42,444	-	3,378	-
Total	\$ 19,290	\$ 28,000	\$ 72,444	\$ 116,000	\$ 6,378	\$ 5,000

\$11,290, \$42,444, and \$3,378, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 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:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
	2020	\$ (5,000)	\$ (22,000)
2021	(5,000)	(22,000)	(1,000)
2022	(5,000)	(22,000)	-
2023	(5,000)	(16,000)	-
2024	-	(5,000)	-
Thereafter	-	1,000	-

Note 14—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 - General State Employees

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions

Mortality Rates - General State Employees (Continued)

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality Rates - JRS Employees

Pre-Retirement:

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

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

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

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

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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.

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 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 is as follows (amounts expressed in thousands):

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

Note 14—Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	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.

Note 14—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 Group Life Insurance Program Net OPEB Liability	\$ 221,000	\$ 169,000	\$ 127,000
Component School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 815,000	\$ 624,000	\$ 468,000
Component School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 67,000	\$ 51,000	\$ 38,000

GLI Program Fiduciary Net Position

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

Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

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 \$97,821 and \$95,990 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 15—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

At June 30, 2019, the school division reported a liability of \$1,225,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division’s actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division’s proportion of the VRS Teacher Employee HIC Program was .09650% as compared to .09668% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$79,000. 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.

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	\$ -	\$ 5,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments		1,000
Change in assumptions	-	11,000
Change in proportion	-	105,000
Employer contributions subsequent to the measurement date	<u>97,821</u>	<u>-</u>
Total	<u>\$ 97,821</u>	<u>\$ 122,000</u>

Note 15—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)

\$97,821 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	\$ (22,000)
2021	(22,000)
2022	(22,000)
2023	(22,000)
2024	(22,000)
Thereafter	(12,000)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit 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.

Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,269,674

Plan Fiduciary Net Position as a Percentage
of the Total Teacher Employee HIC OPEB Liability 8.08%

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

Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total 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.

Note 15—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	\$ 1,368,000	\$ 1,225,000	\$ 1,103,000

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 16—Medical and Dental Pay-As-You-Go (OPEB Plan):

School Board

Plan Description

In addition to the pension benefits described in Note 13, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Lunenburg County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Mathews County Public School’s retiree medical plan. Retirees are responsible for 100% of the premiums.

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	Component Unit School Board
Total active employees with coverage	217
Total active employees without coverage	-
Total retirees with coverage	3
Total retirees without coverage	-
Total	220

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$20,037.

Total OPEB Liability

The School Board’s total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year as of June 30, 2018 and June 30, 2019
Salary Increases	From 3.50% - 5.35% per year depending on years of service
Discount Rate	3.87% as of June 30, 2018; 3.50% as of June 30, 2019
Investment Rate of Return	N/A

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Commencement: RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with Males set forward 2 years and Females set back 3 years

Post-Commencement RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale AA with Females set back 1 year

Post-Disablement: RP-2000 Disabled Life mortality tables with Males set back 3 years and no provision for future mortality improvement.

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.60% decreasing to 3.10% over 74 years) or one percentage point higher (9.76% decreasing to 5.10% over 74 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (7.60% decreasing to 3.10%)	Healthcare Cost Trend (8.60% decreasing to 4.10%)	1% Increase (9.60% decreasing to 5.10%)
Component Unit School Board:			
Total OPEB liability	\$ 922,343	\$ 1,052,157	\$ 1,204,546

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of \$85,577. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,448
Changes in assumptions	145,174	15,889
Total	<u>\$ 145,174</u>	<u>\$ 20,337</u>

Note 16—Medical and Dental Pay-As-You-Go (OPEB Plan): (Continued)

School Board: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Component Unit School Board</u>
2020	\$ 19,230
2021	19,230
2022	22,409
2023	25,586
2024	25,586
Thereafter	12,796

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

Note 17—Surety Bonds:

The following surety bonds covered constitutional officers and County employees at June 30, 2019:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gordon F. Erby, Clerk of the Circuit Court	\$ 150,000
Amona Currin, Treasurer	400,000
Liz Y. Hamlett, Commissioner of the Revenue	3,000
Arthur Townsend, Sheriff	30,000
VACo Risk Management Programs:	
James Abernathy, Clerk of the Board	10,000
Kathy Wray, Clerk of Textbook Fund	10,000
Mary B. Leistra, Deputy Clerk of the Board	10,000
Charles M. Berkley, Jr., School Superintendent	10,000
All School Board Employees-blanket bond	2,500
Western Surety Company:	
Dorothy A. Newcomb, Director of Social Services	100,000
VA Risk Pool:	
All Social Services Employees-Blanket Bond	1,000,000

Note 18—Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2019:

Investment type	Balance June 30, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Debt Securities:				
Corporate Issues	\$ 104,826	\$ 104,826	\$ -	\$ -
Money Market funds	116,011	116,011	-	-
U.S. Government Issues	971,280	971,280	-	-
	<u>\$ 1,192,117</u>	<u>\$ 1,192,117</u>	<u>\$ -</u>	<u>\$ -</u>

Note 19—Line of Duty Act (LODA) (OPEB Benefits):

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

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 19-Line of Duty Act (LODA) (OPEB Benefits): (Continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2019 was \$22,480.

Note 20—Summary of Other Postemployment Benefit Plans:

Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 14):								
County	\$ 19,290	\$ 28,000	\$ 169,000	\$ (2,000)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	6,378	5,000	51,000	(2,000)
School Board Professional	-	-	-	-	72,444	116,000	624,000	(9,000)
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	97,821	122,000	1,225,000	79,000
School Stand-Alone Plan (Note 16)	-	-	-	-	145,174	20,337	1,052,157	85,577
Totals	\$ 19,290	\$ 28,000	\$ 169,000	\$ (2,000)	\$ 321,817	\$ 263,337	\$ 2,952,157	\$ 153,577

Note 21—Upcoming Pronouncements:

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

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

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

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

Note 21—Upcoming Pronouncements: (Continued)

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

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

Note 22 - 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.

REQUIRED SUPPLEMENTARY INFORMATION

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County of Lunenburg, 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 Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 5,950,000	\$ 5,967,931	\$ 6,522,172	\$ 554,241
Other local taxes	858,000	858,000	955,967	97,967
Permits, privilege fees, and regulatory licenses	33,400	33,400	35,763	2,363
Fines and forfeitures	31,100	31,100	30,127	(973)
Revenue from the use of money and property	54,500	54,500	95,054	40,554
Charges for services	233,046	233,046	329,966	96,920
Miscellaneous	30,000	39,191	91,191	52,000
Recovered costs	6,333	6,333	14,334	8,001
Intergovernmental:				
Commonwealth	3,954,919	4,241,444	4,243,283	1,839
Federal	662,500	737,615	661,714	(75,901)
Total revenues	\$ 11,813,798	\$ 12,202,560	\$ 12,979,571	\$ 777,011
EXPENDITURES				
Current:				
General government administration	\$ 1,144,265	\$ 1,147,700	\$ 1,142,067	\$ 5,633
Judicial administration	753,850	799,901	765,567	34,334
Public safety	2,394,848	2,482,694	2,288,590	194,104
Public works	608,570	608,570	415,632	192,938
Health and welfare	2,267,000	2,575,811	2,388,743	187,068
Education	3,740,000	3,740,000	3,722,693	17,307
Community development	466,283	466,283	407,641	58,642
Capital projects	215,000	273,683	173,612	100,071
Total expenditures	\$ 11,589,816	\$ 12,094,642	\$ 11,304,545	\$ 790,097
Excess (deficiency) of revenues over (under) expenditures	\$ 223,982	\$ 107,918	\$ 1,675,026	\$ 1,567,108
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (978,000)	\$ (978,000)	\$ (972,966)	\$ 5,034
Total other financing sources (uses)	\$ (978,000)	\$ (978,000)	\$ (972,966)	\$ 5,034
Net change in fund balances	\$ (754,018)	\$ (870,082)	\$ 702,060	\$ 1,572,142
Fund balances - beginning	754,018	870,082	9,552,201	8,682,119
Fund balances - ending	\$ -	\$ -	\$ 10,254,261	\$ 10,254,261

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,500	\$ 10,500	\$ 7,366	\$ (3,134)
Charges for services	1,000	1,000	861	(139)
Miscellaneous	3,800	4,315	2,050	(2,265)
Intergovernmental:				
Commonwealth	485,670	487,725	14,540	(473,185)
Federal	69,490	69,490	-	(69,490)
Total revenues	\$ 570,460	\$ 573,030	\$ 24,817	\$ (548,213)
EXPENDITURES				
Current:				
Judicial administration	\$ 1,000	\$ 2,555	\$ 1,555	\$ 1,000
Public safety	800	1,815	1,815	-
Community development	641,320	641,320	34,291	607,029
Total expenditures	\$ 643,120	\$ 645,690	\$ 37,661	\$ 608,029
Excess (deficiency) of revenues over (under) expenditures	\$ (72,660)	\$ (72,660)	\$ (12,844)	\$ 59,816
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Total other financing sources (uses)	\$ 3,000	\$ 3,000	\$ -	\$ (3,000)
Net change in fund balances	\$ (69,660)	\$ (69,660)	\$ (12,844)	\$ 56,816
Fund balances - beginning	69,660	69,660	273,710	204,050
Fund balances - ending	\$ -	\$ -	\$ 260,866	\$ 260,866

