

COUNTY OF
PRINCE GEORGE, VIRGINIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

COUNTY OF PRINCE GEORGE, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared By:

Prince George County Finance Department

COUNTY OF PRINCE GEORGE, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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COUNTY OF PRINCE GEORGE, VIRGINIA

PRINCIPAL OFFICIALS ON JUNE 30, 2020

Board of Supervisors

Donald Hunter, Chairperson
Alan R. Carmichael, Vice-Chairperson

Floyd M. Brown, Jr.

T.J. Webb

Marlene J. Waymack

County School Board

Christopher A. Johnson, Chairperson,
Robert E.L. Eley, III, Vice-Chairperson

Jill A. Andrews

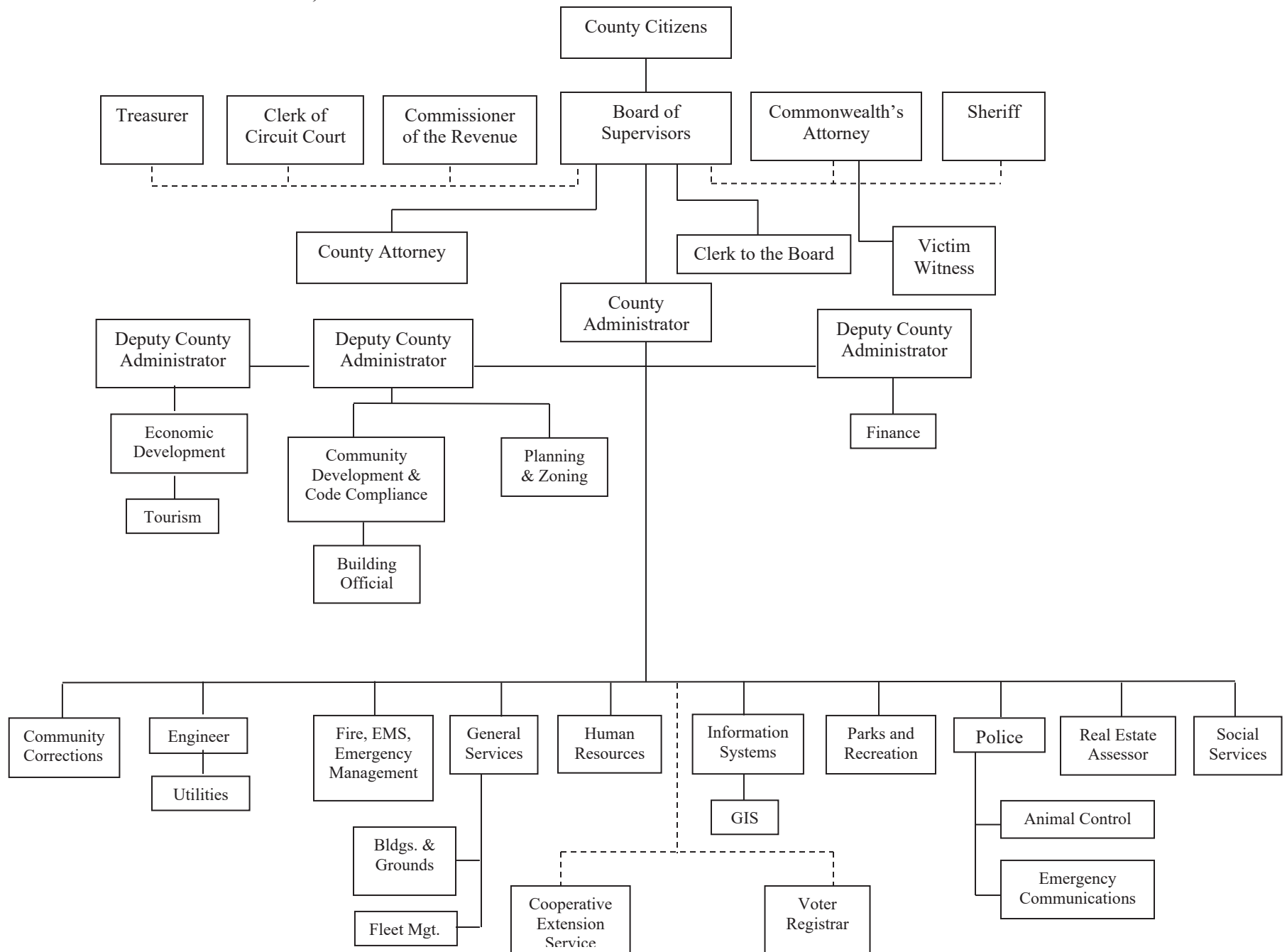
Cecil M. Smith

Sherry D. Taylor

Other Officials

Chief Judge of the Circuit Court William Edward Tomko III
Judge of the Circuit Court..... Carson E. Saunders, Jr.
Judge of the Circuit Court..... W. Allan Sharrett
Clerk of the Circuit Court C. Bishop Knott, Jr.
Chief Judge of the General District Court..... Bruce A. Clark, Jr.
Judge of the General District Court Lyndia P. Ramsey
Judge of the General District Court Elbert D. Mumphery
Chief Judge of the Juvenile and Domestic Relations Court Jacqueline R. Waymack
Judge of the Juvenile and Domestic Relations Court..... Christopher B. Ackerman
Judge of the Juvenile and Domestic Relations Court..... Wallace W. Brittle, Jr.
Clerk of the Combined Court..... Denise R. Covington
Commonwealth's Attorney Susan O. Fierro
Commissioner of the Revenue Darlene M. Rowsey
Treasurer Susan C. Vargo
Sheriff H.E. Allin, III
County Administrator Percy C. Ashcraft
Superintendent of Schools Lisa Pennycuff
Director of Social Services Bertha Judge

PRINCE GEORGE COUNTY, VA





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Prince George
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

COUNTY OF PRINCE GEORGE, VIRGINIA

Percy C. Ashcraft
County Administrator



BOARD OF SUPERVISORS

Floyd M. Brown, Jr.
Alan R. Carmichael, Jr.
Donald R. Hunter
Marlene J. Waymack
T. J. Webb

November 6, 2020

The Honorable Members of the Board of Supervisors
County of Prince George, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Prince George County (the "County") for the fiscal year ended June 30, 2020. This report was prepared by the County's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Section 15.2-2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by an independent certified public accountant. The County has engaged the independent accounting firm of Robinson, Farmer, Cox Associates, Inc. (RFCA) to perform the audit and prepare the accompanying financial statements.