County of Lunenburg, 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	\$ 233,959	\$ 248,894	\$ 254,636	\$ 253,424	\$ 260,971
Interest	863,622	847,873	827,318	796,712	773,018
Differences between expected and actual experience	(367,253)	(74,609)	(37,291)	81,002	-
Changes in assumptions	-	(46,162)	-	-	-
Benefit payments, including refunds of employee contributions	(688,743)	(813,271)	(688,771)	(699,037)	(691,966)
Net change in total pension liability	\$ 41,585	\$ 162,725	\$ 355,892	\$ 432,101	\$ 342,023
Total pension liability - beginning	12,681,833	12,519,108	12,163,216	11,731,115	11,389,092
Total pension liability - ending (a)	\$ 12,723,418	\$ 12,681,833	\$ 12,519,108	\$ 12,163,216	\$ 11,731,115
Plan fiduciary net position					
Contributions - employer	\$ 268,987	\$ 276,270	\$ 326,381	\$ 328,483	\$ 198,923
Contributions - employee	103,367	106,205	117,177	108,843	101,935
Net investment income	791,790	1,203,146	170,601	449,389	1,385,508
Benefit payments, including refunds of employee contributions	(688,743)	(813,271)	(688,771)	(699,037)	(691,966)
Administrative expense	(6,955)	(7,228)	(6,342)	(6,324)	(7,725)
Other	(700)	(1,057)	(74)	(96)	73
Net change in plan fiduciary net position	\$ 467,746	\$ 764,065	\$ (81,028)	\$ 181,258	\$ 986,748
Plan fiduciary net position - beginning	10,812,357	10,048,292	10,129,320	9,948,062	8,961,314
Plan fiduciary net position - ending (b)	\$ 11,280,103	\$ 10,812,357	\$ 10,048,292	\$ 10,129,320	\$ 9,948,062
County's net pension liability - ending (a) - (b)	\$ 1,443,315	\$ 1,869,476	\$ 2,470,816	\$ 2,033,896	\$ 1,783,053
Plan fiduciary net position as a percentage of the total pension liability	88.66%	85.26%	80.26%	83.28%	84.80%
Covered payroll	\$ 2,114,684	\$ 2,165,063	\$ 2,176,040	\$ 2,138,151	\$ 2,061,828
County's net pension liability as a percentage of covered payroll	68.25%	86.35%	113.55%	95.12%	86.48%

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 Lunenburg, Virginia
 Schedule of Changes in Net Pension Liability (Asset) 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	\$ 55,480	\$ 57,634	\$ 59,924	\$ 61,333	\$ 66,261
Interest	162,172	158,497	155,869	152,679	143,318
Differences between expected and actual experience	(30,275)	19,797	(69,531)	(70,799)	-
Changes in assumptions	-	(69,565)	-	-	-
Benefit payments, including refunds of employee contributions	(128,200)	(99,528)	(117,897)	(77,403)	(74,286)
Net change in total pension liability	\$ 59,177	\$ 66,835	\$ 28,365	\$ 65,810	\$ 135,293
Total pension liability - beginning	2,380,846	2,314,011	2,285,646	2,219,836	2,084,543
Total pension liability - ending (a)	\$ 2,440,023	\$ 2,380,846	\$ 2,314,011	\$ 2,285,646	\$ 2,219,836
Plan fiduciary net position					
Contributions - employer	\$ 9,888	\$ 11,017	\$ 39,362	\$ 38,525	\$ 37,671
Contributions - employee	29,353	30,300	31,397	30,884	30,980
Net investment income	199,084	300,235	43,532	109,677	326,923
Benefit payments, including refunds of employee contributions	(128,200)	(99,528)	(117,897)	(77,403)	(74,286)
Administrative expense	(1,759)	(1,756)	(1,566)	(1,488)	(1,750)
Other	(176)	(266)	(18)	(24)	18
Net change in plan fiduciary net position	\$ 108,190	\$ 240,002	\$ (5,190)	\$ 100,171	\$ 319,556
Plan fiduciary net position - beginning	2,722,891	2,482,889	2,488,079	2,387,908	2,068,352
Plan fiduciary net position - ending (b)	\$ 2,831,081	\$ 2,722,891	\$ 2,482,889	\$ 2,488,079	\$ 2,387,908
School Board's net pension liability (asset) - ending (a) - (b)	\$ (391,058)	\$ (342,045)	\$ (168,878)	\$ (202,433)	\$ (168,072)
Plan fiduciary net position as a percentage of the total pension liability	116.03%	114.37%	107.30%	108.86%	107.57%
Covered payroll	\$ 641,120	\$ 647,223	\$ 658,317	\$ 631,847	\$ 619,571
School Board's net pension liability (asset) as a percentage of covered payroll	-61.00%	-52.85%	-25.65%	-32.04%	-27.13%

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 Lunenburg, 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 (Asset)	0.09684%	0.09711%	0.10796%	0.10488%	0.10549%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,388,000	\$ 11,943,000	\$ 15,129,000	\$ 13,200,000	\$ 12,748,000
Employer's Covered Payroll	\$ 7,804,042	\$ 7,630,185	\$ 8,231,247	\$ 7,797,820	\$ 7,714,430
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	145.92%	156.52%	183.80%	169.28%	165.25%
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 Lunenburg, Virginia
 Schedule of Employer Contributions - Pension
 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	\$ 237,533	\$ 237,533	\$ -	\$ 2,171,165	10.94%
2018	268,986	268,986	-	2,114,684	12.72%
2017	278,860	278,860	-	2,165,063	12.88%
2016	331,846	331,846	-	2,176,040	15.25%
2015	326,068	326,068	-	2,138,151	15.25%
2014	289,687	202,884	86,803	2,061,828	9.84%
2013	296,460	207,627	88,832	2,110,035	9.84%
2012	200,521	200,521	-	2,128,678	9.42%
2011	204,076	204,076	-	2,166,408	9.42%
2010	185,986	185,986	-	2,254,374	8.25%
Component Unit School Board (nonprofessional)					
2019	\$ 6,073	\$ 6,073	\$ -	\$ 637,701	0.95%
2018	9,888	9,888	-	641,120	1.54%
2017	13,527	13,527	-	647,223	2.09%
2016	40,881	40,881	-	658,317	6.21%
2015	39,238	39,238	-	631,847	6.21%
2014	42,317	37,670	4,647	619,571	6.08%
2013	42,522	37,852	4,669	622,570	6.08%
2012	38,607	38,607	-	634,990	6.08%
2011	38,565	38,565	-	634,296	6.08%
2010	45,223	45,223	-	672,964	6.72%
Component Unit School Board (professional)					
2019	\$ 1,284,719	\$ 1,284,719	\$ -	\$ 8,151,751	15.76%
2018	1,220,769	1,220,769	-	7,804,042	15.64%
2017	1,133,557	1,133,557	-	7,630,185	14.86%
2016	1,154,390	1,154,390	-	8,231,247	14.02%
2015	1,107,896	1,107,896	-	7,797,820	14.21%
2014	893,115	893,115	-	7,714,430	11.58%
2013	919,305	919,305	-	7,858,460	11.70%
2012	925,663	925,663	-	8,284,146	11.17%
2011	770,923	770,923	-	8,089,435	9.53%
2010	1,026,497	1,026,497	-	6,216,950	16.51%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuations performed each year.

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

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

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

Largest 10 - Non-Hazardous Duty:

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

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

County of Lunenburg, Virginia
 Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.01112% \$	169,000 \$	2,114,684	7.99%	51.22%
2017	0.01174% \$	176,000 \$	2,165,063	8.13%	48.86%
Component Unit School Board (nonprofessional):					
2018	0.00338% \$	51,000 \$	642,832	7.93%	51.22%
2017	0.00351% \$	53,000 \$	647,223	8.19%	48.86%
Component Unit School Board (professional):					
2018	0.04104% \$	624,000 \$	7,804,042	8.00%	51.22%
2017	0.04137% \$	622,000 \$	7,630,185	8.15%	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 Lunenburg, Virginia
 Schedule of Employer Contributions
 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)
Primary Government					
2019	\$ 11,290	\$ 11,290	\$ -	\$ 2,171,165	0.52%
2018	10,996	10,996	-	2,114,684	0.52%
2017	11,258	11,258	-	2,165,063	0.52%
2016	10,445	10,445	-	2,176,040	0.48%
2015	10,278	10,278	-	2,141,224	0.48%
2014	9,964	9,964	-	2,075,757	0.48%
2013	10,128	10,128	-	2,110,035	0.48%
2012	5,960	5,960	-	2,128,678	0.28%
2011	6,041	6,041	-	2,157,481	0.28%
2010	4,646	4,646	-	1,720,783	0.27%
Component Unit School Board (nonprofessional)					
2019	\$ 3,378	\$ 3,378	\$ -	\$ 649,629	0.52%
2018	3,343	3,343	-	642,832	0.52%
2017	3,366	3,366	-	647,223	0.52%
2016	3,160	3,160	-	658,317	0.48%
2015	3,033	3,033	-	631,847	0.48%
2014	2,974	2,974	-	619,571	0.48%
2013	2,988	2,988	-	622,570	0.48%
2012	1,778	1,778	-	634,990	0.28%
2011	1,776	1,776	-	634,296	0.28%
2010	1,358	1,358	-	502,870	0.27%
Component Unit School Board (professional)					
2019	\$ 42,444	\$ 42,444	\$ -	\$ 8,162,286	0.52%
2018	40,581	40,581	-	7,804,042	0.52%
2017	39,677	39,677	-	7,630,185	0.52%
2016	39,510	39,510	-	8,231,247	0.48%
2015	37,430	37,430	-	7,797,820	0.48%
2014	37,029	37,029	-	7,714,430	0.48%
2013	37,721	37,721	-	7,858,460	0.48%
2012	23,196	23,196	-	8,284,146	0.28%
2011	22,650	22,650	-	8,089,435	0.28%
2010	16,786	16,786	-	6,216,950	0.27%

County of Lunenburg, 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

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in
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 50% to 35%

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%

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

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 Lunenburg, 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	0.09650%	\$ 1,225,000	\$ 7,804,042	15.70%	8.08%
2017	0.09668%	\$ 1,226,000	\$ 7,630,185	16.07%	7.04%

County of Lunenburg, 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	\$ 97,821	\$ 97,821	\$ -	\$ 8,151,751	1.20%
2018	95,990	95,990	-	7,804,042	1.23%
2017	84,695	84,695	-	7,630,185	1.11%
2016	87,251	87,251	-	8,231,247	1.06%
2015	82,657	82,657	-	7,797,820	1.06%
2014	85,630	85,630	-	7,714,430	1.11%
2013	85,808	85,808	-	7,730,420	1.11%
2012	49,042	49,042	-	8,173,647	0.60%
2011	48,537	48,537	-	8,089,435	0.60%
2010	64,656	64,656	-	6,216,950	1.04%

County of Lunenburg, 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 Lunenburg, Virginia
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 33,161	\$ 38,403
Interest	33,186	29,742
Changes in assumptions	171,569	(28,601)
Economic/Demographic Gains or Losses	(5,257)	-
Benefit payments	<u>(20,037)</u>	<u>(22,589)</u>
Net change in total OPEB liability	\$ 212,622	\$ 16,955
Total OPEB liability - beginning	<u>839,535</u>	<u>822,580</u>
Total OPEB liability - ending	<u>\$ 1,052,157</u>	<u>\$ 839,535</u>
Covered payroll	\$ 8,879,040	\$ 8,177,100
School's total OPEB liability (asset) as a percentage of covered payroll	11.85%	10.27%

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

County of Lunenburg, Virginia
Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2019

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	3.87% as of June 30, 2018; 3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2018 and June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 8.60% in 2019 and gradually declines to 4.10% by the year 2093

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Local Government	\$ 380,000	\$ 380,000	\$ 380,000	\$ -
Federal	140,000	140,000	142,241	2,241
Total revenues	\$ 520,000	\$ 520,000	\$ 522,241	\$ 2,241
EXPENDITURES				
Debt service:				
Principal retirement	\$ 1,187,909	\$ 1,187,909	\$ 1,187,909	\$ -
Interest and other fiscal charges	392,091	392,091	391,999	92
Total expenditures	\$ 1,580,000	\$ 1,580,000	\$ 1,579,908	\$ 92
Excess (deficiency) of revenues over (under) expenditures	\$ (1,060,000)	\$ (1,060,000)	\$ (1,057,667)	\$ 2,333
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 975,000	\$ 975,000	\$ 972,966	\$ (2,034)
Transfers out	(85,000)	(176,653)	(176,652)	1
Total other financing sources (uses)	\$ 890,000	\$ 798,347	\$ 796,314	\$ (2,033)
Net change in fund balances	\$ (170,000)	\$ (261,653)	\$ (261,353)	\$ 300
Fund balances - beginning	170,000	261,653	280,000	18,347
Fund balances - ending	\$ -	\$ -	\$ 18,647	\$ 18,647

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES				
Capital projects	\$ 85,000	\$ 176,653	\$ 176,653	\$ -
Total expenditures	\$ 85,000	\$ 176,653	\$ 176,653	\$ -
 Excess (deficiency) of revenues over (under) expenditures	\$ (85,000)	\$ (176,653)	\$ (176,653)	\$ -
 OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 85,000	\$ 176,653	\$ 176,652	\$ (1)
Total other financing sources (uses)	\$ 85,000	\$ 176,653	\$ 176,652	\$ (1)
 Net change in fund balances	\$ -	\$ -	\$ (1)	\$ (1)
Fund balances - beginning	-	-	91,653	91,653
Fund balances - ending	\$ -	\$ -	\$ 91,652	\$ 91,652

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 2,070	\$ 10,711	\$ 10,606	\$ 2,175
Liabilities:				
Amounts held for social services clients	\$ 2,070	\$ 10,711	\$ 10,606	\$ 2,175
Cell Tower Escrow:				
Assets:				
Cash and cash equivalents	\$ 32,459	\$ -	\$ -	\$ 32,459
Liabilities:				
Amounts held for others	\$ 32,459	\$ -	\$ -	\$ 32,459
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 34,529	\$ 10,711	\$ 10,606	\$ 34,634
Total assets	\$ 34,529	\$ 10,711	\$ 10,606	\$ 34,634
Liabilities:				
Amounts held for others	\$ 32,459	\$ -	\$ -	\$ 32,459
Amounts held for social services clients	2,070	10,711	10,606	2,175
Total liabilities	\$ 34,529	\$ 10,711	\$ 10,606	\$ 34,634

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Lunenburg, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2019

	School Operating <u>Fund</u>	School Special Revenue <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 101,851	\$ 101,851
Receivables (net of allowance for uncollectibles):			
Accounts receivable	3,408	-	3,408
Due from other funds	-	-	-
Due from other governmental units	226,064	10,260	236,324
Total assets	<u>\$ 229,472</u>	<u>\$ 112,111</u>	<u>\$ 341,583</u>
LIABILITIES			
Accounts payable	\$ 134,270	\$ 13,271	\$ 147,541
Due to other funds	-	-	-
Due to other governmental units	95,202	-	95,202
Total liabilities	<u>\$ 229,472</u>	<u>\$ 13,271</u>	<u>\$ 242,743</u>
FUND BALANCES			
Assigned	\$ -	\$ 98,840	\$ 98,840
Total fund balances	<u>\$ -</u>	<u>\$ 98,840</u>	<u>\$ 98,840</u>
Total liabilities and fund balances	<u>\$ 229,472</u>	<u>\$ 112,111</u>	<u>\$ 341,583</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Total fund balances per above			\$ 98,840
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost		\$ 11,378,173	
Accumulated depreciation		<u>(6,420,799)</u>	4,957,374
The net pension asset is not an available resource and, therefore, is not reported in the funds.			
			391,058
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 1,618,397	
OPEB related items		<u>321,817</u>	1,940,214
Long-term liabilities, including net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital lease		\$ (16,753)	
Net pension liability		(11,388,000)	
Net OPEB liabilities		<u>(2,952,157)</u>	(14,356,910)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (2,331,215)	
OPEB related items		<u>(263,337)</u>	(2,594,552)
Net position of governmental activities			<u>\$ (9,563,976)</u>

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

	School Operating Fund	School Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 441	\$ 441
Charges for services	155,535	162,330	317,865
Miscellaneous	5,285	-	5,285
Intergovernmental:			
Local government	3,899,346	-	3,899,346
Commonwealth	11,727,709	121,763	11,849,472
Federal	1,180,822	764,504	1,945,326
Total revenues	<u>\$ 16,968,697</u>	<u>\$ 1,049,038</u>	<u>\$ 18,017,735</u>
EXPENDITURES			
Current:			
Education	\$ 16,958,529	\$ 1,117,651	\$ 18,076,180
Debt service:			
Principal retirement	8,848	-	8,848
Interest and other fiscal charges	1,320	-	1,320
Total expenditures	<u>\$ 16,968,697</u>	<u>\$ 1,117,651</u>	<u>\$ 18,086,348</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (68,613)	\$ (68,613)
Net change in fund balances	\$ -	\$ (68,613)	\$ (68,613)
Fund balances - beginning	-	167,453	167,453
Fund balances - ending	<u>\$ -</u>	<u>\$ 98,840</u>	<u>\$ 98,840</u>

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

\$ (68,613)

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

Capital outlay	\$ 599,649	
Transfer of joint tenancy assets	392,623	
Depreciation expense	<u>(310,894)</u>	681,378

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

Principal retirement on capital lease		8,848
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Pension expense	\$ 992,668	
OPEB expense	<u>9,189</u>	1,001,857