P.O. BOX 68, PRINCE GEORGE, VIRGINIA 23875-0068 / (804) 722-8600 / FAX (804) 732-3604

<http://www.princegeorgecountyva.gov>

The Reporting Entity and its Services

The County of Prince George's Comprehensive Annual Financial Report includes all funds of the "primary government." In Virginia, cities and counties are distinct units of government; therefore, the County is responsible for providing all services normally provided by a local government. These services include police protection, social services, recreation and cultural activities, and community development. Additionally, the County operates a water and wastewater utility system. Fire protection services are largely provided by volunteers who receive financial and administrative support from the County. Emergency medical services are provided through a combination of full-time paid and volunteer personnel.

For financial reporting purposes and in accordance with the Governmental Accounting Standards Board (GASB), Statement 14, "The Financial Reporting Entity," the County has identified one discrete component unit. The GASB statement establishes the criteria used in making this determination and identifies each as a blended component unit or discretely presented component unit. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and therefore are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of this primary government. Therefore, the County School Board is reported in a discrete presentation. Based on GASB Statement 14 criteria, the School Board is a legally separate organization providing educational services to the public whose board is elected and is fiscally dependent on the local government.

The financial statements for the Riverside Regional Jail, the Appomattox Regional Library System, Appomattox River Water Authority, South Central Wastewater Authority, Crater Juvenile Detention Center, Prince George County Industrial Development Authority and Rowanty Vocational Technical School are not included in the County report. Boards separate from, and independent of, the Board of Supervisors administer these organizations.

Prince George County is located 25 miles southeast of Richmond, the capital city of Virginia, and 75 miles northeast of the Greater Hampton Roads area. The County's 276 square mile area has a population of 38,353 people (2019 Census Bureau – County Population Estimates). The greater proportion of the County's land area remains rural, although areas of the County are experiencing rapid residential, commercial and industrial growth. Prince George County is an independent political subdivision of the Commonwealth of Virginia, and has no subordinate political entities within its borders. A five-member Board of Supervisors governs the County. Other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, and Treasurer. All elected officials are elected on a four-year cycle except the Clerk of Circuit Court who is elected every eight years.

Major industries located in Prince George County include: warehousing and distribution centers, hotels and tourism, manufacturing, packaging, and logistics automation. Prince George's strategic location on or near several east coast transportation arteries also contributes to the proliferation of distribution centers located in the County. Interstates 95 and 295 traverse through Prince George, as well as Route 460, a primary arterial from the Virginia Beach area.

Based on available economic data, the local economy continues to improve from the spring 2020 pandemic economic shutdown. The local unemployment rate was 6.3% for September 2020, as compared to 3.1% for September 2019, with the increase attributable to impacts of the COVID-19 pandemic. The state and national unemployment rates for September 2020 were 6.2% and 7.9%, respectively.

The President signed the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act) on March 27 and Prince George County has been awarded \$6,692,302 in CARES Coronavirus Relief Funds through the Virginia Department of Treasury. This federal funding was provided in two equal installments, with half provided late in Fiscal Year 2020 and the other half in early Fiscal Year 2021. The County must use these funds to address expenditures incurred due to the COVID-19 public health emergency, between March 1, 2020 and December 30, 2020. Only the amount expended at June 30, 2020 (\$163,446) is shown as revenue in the Fiscal Year 2020 CAFR. The funding has been utilized for a mixture of business and citizen relief measures, assistance to the public school system and regional vocational technical center, coronavirus prevention and work continuity equipment and supplies, and pandemic-response related employee compensation.

Major Initiatives in Fiscal Year 2020

Following the vision and strategic initiatives of the Prince George County Board of Supervisors, and with the assistance and guidance of the County Administrator, County staff and departments have implemented and continued a number of specific programs and projects designed to enhance the levels of service provided to County residents while maintaining an effective and efficient government. A brief description of selected initiatives during fiscal year 2020 is as follows:

Courthouse Lower Level Buildout

The County completed a renovation of the lower level of its Courthouse to relocate and expand the Juvenile and Domestic Relations Court. A new courtroom was added, as well as holding cells, conference meeting spaces, a break room for staff, storage areas and restrooms. Total project expenditures were \$1,889,084.

Public Safety Radio System Replacement

The County has been working with a consultant to purchase a replacement public safety radio system and selected L3Harris as the vendor to replace the existing system on November 26, 2019. As of June 30, 2020 \$2,106,999 has been expended for consulting services and for the portion of L3Harris contract execution completed as of June 30. This project will be ongoing through Fiscal Year 2022, with cutover and final system acceptance anticipated by December 2021. A total of \$14.18 million has been borrowed and budgeted for this system replacement.

Fire & EMS Initiatives

The County began planning for construction of a new Jefferson Park Fire Station during Fiscal Year 2020. The County will receive land through a proffer and secured an architect in FY20. As of June 30, 2020, \$31,947 had been expended for architectural services. Four pieces of fire apparatus are on order utilizing a dedicated 2 cents of Real Estate Tax revenue which the Board has committed to by ordinance §74-4. Self-Contained Breathing Apparatus (SCBA) was ordered in the fall of 2020, and the Board has expressed interest in dedicating another 1 cent of Real Estate Tax revenue to provide an ongoing funding source for the cyclical replacement of Fire and EMS equipment.

Recreation Improvements & Activities

The County engaged Land Planning & Design Associates (LPDA) to prepare a master plan for Scott Park and the plan was presented to the Board in December of 2019. A new restroom and concession stand is near completion at Scott Park, with expenditures of \$233,216 made as of June 30, 2020. Planning for Phase I renovations to the Central Wellness Center was completed in Fiscal Year 2020, and construction was awarded to Centennial Contractors and is scheduled to begin mid-November, 2020. Prince George County was selected to host the 2021 Dixie Softball World Series for 7-8 and 9-10 year olds, and facility improvements have been made, and event planning activities are underway.

Community Development & Code Compliance Software Replacement

Replacement software, EnerGov, is being purchased for Community Development and Code Compliance. This software will be used to issue building permits, inspections, code compliance and site planning documentation. EnerGov will replace the current INKforce system that has been in place since 2013. Expenditures at June 30, 2020 totaled \$204,321, and total estimated expenditures are \$219,863.

Real Estate Assessor Software Replacement

Visions Software is being purchased to replace Proval, which has been in use by the Assessor's office for over ten years. Visions will provide better functionality and web portal enhancements for staff and citizens; as well as improved field tools to gather assessment information. Expenditures at June 30, 2020 were \$208,414, and total estimated expenditures are \$247,629.

School Projects

The School division completed HVAC and chiller upgrades at Prince George High School, N. B. Clements Jr. High School and J. E. J. Moore Middle School totaling \$379,261. School security improvements remain underway, as do roof repairs at David A. Harrison Elementary, improvements to wireless infrastructure, electrical switch gear replacement, school entrance redesigns, and parking lot repairs. HVAC improvements are ongoing at existing William A. Walton Elementary School and the installation of modular units at that location. Funding sources for these school projects include excess School Impact Aid revenues, County appropriated Cash Proffers, General Fund, Fund Balance appropriations, and re-appropriated unexpended school operating budget amounts. Planning for a new Walton Elementary is ongoing and expenditures at June 30, 2020 for A/E services totaled \$301,005. The Board of Supervisors appropriated \$1,000,000 from unreserved fund balance for preliminary planning architectural and engineering (A&E) services, and a spring 2021 borrowing is planned to cover construction costs and remaining A&E services.

Water and Sewer Projects

The Public Utility (water and sewer fund) completed some improvement and rehabilitation projects in fiscal year 2020 that included Beechwood Manor Water System improvements (\$65,922); installation of a water main valve at Temple Avenue (\$30,495); installation of air release valves for force main from Rivers Edge to Fountain Ridge (\$43,216); and water softener installations at Days Inn (\$37,850), Hampton Inn (\$24,920) and Lemonwood Drive (\$17,520). Additionally, phased-in SCADA [Supervisory Control and Data Acquisition] initiatives have been underway since 2016 to allow for the remote monitoring and control of utility facilities. To date, over \$395,960 in SCADA enhancements at County tanks, water and wastewater facilities have been capitalized. SCADA enhancements remain ongoing. The three-mile water line extension project along Route 156 continues through the design phase. Food Lion Water System upgrades, which include a one-mile water line extension along Route 460 and booster station upgrades, continue through the design phase. The construction contract for the Route 460 water line extension was recently awarded and construction is underway.

Sections of the Report

Fiscal year 2020 was the seventeenth year in which the County was required to present financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement Number 34. GASB 34 dramatically changed the structure of financial statements, as well as required changes in the composition of the amounts reported. This limits the comparability of statements from prior fiscal years to the statements produced after implementation of GASB 34.

Compliance with GASB 34 also requires a written analysis of the County's financial performance for the year to be included in the financial statements. This analysis, referred to as management's discussion and analysis (MD&A), is included immediately following the auditor's letter. Prince George County's audited basic financial statements immediately follow the management's discussion and analysis. The notes to financial statements are an integral part of these basic financial statements. In accordance with GASB 34 and the opinion of the Auditor of Public Accounts, financed school plant and equipment, as well as the related debt, are reported with the primary government instead of the component unit school board.

The supplementary information, supporting schedules, and statistical tables provided after the basic financial statements contain more detailed information in support of the basic financial statements and are unaudited.

For federal programs and related funding, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to compliance with these regulations is located in the *Compliance* section of this report.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Prince George for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the sixteenth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the cooperation and dedication of the staff of the Prince George County Finance Department and the accounting firm of Robinson Farmer Cox Associates. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of Prince George County's finances.

Respectfully submitted,



Percy C. Ashcraft
County Administrator

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of
the Board of Supervisors
County of Prince George, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

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 3-11, 106-109, and 110-126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Prince George, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

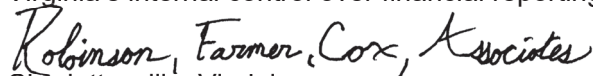
Supplementary and Other Information

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of the County of Prince George, 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 Prince George, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Prince George, Virginia's internal control over financial reporting and compliance.


Charlottesville, Virginia
November 6, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of the County of Prince George's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2020. Please review it in conjunction with the transmittal letter in the beginning of this report and the County's financial statements, which begin after this analysis.

FINANCIAL HIGHLIGHTS

Government Wide Financial Statements (Full Accrual Basis)

The assets, and deferred outflows of resources of the County exceeded its liabilities, and deferred inflows of resources at June 30, 2020 by \$68,331,387 (net position). Of this amount, \$26,097,799 is unrestricted and may be used to meet the County's future obligations.