Change in net position of governmental activities \$ 1,623,470

County of Lunenburg, 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	\$ 100	\$ 100	\$ -	\$ (100)
Charges for services	157,040	157,040	155,535	(1,505)
Miscellaneous	28,500	28,500	5,285	(23,215)
Intergovernmental:				
Local government	3,825,000	3,916,653	3,899,346	(17,307)
Commonwealth	11,114,587	11,689,862	11,727,709	37,847
Federal	1,228,996	1,228,996	1,180,822	(48,174)
Total revenues	<u>\$ 16,354,223</u>	<u>\$ 17,021,151</u>	<u>\$ 16,968,697</u>	<u>\$ (52,454)</u>
EXPENDITURES				
Current:				
Education	\$ 16,317,802	\$ 16,984,730	\$ 16,958,529	\$ 26,201
Debt service:				
Principal retirement	-	-	8,848	(8,848)
Interest and other fiscal charges	-	-	1,320	(1,320)
Total expenditures	<u>\$ 16,317,802</u>	<u>\$ 16,984,730</u>	<u>\$ 16,968,697</u>	<u>\$ 16,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 36,421</u>	<u>\$ 36,421</u>	<u>\$ -</u>	<u>\$ (36,421)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(36,421)	(36,421)	-	36,421
Total other financing sources (uses)	<u>\$ (36,421)</u>	<u>\$ (36,421)</u>	<u>\$ -</u>	<u>\$ 36,421</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 28

School Special Revenue Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ 441	\$ 441
226,057	226,057	162,330	(63,727)
-	-	-	-
-	-	-	-
122,412	122,412	121,763	(649)
613,613	675,734	764,504	88,770
<u>\$ 962,082</u>	<u>\$ 1,024,203</u>	<u>\$ 1,049,038</u>	<u>\$ 24,835</u>
\$ 1,055,530	\$ 1,117,651	\$ 1,117,651	\$ -
-	-	-	-
-	-	-	-
<u>\$ 1,055,530</u>	<u>\$ 1,117,651</u>	<u>\$ 1,117,651</u>	<u>\$ -</u>
\$ (93,448)	\$ (93,448)	\$ (68,613)	\$ 24,835
\$ 36,421	\$ 36,421	\$ -	\$ (36,421)
-	-	-	-
<u>\$ 36,421</u>	<u>\$ 36,421</u>	<u>\$ -</u>	<u>\$ (36,421)</u>
\$ (57,027)	\$ (57,027)	\$ (68,613)	\$ (11,586)
57,027	57,027	167,453	110,426
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,840</u>	<u>\$ 98,840</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Lunenburg, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 579,645
Inventory	80,000
Total current assets	<u>\$ 659,645</u>
Total assets	<u>\$ 659,645</u>

LIABILITIES

Current liabilities:

Accounts payable	<u>\$ 24,519</u>
Total current liabilities	<u>\$ 24,519</u>
Total liabilities	<u>\$ 24,519</u>

NET POSITION

Unrestricted	<u>\$ 635,126</u>
Total net position	<u><u>\$ 635,126</u></u>

County of Lunenburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

OPERATING REVENUES

Charges for services:

Lease revenue	\$ -
Total operating revenues	<u>\$ -</u>

OPERATING EXPENSES

Other charges	\$ 4,036
Tax incentives	24,519
Total operating expenses	<u>\$ 28,555</u>

Operating income (loss)	<u>\$ (28,555)</u>
-------------------------	--------------------

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 2,226
Economic development incentives	24,519
Total nonoperating revenues (expenses)	<u>\$ 26,745</u>

Change in net position	\$ (1,810)
------------------------	------------

Total net position - beginning	636,936
Total net position - ending	<u><u>\$ 635,126</u></u>

County of Lunenburg, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments for operating activities	\$ (4,036)
Net cash provided by (used for) operating activities	<u>\$ (4,036)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Economic development incentives received	\$ 24,519
Net cash provided by (used for) noncapital financing activities	<u>\$ 24,519</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 2,226
Net cash provided by (used for) investing activities	<u>\$ 2,226</u>
Net increase (decrease) in cash and cash equivalents	\$ 22,709
Cash and cash equivalents - beginning	556,936
Cash and cash equivalents - ending	<u><u>\$ 579,645</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (28,555)
Adjustments to reconcile operating income to net cash	
(Increase) decrease in intergovernmental receivables	\$ 32,349
Increase (decrease) in accounts payable	(7,830)
Total adjustments	<u>\$ 24,519</u>
Net cash provided (used) by operating activities	<u><u>\$ (4,036)</u></u>

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SUPPORTING SCHEDULES

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

<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 taxes	\$ 3,423,500	\$ 3,441,431	\$ 3,491,843	\$ 50,412
Real and personal public service corporation taxes	210,000	210,000	307,597	97,597
Personal property taxes	1,840,000	1,840,000	2,176,374	336,374
Mobile home taxes	22,000	22,000	23,087	1,087
Machinery and tools taxes	280,000	280,000	310,805	30,805
Merchant's capital taxes	74,500	74,500	85,621	11,121
Penalties	100,000	100,000	81,196	(18,804)
Interest	-	-	45,649	45,649
Total general property taxes	<u>\$ 5,950,000</u>	<u>\$ 5,967,931</u>	<u>\$ 6,522,172</u>	<u>\$ 554,241</u>
Other local taxes:				
Local sales and use taxes	\$ 390,000	\$ 390,000	\$ 449,132	\$ 59,132
Utility taxes	175,000	175,000	184,421	9,421
Consumption tax	22,000	22,000	24,641	2,641
Motor vehicle licenses	215,000	215,000	239,000	24,000
Taxes on recordation and wills	56,000	56,000	58,773	2,773
Total other local taxes	<u>\$ 858,000</u>	<u>\$ 858,000</u>	<u>\$ 955,967</u>	<u>\$ 97,967</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 8,000	\$ 8,000	\$ 6,520	\$ (1,480)
Transfer fees	400	400	406	6
Permits and other licenses	25,000	25,000	28,837	3,837
Total permits, privilege fees, and regulatory licenses	<u>\$ 33,400</u>	<u>\$ 33,400</u>	<u>\$ 35,763</u>	<u>\$ 2,363</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 31,100	\$ 31,100	\$ 30,127	\$ (973)
Total fines and forfeitures	<u>\$ 31,100</u>	<u>\$ 31,100</u>	<u>\$ 30,127</u>	<u>\$ (973)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 23,000	\$ 23,000	\$ 63,321	\$ 40,321
Revenue from use of property	31,500	31,500	31,733	233
Total revenue from use of money and property	<u>\$ 54,500</u>	<u>\$ 54,500</u>	<u>\$ 95,054</u>	<u>\$ 40,554</u>
Charges for services:				
Excess fees of clerk	\$ 6,000	\$ 6,000	\$ 4,555	\$ (1,445)
Sheriff's fees	646	646	646	-
Courthouse security fees	17,000	17,000	15,226	(1,774)
Landfill fees	205,000	205,000	304,357	99,357
Charges for Commonwealth's Attorney	1,500	1,500	1,713	213
Charges for correction and detention	200	200	292	92
Document reproduction costs	2,700	2,700	3,177	477
Total charges for services	<u>\$ 233,046</u>	<u>\$ 233,046</u>	<u>\$ 329,966</u>	<u>\$ 96,920</u>

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

<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)				
Miscellaneous:				
Miscellaneous	\$ 30,000	\$ 39,191	\$ 91,191	\$ 52,000
Total miscellaneous	<u>\$ 30,000</u>	<u>\$ 39,191</u>	<u>\$ 91,191</u>	<u>\$ 52,000</u>
Recovered costs:				
Town of Victoria/Town of Kenbridge	\$ 6,333	\$ 6,333	\$ 14,334	\$ 8,001
Total recovered costs	<u>\$ 6,333</u>	<u>\$ 6,333</u>	<u>\$ 14,334</u>	<u>\$ 8,001</u>
Total revenue from local sources	<u>\$ 7,196,379</u>	<u>\$ 7,223,501</u>	<u>\$ 8,074,574</u>	<u>\$ 851,073</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 190,000	\$ 190,000	\$ 175,042	\$ (14,958)
Mobile home titling tax	18,000	18,000	19,913	1,913
Rolling stock tax	4,000	4,000	4,392	392
Recordation tax	9,000	9,000	14,217	5,217
Personal property tax relief funds	1,048,232	1,048,232	1,048,232	-
Total noncategorical aid	<u>\$ 1,269,232</u>	<u>\$ 1,269,232</u>	<u>\$ 1,261,796</u>	<u>\$ (7,436)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 216,286	\$ 216,286	\$ 214,729	\$ (1,557)
Sheriff	719,546	719,546	725,630	6,084
Commissioner of revenue	78,968	78,968	79,695	727
Treasurer	82,002	82,002	88,318	6,316
Registrar/electoral board	38,000	38,000	37,500	(500)
Clerk of the Circuit Court	185,170	216,725	228,240	11,515
Total shared expenses	<u>\$ 1,319,972</u>	<u>\$ 1,351,527</u>	<u>\$ 1,374,112</u>	<u>\$ 22,585</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 400,000	\$ 400,000	\$ 350,979	\$ (49,021)
Animal friendly plates	100	100	154	54
DMV ATV tax	-	-	152	152
Children's services act	700,000	942,239	931,714	(10,525)
School resource officer	-	31,978	31,978	-
Emergency medical services	10,500	10,500	23,979	13,479
Victim-witness grant	75,115	-	-	-
E-911 wireless	50,000	50,000	41,359	(8,641)
E-911 equipment grant	75,000	130,868	186,480	55,612
Selective enforcement grant	18,000	18,000	-	(18,000)