The County's total net position from Governmental Activities was \$40,638,132 on June 30, 2020, compared to \$36,347,566 total net position on June 30, 2019. Total net position represents the amount by which the County's assets exceeded its liabilities. The governmental net position increased \$4,290,566.

The total net position from Business-type activities (Water and Sewer Fund) was \$27,693,255 on June 30, 2020, compared to \$26,381,309 total net position on June 30, 2019. Net position increased \$1,311,946 during FY 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report contains a variety of schedules and tables designed to provide a comprehensive look at the use of the County's financial resources throughout the 2020 fiscal year and at the status of those financial resources at June 30, 2020, the end of the fiscal year. The basic financial statements contained in this report are separated into three sections:

- **Government-wide financial statements** provide a broad overview of both the long and short-term financial status of the County. Government-wide financial statements, a component of governmental financial reporting under GASB 34, provide financial information in a manner similar to private sector businesses. These statements include the value of capital assets (less accumulated depreciation) and the long-term liabilities of the County.
- **Fund financial statements** are similar in nature to financial statements issued by local governments prior to implementation of GASB 34. These are prepared on the modified accrual basis of accounting, and therefore do not include long-term liabilities, capital assets, or depreciation. Fund financial statements provide more detail on the operations of the County than the government-wide financial statements.
- **Notes to the financial statements** are an integral part of the previous two sections. These notes provide explanations of the amounts in the basic financial statements and offer the reader information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide financial statements

The *government-wide financial statements* are designed to provide the readers with a broad overview of the County's finances in a manner similar to a private-sector business. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities.

The *statement of net* position presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

The *statement of activities* presents information identifying how 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, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the County is divided into the following categories:

- **Governmental activities** – Most of the County's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development.
- **Business-type activities** – The County's water and sewer services are reported here. These services are supported by charges for services based on use.
- **Component Units** – The County includes one separate legal entity in its report – the Prince George County School Board. While legally separate, the County is financially accountable for and provides operating and capital funding to the School Board.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the County's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Capital Projects and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations.

OVERVIEW OF THE FINANCIAL STATEMENTS: (CONTINUED)

Fund Financial Statements: (Continued)

Fiduciary Funds – The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The accounting used for fiduciary funds is similar to that of the proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Required Supplementary Information – In addition to the basic financial statements and notes, this report also presents budgetary comparison schedules, a schedule of funding progress and employer contributions and notes to the required supplementary information.

Other Supplementary Information – This report also presents combining and individual fund statements and schedules.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include two basic statements: the statement of net position and the statement of activities. Both of these statements include all assets and liabilities for all County funds (except fiduciary funds) using the full accrual basis of accounting. The accrual basis of accounting is the method used by private-sector businesses.

The Statement of Net Position

The following table reflects the condensed statement of net position:

County of Prince George, Virginia
Schedule of Assets, Liabilities and Net Position
Governmental and Business-type Activities
For the Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 65,514,981	\$ 57,753,371	\$ 14,264,947	\$ 13,069,537	\$ 79,779,928	\$ 70,822,908
Capital assets	54,709,719	54,175,023	16,368,189	16,655,608	71,077,908	70,830,631
Total assets	\$ 120,224,700	\$ 111,928,394	\$ 30,633,136	\$ 29,725,145	\$ 150,857,836	\$ 141,653,539
Deferred outflows of resources	\$ 4,875,331	\$ 2,976,186	\$ 202,941	\$ 95,984	\$ 5,078,272	\$ 3,072,170
Long-term liabilities						
outstanding	\$ 76,504,045	\$ 73,599,185	\$ 2,599,915	\$ 2,682,445	\$ 79,103,960	\$ 76,281,630
Current liabilities	5,721,884	2,560,888	408,727	584,470	6,130,611	3,145,358
Total liabilities	\$ 82,225,929	\$ 76,160,073	\$ 3,008,642	\$ 3,266,915	\$ 85,234,571	\$ 79,426,988
Deferred inflows of resources	\$ 2,235,970	\$ 2,396,941	\$ 134,180	\$ 172,905	\$ 2,370,150	\$ 2,569,846
Net position:						
Net investment in capital assets	\$ 27,193,687	\$ 27,304,734	\$ 14,853,189	\$ 14,900,608	\$ 42,046,876	\$ 42,205,342
Restricted Cash	186,712	131,274	-	-	186,712	131,274
Unrestricted	13,257,733	8,911,558	12,840,066	11,480,701	26,097,799	20,392,259
Total net position	\$ 40,638,132	\$ 36,347,566	\$ 27,693,255	\$ 26,381,309	\$ 68,331,387	\$ 62,728,875

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Net position (assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. At June 30, 2020 the County's governmental assets exceeded liabilities and deferred inflows of resources by \$40,638,132 while business assets exceeded its liabilities by \$27,693,255. The largest portion of the County's net position, 61.5% and 67.3% in 2020 and 2019, respectively, represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment), net of accumulated depreciation and less any related debt used to acquire or construct those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The majority of the remaining balance of net position, 38.5% and 32.7% in 2020 and 2019, respectively, represents unrestricted net position, which may be used to meet the County's ongoing obligations. Unrestricted net position increased in governmental activities in FY 20 by \$4,346,175 and increased in business-type activities by \$1,359,365.

The Statement of Activities

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. A summary of the statement of activities for the fiscal years covering July 1, 2018 through June 30, 2020 follows:

County of Prince George, Virginia Changes in Net Position Governmental and Business-type Activities For the Years Ended June 30, 2020 and 2019						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,364,009	\$ 2,040,404	\$ 6,595,082	\$ 6,964,645	\$ 8,959,091	\$ 9,005,049
Operating grants and contributions	7,496,188	6,142,208	-	-	7,496,188	6,142,208
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
General property taxes	38,036,686	35,778,138	-	-	38,036,686	35,778,138
Other local taxes	9,744,408	9,364,697	-	-	9,744,408	9,364,697
Use of money and property	1,401,916	1,463,094	72,955	76,806	1,474,871	1,539,900
C/VA non-categorical aid	5,386,356	6,637,380	-	-	5,386,356	6,637,380
Other general revenues	57,119	54,847	40,109	68,378	97,228	123,225
Total revenues	\$ 64,486,682	\$ 61,480,768	\$ 6,708,146	\$ 7,109,829	\$ 71,194,828	\$ 68,590,597
Expenses:						
General government administration	\$ 5,759,968	\$ 7,124,169	\$ -	\$ -	\$ 5,759,968	\$ 7,124,169
Judicial administration	2,787,177	1,392,819	-	-	2,787,177	1,392,819
Public safety	17,954,349	17,891,395	-	-	17,954,349	17,891,395
Public works	3,527,908	2,778,816	-	-	3,527,908	2,778,816
Health and welfare	5,196,590	5,477,052	-	-	5,196,590	5,477,052
Education	18,712,181	17,501,426	-	-	18,712,181	17,501,426
Parks, recreation, and cultural	1,968,299	2,130,184	-	-	1,968,299	2,130,184
Community development	2,431,043	1,372,798	-	-	2,431,043	1,372,798
Interest and other fiscal charges	1,709,111	1,374,596	-	-	1,709,111	1,374,596
Water and sewer	-	-	5,545,690	5,520,112	5,545,690	5,520,112
Total expenses	\$ 60,046,626	\$ 57,043,255	\$ 5,545,690	\$ 5,520,112	\$ 65,592,316	\$ 62,563,367
Increase in net position before transfers	\$ 4,440,056	\$ 4,437,513	\$ 1,162,456	\$ 1,589,717	\$ 5,602,512	\$ 6,027,230
Transfers	(149,490)	1,372	149,490	(1,372)	-	-
Increase in net position	\$ 4,290,566	\$ 4,438,885	\$ 1,311,946	\$ 1,588,345	\$ 5,602,512	\$ 6,027,230
Net position, beginning	36,347,566	31,908,681	26,381,309	24,792,964	62,728,875	56,701,645
Net position, ending	\$ 40,638,132	\$ 36,347,566	\$ 27,693,255	\$ 26,381,309	\$ 68,331,387	\$ 62,728,875

GOVERNMENT-WIDE FINANCIAL STATEMENTS: (CONTINUED)

Governmental Activities

Governmental activities revenues increased from \$61,480,768 to \$64,486,682 or \$3,005,914 (4.89%) in FY 20 over FY 19. Increases in general property taxes represent the majority of this increase, growing by \$2,258,548 between FY 19 and FY 20. Property tax increases are largely due to growth in assessed values and efforts made to collect delinquent property taxes. Increases were also seen in charges for services, operating grants and contributions and other local tax revenues. Non-categorical revenues from the Commonwealth of Virginia decreased, as did use of money and property (interest) revenues.

Governmental activities expenses increased from \$57,043,255 to \$60,046,626 or 5.3%. Increases were seen in Judicial Administration, Education, Community Development, Public Safety, Public Works, Interest and Other Fiscal Charges. There were decreases in General Government Administration, Parks and Recreation and Health and Welfare expenditures. These expenditure variances are chiefly attributable to changes in capital project fund expenditures within certain functional areas.

Business-type activities

The Water and Sewer Fund revenues decreased \$401,683; a reduction of 5.6% from FY 19. This reduction in revenues is largely attributable to a drop in connection / capacity fees and a slight drop in water service charges. The pandemic has created an increase in the number and amounts of delinquent balances.

Total expenses for the Water and Sewer Fund increased by \$25,578 (0.5%); from \$5,520,112 in FY 19 to \$5,545,690 in FY 20.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$56,952,642. Of this amount \$24,555,570 is assigned for capital projects, \$86,324 is reserved for debt service purposes and \$3,981,975 is assigned to various special revenue funds. The Stormwater Fund was separated from the General Fund for reporting purposes in FY 19, and is now reported as a nonmajor governmental fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the general fund balance was \$28,328,773 of which \$28,328,773 represents unassigned fund balance of the General Fund. This amount represents 26.4% of General Fund and School Operating expenditures (including debt service). The Board of Supervisors has committed to maintaining an unreserved General Fund balance of at least 12.5% of General Fund and School Operating expenditures and has met and exceeded that target for the fiscal year ending June 30, 2020.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)

The net increase in unassigned fund balance for the General Fund for 2020 was \$4,422,887. Unassigned fund balance at June 30, 2019 was \$23,905,886. The increase in fund balance for the General Fund, is largely attributable to an increase in property taxes, and collections exceeding budgeted amounts. Prince George County continued its partnership with a collection agency in FY 20 to pursue delinquent property taxes. Significant reasons for the increase in unassigned General Fund balance are:

Revenues: General Fund revenues of \$61,218,024 exceeded budgeted amounts by \$3,197,754, primarily in general property taxes, other local tax revenues, permits and fees, and revenue from use of money and property (interest). The Board of Supervisors changed the due date for Real Estate and Personal Property taxes from June 5 to June 26 and allowed taxpayers to pay through August 31 without penalty and interest. Revenues were conservatively budgeted, and collections exceeded budgeted amounts despite COVID-19 financial impacts.