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

<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: (Continued)				
Other categorical aid: (Continued)				
Litter control	\$ 7,000	\$ 7,000	\$ 6,202	\$ (798)
Fire programs fund	30,000	30,000	34,378	4,378
Total other categorical aid	<u>\$ 1,365,715</u>	<u>\$ 1,620,685</u>	<u>\$ 1,607,375</u>	<u>\$ (13,310)</u>
Total categorical aid	<u>\$ 2,685,687</u>	<u>\$ 2,972,212</u>	<u>\$ 2,981,487</u>	<u>\$ 9,275</u>
Total revenue from the Commonwealth	<u>\$ 3,954,919</u>	<u>\$ 4,241,444</u>	<u>\$ 4,243,283</u>	<u>\$ 1,839</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 600,000	\$ 600,000	\$ 530,137	\$ (69,863)
Victim witness grant	-	75,115	48,490	(26,625)
LEMP grant	7,500	7,500	7,206	(294)
FEMA/Homeland Security grants	55,000	55,000	54,295	(705)
Transportation safety grant	-	-	21,586	21,586
Total categorical aid	<u>\$ 662,500</u>	<u>\$ 737,615</u>	<u>\$ 661,714</u>	<u>\$ (75,901)</u>
Total revenue from the federal government	<u>\$ 662,500</u>	<u>\$ 737,615</u>	<u>\$ 661,714</u>	<u>\$ (75,901)</u>
Total General Fund	<u>\$ 11,813,798</u>	<u>\$ 12,202,560</u>	<u>\$ 12,979,571</u>	<u>\$ 777,011</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 41	\$ 41
Revenue from the use of property	10,500	10,500	7,325	(3,175)
Total revenue from use of money and property	<u>\$ 10,500</u>	<u>\$ 10,500</u>	<u>\$ 7,366</u>	<u>\$ (3,134)</u>
Charges for services:				
Law Library	\$ 1,000	\$ 1,000	\$ 861	\$ (139)
Total charges for services	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 861</u>	<u>\$ (139)</u>
Miscellaneous:				
Miscellaneous	\$ 3,800	\$ 4,315	\$ 2,050	\$ (2,265)
Total miscellaneous	<u>\$ 3,800</u>	<u>\$ 4,315</u>	<u>\$ 2,050</u>	<u>\$ (2,265)</u>
Total revenue from local sources	<u>\$ 15,300</u>	<u>\$ 15,815</u>	<u>\$ 10,277</u>	<u>\$ (5,538)</u>

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

<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 Fund: (Continued)				
County Special Revenue Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Aviation fees	\$ 10,500	\$ 10,500	\$ 11,194	\$ 694
Tobacco funds	459,000	459,000	-	(459,000)
Forfeited assets	-	2,055	3,346	1,291
Other categorical aid	16,170	16,170	-	(16,170)
Total categorical aid	<u>\$ 485,670</u>	<u>\$ 487,725</u>	<u>\$ 14,540</u>	<u>\$ (473,185)</u>
Total revenue from the Commonwealth	<u>\$ 485,670</u>	<u>\$ 487,725</u>	<u>\$ 14,540</u>	<u>\$ (473,185)</u>
Revenue from the federal government:				
Categorical aid:				
TEA 21 grant	\$ 69,490	\$ 69,490	\$ -	\$ (69,490)
Total categorical aid	<u>\$ 69,490</u>	<u>\$ 69,490</u>	<u>\$ -</u>	<u>\$ (69,490)</u>
Total revenue from the federal government	<u>\$ 69,490</u>	<u>\$ 69,490</u>	<u>\$ -</u>	<u>\$ (69,490)</u>
Total County Special Revenue Fund	<u>\$ 570,460</u>	<u>\$ 573,030</u>	<u>\$ 24,817</u>	<u>\$ (548,213)</u>
Debt Service Fund:				
County Debt Service Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from Lunenburg School Board	\$ 380,000	\$ 380,000	\$ 380,000	\$ -
Total revenues from local governments	<u>\$ 380,000</u>	<u>\$ 380,000</u>	<u>\$ 380,000</u>	<u>\$ -</u>
Revenue from the federal government:				
Categorical aid:				
QZAB subsidy	\$ 140,000	\$ 140,000	\$ 142,241	\$ 2,241
Total categorical aid	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 142,241</u>	<u>\$ 2,241</u>
Total revenue from the federal government	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 142,241</u>	<u>\$ 2,241</u>
Total County Debt Service Fund	<u>\$ 520,000</u>	<u>\$ 520,000</u>	<u>\$ 522,241</u>	<u>\$ 2,241</u>
Total Primary Government	<u>\$ 12,904,258</u>	<u>\$ 13,295,590</u>	<u>\$ 13,526,629</u>	<u>\$ 231,039</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 100	\$ 100	\$ -	\$ (100)
Total revenue from use of money and property	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (100)</u>
Charges for services:				
Charges for education	\$ 157,040	\$ 157,040	\$ 155,535	\$ (1,505)
Total charges for services	<u>\$ 157,040</u>	<u>\$ 157,040</u>	<u>\$ 155,535</u>	<u>\$ (1,505)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 28,500	\$ 28,500	\$ 5,285	\$ (23,215)
Total miscellaneous	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 5,285</u>	<u>\$ (23,215)</u>
Total revenue from local sources	<u>\$ 185,640</u>	<u>\$ 185,640</u>	<u>\$ 160,820</u>	<u>\$ (24,820)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Lunenburg, Virginia	\$ 3,825,000	\$ 3,916,653	\$ 3,899,346	\$ (17,307)
Total revenues from local governments	<u>\$ 3,825,000</u>	<u>\$ 3,916,653</u>	<u>\$ 3,899,346</u>	<u>\$ (17,307)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,771,673	\$ 1,771,673	\$ 1,781,183	\$ 9,510
Basic school aid	5,079,449	5,617,151	5,617,151	-
Remedial summer education	55,986	55,986	55,986	-
Regular foster care	-	-	2,241	2,241
Supplemental lottery support for schools	397,442	397,442	402,699	5,257
Gifted and talented	55,293	55,293	55,293	-
Remedial education	338,393	338,393	338,393	-
Special education	733,185	733,185	733,185	-
GED funding	8,355	8,355	8,355	-
Vocational education	191,314	191,314	191,314	-
School fringes	1,143,458	1,143,458	1,143,458	-
Early reading intervention	32,482	32,482	32,482	-
Homebound	31,067	31,067	31,066	(1)
Vocational education - equipment	3,372	3,372	3,230	(142)
Virginia tiered system support	-	20,000	20,000	-
Workplace readiness	-	257	257	-
School security grant	-	-	17,187	17,187
At risk payments	405,736	405,736	405,505	(231)
Technology funds	154,000	154,000	154,000	-
Vision screening	-	3,241	3,241	-
Primary class size	323,399	323,399	323,399	-
Standards of Learning algebra readiness	38,008	38,008	38,008	-
Mentor teacher program	1,032	1,032	1,032	-
Preschool initiative	269,535	269,535	269,535	-
Project graduation	4,466	4,466	4,466	-
English as a second language	76,942	76,942	76,942	-
Provisional teacher	-	8,694	8,694	-
CTE school equipment	-	2,464	2,464	-
CTE industry credentials	-	417	1,943	1,526
Middle school teacher corps	-	2,500	5,000	2,500
Total categorical aid	<u>\$ 11,114,587</u>	<u>\$ 11,689,862</u>	<u>\$ 11,727,709</u>	<u>\$ 37,847</u>
Total revenue from the Commonwealth	<u>\$ 11,114,587</u>	<u>\$ 11,689,862</u>	<u>\$ 11,727,709</u>	<u>\$ 37,847</u>

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

<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)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 616,539	\$ 616,539	\$ 547,177	\$ (69,362)
Vocational education	36,429	36,429	37,214	785
Title VI-Rural	25,563	25,563	29,043	3,480
Title IV part A	13,832	13,832	49,862	36,030
Title VIB	412,645	412,645	412,139	(506)
Title III ell	8,634	8,634	-	(8,634)
Preschool special education	27,178	27,178	21,593	(5,585)
Title II, part a-teacher quality	88,176	88,176	83,794	(4,382)
Total categorical aid	<u>\$ 1,228,996</u>	<u>\$ 1,228,996</u>	<u>\$ 1,180,822</u>	<u>\$ (48,174)</u>
Total revenue from the federal government	<u>\$ 1,228,996</u>	<u>\$ 1,228,996</u>	<u>\$ 1,180,822</u>	<u>\$ (48,174)</u>
Total School Operating Fund	<u><u>\$ 16,354,223</u></u>	<u><u>\$ 17,021,151</u></u>	<u><u>\$ 16,968,697</u></u>	<u><u>\$ (52,454)</u></u>
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 441	\$ 441
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 441</u>
Charges for services:				
Cafeteria sales	\$ 226,057	\$ 226,057	\$ 162,330	\$ (63,727)
Total charges for services	<u>\$ 226,057</u>	<u>\$ 226,057</u>	<u>\$ 162,330</u>	<u>\$ (63,727)</u>
Total revenue from local sources	<u>\$ 226,057</u>	<u>\$ 226,057</u>	<u>\$ 162,771</u>	<u>\$ (63,286)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,063	\$ 11,063	\$ 10,414	\$ (649)
Textbook payment	111,349	111,349	111,349	-
Total categorical aid	<u>\$ 122,412</u>	<u>\$ 122,412</u>	<u>\$ 121,763</u>	<u>\$ (649)</u>
Total revenue from the Commonwealth	<u>\$ 122,412</u>	<u>\$ 122,412</u>	<u>\$ 121,763</u>	<u>\$ (649)</u>