Expenditures: General Fund expenditures and transfers out were \$3,725,866 less than amended budget amounts in FY 20. Spending was less than budgeted amounts by \$1,800,941 in FY 20. Expenditures were under budgeted amounts in every General Fund functional area in FY 20 due to conservative spending practices. Additionally, the transfer to schools was \$1,924,925 less than the amount budgeted due to actual school operating revenues from non-local sources being \$1,196,846 higher than projections, and from expenditures being \$728,079 less than what was budgeted.

Use of Fund Balance: For FY 2020, there was minimal planned / budgeted non-routine use of fund balance for operating purposes. The County encountered unanticipated growth in Children's Services Act spending for foster care services in FY 20, and appropriated additional funds to the Commonwealth's Attorney, Sheriff and Garage for staffing to meet increased caseloads and work demands. The County Board of Supervisors appropriated \$1,000,000 in fund balance for architectural and engineering costs for a new Walton Elementary School, and re-appropriated \$704,232 in FY 2019 "unexpended balances" to the School Division to meet some capital needs. Although the County appropriated use of fund balance, higher than expected revenues and conservative spending more than offset these planned uses, and there was an increase in fund balance of \$4,422,887 over FY 2019.

Capital projects fund. The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$24,555,570, which was a decrease of \$945,959 from the FY 19 balance of \$25,501,529. This capital fund, fund balance is largely comprised of unspent 2019, 2018 and 2017 bond proceeds for projects that will be ongoing in fiscal years 2021 and 2022. During FY 2020, the County issued debt for:

- renovations at the Central Wellness Center
- continued expansion of broadband within the County (IDA grant to Prince George Rural Band)
- police vehicles
- fire apparatus replacements
- stormwater projects [capital expenditures shown within Stormwater Fund]

More details of specific project revenues and expenditures can be found in Note 5 and Exhibit 30.

Debt service fund. The Debt Service Fund received transfers from the General Fund slightly higher than that needed to meet its requirements in FY 20. Beginning in FY 19, the County began building a reserve in the debt fund to accommodate future capital projects and minimize potential tax increases. At the end of FY 20 the fund balance was \$86,324 in the debt Service Fund. In FY 2020 transfers in were \$7,987,412 and principal retirements of indebtedness totaled \$6,499,269 while interest expense totaled \$1,438,565. More information on the County's long-term obligations including general obligation bonds and school indebtedness can be found in Note 7.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS: (CONTINUED)

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$27,693,255. Details of the Water and Sewer operations were previously discussed in the letter.

General Fund Budgetary Highlights

Prince George County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year and fiscal year 2020 was no exception. General fund adopted budget totaled \$57,141,488 (net of a \$620,000 transfer in from the school system for Children's Services Act costs), amended budget and transfers out totaled \$60,528,284, an increase of \$3,386,796. Actual general fund expenditures and transfers out totaled \$56,795,137. Details supporting a comparison of final amended budget and actual results can be found in Exhibit 12. Expenditures in no functional appropriation category exceeded its amended appropriations during FY 20. The following is a summary of the most significant changes in the adopted and amended budgets for FY 20:

- Increases of \$312,438 were approved for Children's Services Act expenditures in fiscal year 2020 (fund balance).
- The County received and appropriated the following grant amounts during fiscal year 2020:
 - \$280,000 in School Resource Officer (SRO) grants (continuation for four SRO positions);
 - \$130,116 in Fire Program Funds for use by the volunteer fire departments;
 - \$36,869 in Four for Life grants for Fire/EMS initiatives;
 - \$15,000 Cameron Foundation Crisis Stabilization Grant (Social Services);
 - \$12,250 in VDEM Homeland Security Grants (Fire/EMS);
 - \$11,742 in Division of Motor Vehicles Safety Grants (Police);
 - \$10,059 State Record Preservation Grant (Circuit Court);
 - \$7,367 State Litter Control Grant;
 - \$2,000 DHCD Virtual Training Support Grant (Community Development & Code Compliance);
 - \$1,524 in JAG Byrne Grant (Police);
 - \$969 VDEM Dominion REPP Grant
- Increases and appropriations from fund balance were approved for one-time or capital purposes and were for:
 - \$1,000,000 for planning for a new Walton Elementary School;
 - \$704,232 appropriation (FY2019 excess) for capital needs [trailers, HVAC, buses];
 - \$255,768 for multi-year federal and state grants;
 - \$109,828 for positions added January 1, 2020 [Sheriff, Commonwealth's Attorney, Garage];
 - \$312,438 for Children's Services Act increase for expenditures above budget projections;
 - \$322,082 for purchase order obligations (\$174,393 County; \$147,689 School).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Governmental Accounting Standards Board (GASB) Statement 34 requires the primary government (the County) to report debt and debt service incurred "on behalf" of component units (the School Board). In this report, capital assets such as school buildings that have related debt are reported with the primary government on the Statement of Net Position. The portion of these capital assets free of related debt are reported as buildings and improvements under the component unit School Board (see Note 5 in the Notes to Financial Statements).

CAPITAL ASSETS AND DEBT ADMINISTRATION: (CONTINUED)

The following table summarizes the County's capital assets, net of depreciation, as of June 30, 2020. The County's total investment in capital assets, such as land, buildings and improvements, utility plant, equipment, and construction in progress totals \$110,734,208 (includes schools and water and sewer).

County of Prince George, Virginia
Capital Assets (net of Depreciation)
Governmental and Business-type Activities
For the Year Ended June 30, 2020

	Governmental Activities 2020	Business-type Activities 2020
Land	\$ 3,995,201	\$ 244,744
Buildings and improvements	66,483,958	-
Utility plant	-	32,814,213
Equipment	29,176,221	1,806,243
Construction in progress	5,687,900	233,735
Total	\$ 105,343,280	\$ 35,098,935
Less accumulated depreciation	50,633,561	18,730,746
Net capital assets	\$ 54,709,719	\$ 16,368,189

More information on the County's capital assets can be found in note 5 to the financial statements.

At the end of fiscal year 2020, the County had total outstanding debt of \$58,254,411 (excluding compensated absences, bond premiums, length of service award program and OPEB, see Note 7 in the Notes to Financial Statements), in comparison; the County had \$57,698,680 and \$55,176,114 outstanding at June 30, 2019 and 2018, respectfully. Of the \$58,254,411 of outstanding debt at June 30, 2020, \$44,600,224 is for general government purposes and \$12,139,187 is outstanding debt on behalf of the School Board. The Water and Sewer Fund has outstanding debt of \$1,515,000.

For more information regarding Prince George County's long-term obligations, see Note 7 in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Based on available economic data, the local economy continues to improve from the spring 2020 pandemic economic shutdown. The local unemployment rate was 6.3% for September 2020, as compared to 3.1% for September 2019. The state and national unemployment rates for September 2020 were 6.2% and 7.9%, respectively.

The FY 21 General Fund operating budget totaled \$60,271,416, which was a \$2,509,928 (4.3%) increase over the FY 20 adopted budget. The Real Estate Tax Rate remained at \$0.86 with no increase and there was **no reliance on fund balance** during FY 21 for operations. Despite the economic impacts of COVID-19, Prince George County ended FY 20 in a strong financial position, and there are no indicators of collection concerns early in FY 21.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES: (CONTINUED)

The County has received \$6,692,302 in Federal CARES Coronavirus Relief Funds through the Virginia Department of Treasury; half in FY 20 and half in FY 21. The County must use these funds to address expenditures incurred due to the COVID-19 public health emergency, between March 1, 2020 and December 30, 2020. Only the amount expended at June 30, 2020 was recognized as revenue (\$163,446) in FY 20, with \$3,182,705 shown as unearned revenue (see Exhibits 3 and 32). The funding has been utilized for a mixture of business and citizen relief measures, assistance to the public school system and regional vocational technical center, coronavirus prevention and work continuity equipment and supplies, and pandemic-response related employee compensation.

It is the continued mission of the County to provide the most cost-efficient services to the taxpayers of Prince George County, and to make Prince George “the best place to live, learn, work and raise a family.”

REQUESTS FOR INFORMATION

This financial report is designed to provide the Board of Supervisors, citizens, taxpayers, customers, and creditors of Prince George County, Virginia with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Prince George County, PO Box 68, Prince George, VA 23875, telephone (804) 722-8710.