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

<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 Special Revenue Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 613,613	\$ 613,613	\$ 692,123	\$ 78,510
Summer feeding	-	-	10,260	10,260
Commodities	-	62,121	62,121	-
Total categorical aid	<u>\$ 613,613</u>	<u>\$ 675,734</u>	<u>\$ 764,504</u>	<u>\$ 88,770</u>
Total revenue from the federal government	<u>\$ 613,613</u>	<u>\$ 675,734</u>	<u>\$ 764,504</u>	<u>\$ 88,770</u>
 Total School Special Revenue Fund	 <u>\$ 962,082</u>	 <u>\$ 1,024,203</u>	 <u>\$ 1,049,038</u>	 <u>\$ 24,835</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 17,316,305</u>	 <u>\$ 18,045,354</u>	 <u>\$ 18,017,735</u>	 <u>\$ (27,619)</u>

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

<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	\$ 49,320	\$ 49,320	\$ 47,048	\$ 2,272
General and financial administration:				
County administrator	\$ 234,030	\$ 234,030	\$ 229,248	\$ 4,782
Professional services	98,000	98,000	137,051	(39,051)
Commissioner of revenue	212,200	212,200	205,310	6,890
Treasurer	232,560	232,560	223,483	9,077
Other general and financial administration	193,500	193,500	180,988	12,512
Total general and financial administration	<u>\$ 970,290</u>	<u>\$ 970,290</u>	<u>\$ 976,080</u>	<u>\$ (5,790)</u>
Board of elections:				
Electoral board and officials	\$ 39,940	\$ 39,940	\$ 35,789	\$ 4,151
Registrar	84,715	88,150	83,150	5,000
Total board of elections	<u>\$ 124,655</u>	<u>\$ 128,090</u>	<u>\$ 118,939</u>	<u>\$ 9,151</u>
Total general government administration	<u>\$ 1,144,265</u>	<u>\$ 1,147,700</u>	<u>\$ 1,142,067</u>	<u>\$ 5,633</u>
Judicial administration:				
Courts:				
Circuit court	\$ 11,400	\$ 11,400	\$ 8,966	\$ 2,434
General district court	6,000	6,000	3,584	2,416
Special Magistrates	1,325	1,325	673	652
Juvenile and domestic relations court	81,900	81,900	58,679	23,221
Victim witness	71,115	71,115	65,589	5,526
Courthouse security	16,400	16,400	23,098	(6,698)
Clerk of the circuit court	272,570	318,621	317,509	1,112
Total courts	<u>\$ 460,710</u>	<u>\$ 506,761</u>	<u>\$ 478,098</u>	<u>\$ 28,663</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 293,140	\$ 293,140	\$ 287,469	\$ 5,671
Total commonwealth's attorney	<u>\$ 293,140</u>	<u>\$ 293,140</u>	<u>\$ 287,469</u>	<u>\$ 5,671</u>
Total judicial administration	<u>\$ 753,850</u>	<u>\$ 799,901</u>	<u>\$ 765,567</u>	<u>\$ 34,334</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,241,520	\$ 1,273,498	\$ 1,152,273	\$ 121,225
Total law enforcement and traffic control	<u>\$ 1,241,520</u>	<u>\$ 1,273,498</u>	<u>\$ 1,152,273</u>	<u>\$ 121,225</u>
Fire and rescue services:				
Fire department	\$ 244,240	\$ 244,240	\$ 265,840	\$ (21,600)
Total fire and rescue services	<u>\$ 244,240</u>	<u>\$ 244,240</u>	<u>\$ 265,840</u>	<u>\$ (21,600)</u>
Correction and detention:				
Payments to Regional Jail	\$ 430,000	\$ 430,000	\$ 349,728	\$ 80,272
Total correction and detention	<u>\$ 430,000</u>	<u>\$ 430,000</u>	<u>\$ 349,728</u>	<u>\$ 80,272</u>

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

<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)				
Inspections:				
Building	\$ 90,863	\$ 90,863	\$ 87,669	\$ 3,194
Total inspections	\$ 90,863	\$ 90,863	\$ 87,669	\$ 3,194
Other protection:				
Animal control	\$ 88,475	\$ 88,475	\$ 77,382	\$ 11,093
E-911	299,650	355,518	355,518	-
Medical examiner	100	100	180	(80)
Total other protection	\$ 388,225	\$ 444,093	\$ 433,080	\$ 11,013
Total public safety	\$ 2,394,848	\$ 2,482,694	\$ 2,288,590	\$ 194,104
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 182,000	\$ 182,000	\$ 151,362	\$ 30,638
Convenience sites	207,000	207,000	44,933	162,067
Total sanitation and waste removal	\$ 389,000	\$ 389,000	\$ 196,295	\$ 192,705
Maintenance of general buildings and grounds:				
General properties	\$ 219,570	\$ 219,570	\$ 219,337	\$ 233
Total maintenance of general buildings and grounds	\$ 219,570	\$ 219,570	\$ 219,337	\$ 233
Total public works	\$ 608,570	\$ 608,570	\$ 415,632	\$ 192,938
Health and welfare:				
Health:				
Supplement of local health department	\$ 110,000	\$ 110,000	\$ 107,500	\$ 2,500
Total health	\$ 110,000	\$ 110,000	\$ 107,500	\$ 2,500
Mental health and mental retardation:				
Crossroads Community Services Board	\$ 53,000	\$ 53,000	\$ 53,000	-
STEPS	5,000	5,000	(11,474)	16,474
Madeline's house	2,000	2,000	2,000	-
Total mental health and mental retardation	\$ 60,000	\$ 60,000	\$ 43,526	\$ 16,474
Welfare:				
Public assistance and welfare administration	\$ 1,152,000	\$ 1,152,000	\$ 983,906	\$ 168,094
Children's Services Act	945,000	1,253,811	1,253,811	-
Total welfare	\$ 2,097,000	\$ 2,405,811	\$ 2,237,717	\$ 168,094
Total health and welfare	\$ 2,267,000	\$ 2,575,811	\$ 2,388,743	\$ 187,068
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 3,740,000	\$ 3,740,000	\$ 3,722,693	\$ 17,307
Total education	\$ 3,740,000	\$ 3,740,000	\$ 3,722,693	\$ 17,307

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

<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)				
Community development:				
Planning and community development:				
Planning and community development	\$ 299,338	\$ 299,338	\$ 311,713	\$ (12,375)
Economic development	68,575	68,575	29,717	38,858
Contribution to IDA - tax incentives	55,000	55,000	24,519	30,481
Total planning and community development	<u>\$ 422,913</u>	<u>\$ 422,913</u>	<u>\$ 365,949</u>	<u>\$ 56,964</u>
Cooperative extension program:				
Extension office	\$ 43,370	\$ 43,370	\$ 41,692	\$ 1,678
Total cooperative extension program	<u>\$ 43,370</u>	<u>\$ 43,370</u>	<u>\$ 41,692</u>	<u>\$ 1,678</u>
Total community development	<u>\$ 466,283</u>	<u>\$ 466,283</u>	<u>\$ 407,641</u>	<u>\$ 58,642</u>
Capital projects:				
Capital improvements	\$ 215,000	\$ 273,683	\$ 173,612	\$ 100,071
Total capital projects	<u>\$ 215,000</u>	<u>\$ 273,683</u>	<u>\$ 173,612</u>	<u>\$ 100,071</u>
Total General Fund	<u><u>\$ 11,589,816</u></u>	<u><u>\$ 12,094,642</u></u>	<u><u>\$ 11,304,545</u></u>	<u><u>\$ 790,097</u></u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial Administration:				
Courts:				
Law Library	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Total courts	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Commonwealth's attorney:				
Asset forfeiture	\$ -	\$ 1,555	\$ 1,555	\$ -
Total commonwealth's attorney	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ 1,555</u>	<u>\$ -</u>
Total judicial administration	<u>\$ 1,000</u>	<u>\$ 2,555</u>	<u>\$ 1,555</u>	<u>\$ 1,000</u>
Public Safety:				
Sheriff:				
Project lifesaver	\$ 800	\$ 1,315	\$ 1,315	\$ -
Asset forfeiture	-	500	500	-
Total Sheriff	<u>\$ 800</u>	<u>\$ 1,815</u>	<u>\$ 1,815</u>	<u>\$ -</u>
Total public safety	<u>\$ 800</u>	<u>\$ 1,815</u>	<u>\$ 1,815</u>	<u>\$ -</u>
Community Development:				
Airport	\$ 27,000	\$ 27,000	\$ 22,821	\$ 4,179
Economic development	614,320	614,320	11,470	602,850
Total community development	<u>\$ 641,320</u>	<u>\$ 641,320</u>	<u>\$ 34,291</u>	<u>\$ 607,029</u>
Total County Special Revenue Fund	<u><u>\$ 643,120</u></u>	<u><u>\$ 645,690</u></u>	<u><u>\$ 37,661</u></u>	<u><u>\$ 608,029</u></u>

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

<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>
County Debt Service Fund:				
Debt service:				
Principal retirement	\$ 1,187,909	\$ 1,187,909	\$ 1,187,909	\$ -
Interest and other fiscal charges	392,091	392,091	391,999	92
Total debt service	<u>\$ 1,580,000</u>	<u>\$ 1,580,000</u>	<u>\$ 1,579,908</u>	<u>\$ 92</u>
 Total County Debt Service Fund	 <u>\$ 1,580,000</u>	 <u>\$ 1,580,000</u>	 <u>\$ 1,579,908</u>	 <u>\$ 92</u>
 Capital Projects Fund:				
County Capital Projects Fund:				
Capital projects expenditures:				
Contribution to County School Board	\$ 85,000	\$ 176,653	\$ 176,653	\$ -
Total capital projects	<u>\$ 85,000</u>	<u>\$ 176,653</u>	<u>\$ 176,653</u>	<u>\$ -</u>
 Total County Capital Projects Fund	 <u>\$ 85,000</u>	 <u>\$ 176,653</u>	 <u>\$ 176,653</u>	 <u>\$ -</u>
 Total Primary Government	 <u>\$ 13,897,936</u>	 <u>\$ 14,496,985</u>	 <u>\$ 13,098,767</u>	 <u>\$ 1,398,218</u>
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 12,479,772	\$ 13,055,047	\$ 12,436,411	\$ 618,636
Administration, health, and attendance	911,461	911,461	939,909	(28,448)
Pupil transportation	1,033,840	1,125,493	1,441,495	(316,002)
Operation and maintenance of school plant	1,512,729	1,512,729	1,760,714	(247,985)
Contribution to County of Lunenburg, Virginia	380,000	380,000	380,000	-
Total education	<u>\$ 16,317,802</u>	<u>\$ 16,984,730</u>	<u>\$ 16,958,529</u>	<u>\$ 26,201</u>
 Debt service:				
Principal retirement	\$ -	\$ -	\$ 8,848	\$ (8,848)
Interest and other fiscal charges	-	-	1,320	(1,320)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,168</u>	<u>\$ (10,168)</u>
 Total School Operating Fund	 <u>\$ 16,317,802</u>	 <u>\$ 16,984,730</u>	 <u>\$ 16,968,697</u>	 <u>\$ 16,033</u>
 School Special Revenue Fund:				
Education:				
Textbooks purchased	\$ 206,540	\$ 206,540	\$ 206,540	\$ -
Administration of school food program	848,990	848,990	848,990	-
Commodities	-	62,121	62,121	-
Total education	<u>\$ 1,055,530</u>	<u>\$ 1,117,651</u>	<u>\$ 1,117,651</u>	<u>\$ -</u>
 Total School Special Revenue Fund	 <u>\$ 1,055,530</u>	 <u>\$ 1,117,651</u>	 <u>\$ 1,117,651</u>	 <u>\$ -</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 17,373,332</u>	 <u>\$ 18,102,381</u>	 <u>\$ 18,086,348</u>	 <u>\$ 16,033</u>

OTHER STATISTICAL INFORMATION

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2010	\$ 1,158,659	\$ 770,596	\$ 1,851,410	\$ 1,434,191	\$ 2,058,065
2011	993,543	786,302	1,796,683	1,349,351	2,426,380
2012	1,202,736	842,594	1,855,943	1,490,600	2,530,373
2013	938,136	852,876	2,167,835	727,699	2,740,797
2014	945,210	882,734	2,459,725	453,493	2,228,259
2015	997,642	870,344	2,580,814	297,905	2,130,408
2016	1,050,276	875,310	2,337,300	398,893	2,334,804
2017	1,063,344	932,939	2,290,208	418,352	2,447,789
2018	2,156,747	962,327	2,228,083	502,266	2,301,659
2019	1,076,899	948,303	2,411,413	426,234	2,319,268

Table 1

Education	Parks, Recreation, and Cultural	Community Development	Interest on Long- Term Debt	Total
\$ 3,622,849	\$ 133,242	\$ 487,960	\$ 677,615	\$ 12,194,587
3,687,691	138,749	408,819	705,728	12,293,246
3,853,703	-	833,964	808,152	13,418,065
3,791,866	-	571,048	626,724	12,416,981
3,353,114	3,074	1,083,840	567,880	11,977,329
3,242,837	-	984,558	529,083	11,633,591
3,807,852	-	614,157	505,103	11,923,695
4,012,355	-	517,514	419,389	12,101,890
3,941,309	-	483,415	407,364	12,983,170
4,638,256	-	444,798	378,674	12,643,845

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

Fiscal Year	PROGRAM REVENUES		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2010	\$ 287,780	\$ 4,197,527	\$ -
2011	206,780	3,614,913	-
2012	221,790	4,638,023	-
2013	176,037	3,824,968	150,000
2014	327,273	3,389,093	265,875
2015	317,265	3,404,694	556,961
2016	336,993	3,504,970	161,250
2017	324,967	3,503,832	418,367
2018	307,852	3,661,994	149,463
2019	396,717	3,939,207	240,775

Table 2

GENERAL REVENUES					
General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
\$ 5,394,155	\$ 640,729	\$ 166,291	\$ 144,487	\$ 1,287,101	\$ 12,118,070
5,355,045	611,393	120,417	349,526	1,311,378	11,569,452
8,451,150	781,842	81,293	69,459	1,281,254	15,524,811
5,253,842	870,733	95,930	63,385	1,300,097	11,734,992
5,438,422	891,323	78,350	316,297	1,296,880	12,003,513
5,917,386	913,402	97,278	253,918	1,288,699	12,749,603
5,707,134	889,055	77,496	229,326	1,292,264	12,198,488
5,905,263	920,475	73,420	837,687	1,281,236	13,265,247
6,439,308	972,692	688,340	84,637	1,287,127	13,591,413
6,612,170	955,967	102,420	93,241	1,261,796	13,602,293

County of Lunenburg, Virginia
 General Governmental Expenditures by Function (1,3)
 Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2010	\$ 1,106,845	\$ 563,350	\$ 2,556,889	\$ 1,036,023	\$ 2,058,513
2011	963,722	551,585	1,754,985	1,033,137	2,433,176
2012	1,345,432	607,878	1,782,118	1,021,773	2,518,865
2013	874,407	608,687	2,140,351	669,769	2,678,632
2014	925,521	638,264	2,302,880	353,786	2,217,030
2015	964,773	663,222	2,467,807	800,555	2,129,955
2016	946,751	666,682	2,200,354	368,027	2,334,705
2017	1,068,627	712,532	2,157,440	360,273	2,448,474
2018	1,235,277	752,221	1,993,502	375,851	2,270,648
2019	1,142,067	767,122	2,290,405	415,632	2,388,743

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

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

(3) Excludes Capital Projects.

Table 3

Education (2)	Parks, Recreation, and Cultural	Community Development	Non- departmental	Debt Service	Total
\$ 16,871,972	\$ 133,242	\$ 484,086	\$ -	\$ 1,638,396	\$ 26,449,316
16,977,943	138,749	388,843	-	1,672,947	25,915,087
16,977,828	-	1,699,913	-	7,360,005	33,313,812
16,047,752	-	608,583	-	1,951,091	25,579,272
15,623,242	-	1,004,149	-	1,611,422	24,676,294
16,179,524	-	980,262	80,383	1,522,206	25,788,687
16,629,670	-	543,693	83,178	1,507,380	25,280,440
16,536,158	-	557,471	-	7,474,387	31,315,362
16,498,640	-	407,147	-	1,493,771	25,027,057
18,076,180	-	441,932	-	1,590,076	27,112,157

County of Lunenburg, Virginia
 General Governmental Revenues by Source (1,3)
 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
2010	\$ 5,311,432	\$ 640,729	\$ 30,566	\$ 22,632	\$ 165,380
2011	5,321,103	611,393	27,228	39,532	117,435
2012	8,206,738	781,842	25,682	35,644	77,669
2013	5,459,029	870,733	33,417	28,770	93,394
2014	5,529,434	891,323	41,096	22,864	78,475
2015	5,802,033	913,402	36,178	36,073	97,949
2016	5,817,193	889,055	38,829	35,890	78,041
2017	5,866,563	920,475	33,376	23,544	73,734
2018	6,423,501	972,692	43,207	31,517	688,340
2019	6,522,172	955,967	35,763	30,127	102,861

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

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

(3) Excludes Capital Projects.

Table 4

	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental (2)	Total
\$	540,584	\$ 242,927	\$ 38,257	\$ 18,997,195	\$ 25,989,702
	504,953	349,526	29,765	18,113,790	25,114,725
	653,868	69,459	41,436	19,627,967	29,520,305
	504,883	63,385	-	17,662,296	24,715,907
	704,152	254,453	15,033	17,238,892	24,775,722
	604,650	187,943	1,013	18,338,146	26,017,387
	720,215	159,003	25,422	17,816,366	25,580,014
	600,100	67,446	10,938	18,786,580	26,382,756
	233,128	84,637	13,234	18,245,322	26,735,578
	648,692	98,526	14,334	18,856,576	27,265,018

Table 5

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

Fiscal Year	Total Tax Levy (1,3)		Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)		Total Tax Collections	Percent of Total Tax Collections to Tax Levy		Outstanding Delinquent Taxes (1,2)		Percent of Delinquent Taxes to Tax Levy	
	\$	%			\$	%		\$	%	\$	%	\$	%
2010	\$ 6,330,617		\$ 6,103,459	96.41%	\$ 248,538		\$ 6,351,997	100.34%		\$ 588,010		9.29%	
2011	6,370,760		6,092,933	95.64%	263,411		6,356,344	99.77%		625,605		9.82%	
2012	9,659,019		8,782,078	90.92%	334,995		9,117,073	94.39%		815,009		8.44%	
2013	6,438,614		6,180,897	96.00%	192,453		6,373,350	98.99%		635,351		9.87%	
2014	6,607,245		6,303,703	95.41%	148,079		6,451,782	97.65%		581,286		8.80%	
2015	6,890,327		6,547,438	95.02%	208,886		6,756,324	98.06%		780,075		11.32%	
2016	6,893,418		6,591,800	95.62%	160,893		6,752,693	97.96%		707,642		10.27%	
2017	7,163,096		6,647,523	92.80%	155,534		6,803,057	94.97%		709,773		9.91%	
2018	7,366,833		7,244,020	98.33%	123,350		7,367,370	100.01%		810,547		11.00%	
2019	7,870,661		7,310,686	92.89%	132,873		7,443,559	94.57%		988,086		12.55%	

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years and first half of current tax year beginning in 2013.

(3) Includes Personal Property Tax Relief

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)		Total
					Real Estate	Personal Property	
2010	\$ 871,988,824	\$ 86,504,098	\$ 12,637,030	\$ 4,588,940	\$ 34,579,627	\$ -	\$ 1,010,298,519
2011	879,151,906	87,813,973	13,991,880	4,841,700	35,132,126	-	1,020,931,585
2012	843,252,361	91,125,404	14,272,974	5,751,715	40,076,714	-	994,479,168
2013	846,178,987	82,009,152	14,174,109	5,896,290	40,076,714	-	988,335,252
2014	854,073,900	84,582,007	15,757,159	6,553,264	44,843,992	-	1,005,810,322
2015	857,786,218	78,887,981	15,898,061	6,879,896	46,363,952	-	1,005,816,108
2016	861,620,018	89,727,790	17,533,857	6,278,956	51,634,069	-	1,026,794,690
2017	867,269,213	93,655,515	18,147,479	7,065,135	64,693,176	-	1,050,830,518
2018	923,664,589	94,411,146	18,608,383	7,349,197	66,483,626	-	1,110,516,941
2019	926,276,345	95,192,444	18,453,932	7,481,209	76,190,981	-	1,123,594,911

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

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital
2010	\$ 0.33	\$ 3.60	\$ 1.80	\$ 1.20
2011	0.33	3.60	1.80	1.20
2012	0.38	3.60	1.80	1.20
2013	0.38	3.60	1.80	1.20
2014	0.38	3.60	1.80	1.20
2015	0.38	3.60	1.80	1.20
2016	0.38	3.60	1.80	1.20
2017	0.38	3.60	1.80	1.20
2018	0.38	3.60	1.80	1.20
2019	0.38	3.80	1.80	1.20

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded		Net Bonded Debt per Capita
					Debt to Assessed Value	Debt to Assessed Value	
2010	13,146	\$ 1,010,298,519	\$ 9,207,323	\$ 9,207,323	0.91%	\$ 700	
2011	13,146	1,020,931,585	9,674,469	9,674,469	0.95%	736	
2012	12,914	994,479,168	11,038,870	11,038,870	1.11%	855	
2013	12,914	988,335,252	10,103,692	10,103,692	1.02%	782	
2014	12,914	1,005,810,322	9,578,984	9,578,984	0.95%	742	
2015	12,914	1,005,816,108	9,039,495	9,039,495	0.90%	700	
2016	12,914	1,026,794,690	8,479,327	8,479,327	0.83%	657	
2017	12,914	1,050,830,518	8,125,025	8,125,025	0.77%	629	
2018	12,914	1,110,516,941	7,497,016	7,497,016	0.68%	581	
2019	12,914	1,123,594,911	6,758,107	6,758,107	0.60%	523	

(1) Weldon Cooper Center for Public Service for 2000 and 2010 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans
 Excludes related premiums on bonds, revenue bonds, landfill closure/post-closure care liability,
 capital leases, and compensated absences.

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COMPLIANCE

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

To the Honorable Members of the Board of Supervisors
County of Lunenburg
Lunenburg, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Lunenburg 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 Lunenburg, Virginia's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Lunenburg 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 Lunenburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Lunenburg, 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 Lunenburg, 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 black ink, appearing to read "D. F. Cox", followed by a horizontal line extending to the right.

Richmond, Virginia
November 8, 2019



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

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

Report on Compliance for Each Major Federal Program

We have audited County of Lunenburg, 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 Lunenburg, Virginia's major federal programs for the year ended June 30, 2019. County of Lunenburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, County of Lunenburg, 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 Lunenburg, 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 Lunenburg, 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 Lunenburg, 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.



Richmond, Virginia
November 8, 2019

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950175/0950118	\$ 721
Temporary Assistance for Needy Families (TANF Cluster)	93.558	0400118/0400119	78,758
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/0500119	58
Low Income Home Energy Assistance	93.568	0600418/0600419	13,297
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760118/0760119	14,114
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900118	93
Foster Care - Title IV-E	93.658	1100118/1100119	64,303
Adoption Assistance	93.659	1120118/1120119	85,244
Social Services Block Grant	93.667	1000118/1000119	63,149
Chafee Foster Care Independence Program	93.674	9150118/9150119	1,239
Children's Health Insurance Program	93.767	0540118/0540119	2,233
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/1200119	108,828
Total Department of Health and Human Services			<u>\$ 432,037</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grant	97.042	77501-52743	\$ 7,206
Homeland Security Grant Program	97.067	77501-983132	54,295
Total Department of Homeland Security			<u>\$ 61,501</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture:			
Summer Food Service Program for Children	10.559	unavailable	\$ 10,260
Department of Agriculture:			
Food Distribution	10.555	17901-45707	\$ 62,121
Department of Education:			
National School Lunch Program	10.555	17901-40623	505,054
Total CFDA# 10.555			<u>\$ 567,175</u>
Department of Education:			
School Breakfast Program	10.553	17901-40591	\$ 187,069
Total Child Nutrition Cluster			<u>\$ 764,504</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)			
	10.561	0010118/0010119	<u>98,100</u>
Total Department of Agriculture			<u>\$ 862,604</u>

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	39001-76000	\$ 48,490
Total Department of Justice			\$ 48,490
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	60507-53000	\$ 21,586
Total Department of Transportation			\$ 21,586
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 547,177
Special Education Cluster:			
Special Education Grants to States	84.027	17901-43071	412,139
Special Education Preschool Grants	84.173	17901-62521	21,593
Total Special Education Cluster			\$ 433,732
Career and Technical Education - Basic Grants to States	84.048	17901-61095/61159	37,214
Supporting Effective Instruction State Grants	84.367	17901-61480	83,794
Rural Education	84.358	17901-43481	29,043
Student Support and Academic Enrichment Program	84.424	S424A180048	49,862
Total Department of Education			\$ 1,180,822
Total Expenditures of Federal Awards			\$ 2,607,040

See accompanying notes to schedule of expenditures of federal awards.

County of Lunenburg, Virginia

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	661,714
County Debt Service Fund		142,241
Total primary government	\$	<u>803,955</u>

Component Unit School Board:

School Operating Fund	\$	1,180,822
School Special Revenue Fund		764,504
Total component unit school board	\$	<u>1,945,326</u>

Total federal expenditures per basic financial statements

	\$	<u>2,749,281</u>
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BAB's subsidy

	\$	<u>(142,241)</u>
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Total federal expenditures per the Schedule of Expenditures of
Federal Awards

	\$	<u><u>2,607,040</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

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

Note 7 - Loan Balances

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

County of Lunenburg, 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? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

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

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR
section 200.516(a)? _____ yes no

Identification of major programs:

CFDA Number(s)

84.010

Name of Federal Program or Cluster

Title I Grants to Local Educational Agencies

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

\$750,000

Auditee qualified as low-risk auditee? yes _____ no

County of Lunenburg, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Status of Prior Audit Findings

There were no prior year audit findings.