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Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
At June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 30,951,075	\$ 13,415,886	\$ 44,366,961	\$ 8,183,951
Restricted cash	25,825,560	-	25,825,560	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	6,696,770	-	6,696,770	-
Accounts receivable	605,945	383,288	989,233	1,635
Internal balances	(465,773)	465,773	-	-
Due from other governmental units	1,901,404	-	1,901,404	1,659,357
Total current assets	\$ 65,514,981	\$ 14,264,947	\$ 79,779,928	\$ 9,844,943
Noncurrent Assets:				
Capital assets (net of accumulated depreciation):				
Land	\$ 3,995,201	\$ 244,744	\$ 4,239,945	\$ 1,154,404
Construction in progress	5,687,900	233,735	5,921,635	2,173,677
Buildings	26,177,519	-	26,177,519	32,768,663
Machinery and equipment	6,709,910	1,450,395	8,160,305	3,559,556
Jointly owned assets	12,139,189	-	12,139,189	-
Utility plant in service	-	14,439,315	14,439,315	-
Total capital assets	\$ 54,709,719	\$ 16,368,189	\$ 71,077,908	\$ 39,656,300
Total noncurrent assets	\$ 54,709,719	\$ 16,368,189	\$ 71,077,908	\$ 39,656,300
Total assets	\$ 120,224,700	\$ 30,633,136	\$ 150,857,836	\$ 49,501,243
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 3,226,427	\$ 169,557	\$ 3,395,984	\$ 11,194,299
OPEB related items	470,919	33,384	504,303	1,661,504
LOSAP related items	610,249	-	610,249	-
Deferred amount on bond refunding	567,736	-	567,736	-
Total deferred outflows of resources	\$ 4,875,331	\$ 202,941	\$ 5,078,272	\$ 12,855,803
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 1,720,791	\$ 291,560	\$ 2,012,351	\$ 1,219,796
Accrued liabilities	212,830	-	212,830	7,030,091
Customer deposits	-	103,061	103,061	-
Unearned revenues	3,226,193	-	3,226,193	-
Accrued interest payable	562,070	14,106	576,176	-
Current portion of long-term obligations	7,104,713	253,086	7,357,799	33,916
Total current liabilities	\$ 12,826,597	\$ 661,813	\$ 13,488,410	\$ 8,283,803
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations	\$ 69,399,332	\$ 2,346,829	\$ 71,746,161	\$ 67,546,720
Total liabilities	\$ 82,225,929	\$ 3,008,642	\$ 85,234,571	\$ 75,830,523
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property tax	127,730	\$ -	\$ 127,730	\$ -
Pension related items	1,361,352	82,205	1,443,557	7,383,915
OPEB related items	733,133	51,975	785,108	2,257,794
LOSAP related items	13,755	-	13,755	-
Total deferred inflows of resources	\$ 2,235,970	\$ 134,180	\$ 2,370,150	\$ 9,641,709
NET POSITION				
Net Investment in capital assets	\$ 27,193,687	\$ 14,853,189	\$ 42,046,876	\$ 39,656,300
Restricted cash:				
Proffers	100,388	-	100,388	-
Debt service	86,324	-	86,324	-
Unrestricted (deficit)	13,257,733	12,840,066	26,097,799	(62,771,486)
Total net position	\$ 40,638,132	\$ 27,693,255	\$ 68,331,387	\$ (23,115,186)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 5,759,968	\$ 329,613	\$ 236,553	\$ -
Judicial administration	2,787,177	129,866	701,941	-
Public safety	17,954,349	1,217,084	3,261,596	-
Public works	3,527,908	618,981	-	-
Health and welfare	5,196,590	-	3,288,731	-
Education	18,712,181	-	-	-
Parks, recreation, and cultural	1,968,299	68,465	7,367	-
Community development	2,431,043	-	-	-
Interest on long-term debt	1,709,111	-	-	-
Total governmental activities	<u>\$ 60,046,626</u>	<u>\$ 2,364,009</u>	<u>\$ 7,496,188</u>	<u>\$ -</u>
Business-type activities:				
Public Utilities	\$ 5,545,690	\$ 6,595,082	\$ -	\$ -
Total business-type activities	<u>\$ 5,545,690</u>	<u>\$ 6,595,082</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u><u>\$ 65,592,316</u></u>	<u><u>\$ 8,959,091</u></u>	<u><u>\$ 7,496,188</u></u>	<u><u>\$ -</u></u>
COMPONENT UNIT:				
School Board	<u>\$ 67,939,540</u>	<u>\$ 1,053,158</u>	<u>\$ 54,292,281</u>	<u>\$ -</u>
Total component unit	<u><u>\$ 67,939,540</u></u>	<u><u>\$ 1,053,158</u></u>	<u><u>\$ 54,292,281</u></u>	<u><u>\$ -</u></u>
General revenues:				
General property taxes				
Local sales and use taxes				
Consumer utility taxes				
Business license taxes				
Motor vehicle license taxes				
Taxes on recordation and wills				
Meals taxes				
Lodging taxes				
Bank stock tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
County contribution to School Board				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	School Board	
\$ (5,193,802)	\$ -	\$ (5,193,802)	\$ -	
(1,955,370)	-	(1,955,370)	-	
(13,475,669)	-	(13,475,669)	-	
(2,908,927)	-	(2,908,927)	-	
(1,907,859)	-	(1,907,859)	-	
(18,712,181)	-	(18,712,181)	-	
(1,892,467)	-	(1,892,467)	-	
(2,431,043)	-	(2,431,043)	-	
(1,709,111)	-	(1,709,111)	-	
<u>\$ (50,186,429)</u>	<u>\$ -</u>	<u>\$ (50,186,429)</u>	<u>\$ -</u>	
\$ -	\$ 1,049,392	\$ 1,049,392	\$ -	
\$ -	\$ 1,049,392	\$ 1,049,392	\$ -	
<u>\$ (50,186,429)</u>	<u>\$ 1,049,392</u>	<u>\$ (49,137,037)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (12,594,101)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,594,101)</u>	
\$ 38,036,686	\$ -	\$ 38,036,686	\$ -	
3,250,168	-	3,250,168	-	
905,824	-	905,824	-	
1,701,729	-	1,701,729	-	
1,088,786	-	1,088,786	-	
438,652	-	438,652	-	
1,188,368	-	1,188,368	-	
574,006	-	574,006	-	
119,309	-	119,309	-	
477,566	-	477,566	-	
1,401,916	72,955	1,474,871	-	
57,119	40,109	97,228	75,213	
-	-	-	14,290,415	
5,386,356	-	5,386,356	-	
(149,490)	149,490	-	-	
<u>\$ 54,476,995</u>	<u>\$ 262,554</u>	<u>\$ 54,739,549</u>	<u>\$ 14,365,628</u>	
\$ 4,290,566	\$ 1,311,946	\$ 5,602,512	\$ 1,771,527	
36,347,566	26,381,309	62,728,875	(24,886,713)	
<u>\$ 40,638,132</u>	<u>\$ 27,693,255</u>	<u>\$ 68,331,387</u>	<u>\$ (23,115,186)</u>	

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Fund Financial Statements

Balance Sheet
Governmental Funds
At June 30, 2020

	General	Capital Projects	Debt Service	CARES CRF	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 24,350,289	\$ -	\$ -	\$ 3,224,328	\$ 3,857,166	\$ 31,431,783
Restricted cash	-	25,739,236	86,324	-	-	25,825,560
Receivables (net of allowance for uncollectibles):						
Taxes receivable	6,696,770	-	-	-	-	6,696,770
Accounts receivable	364,132	-	-	-	241,813	605,945
Due from other governmental units	1,862,812	-	-	-	38,592	1,901,404
Total assets	<u>\$ 33,274,003</u>	<u>\$ 25,739,236</u>	<u>\$ 86,324</u>	<u>\$ 3,224,328</u>	<u>\$ 4,137,571</u>	<u>\$ 66,461,462</u>
LIABILITIES						
Accounts payable	\$ 887,758	\$ 702,958	\$ -	\$ 24,405	\$ 105,670	\$ 1,720,791
Reconciled overdraft	-	480,708	-	-	-	480,708
Unearned revenue	-	-	-	3,182,705	43,488	3,226,193
Accrued liabilities	189,174	-	-	17,218	6,438	212,830
Due to other funds	465,773	-	-	-	-	465,773
Total liabilities	<u>\$ 1,542,705</u>	<u>\$ 1,183,666</u>	<u>\$ -</u>	<u>\$ 3,224,328</u>	<u>\$ 155,596</u>	<u>\$ 6,106,295</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property tax	\$ 3,402,525	\$ -	\$ -	\$ -	\$ -	\$ 3,402,525
FUND BALANCES						
Restricted:						
Proffers	\$ -	\$ 100,388	\$ -	\$ -	\$ -	\$ 100,388
Debt service	-	-	86,324	-	-	86,324
Unspent bond proceeds - various projects	-	25,638,848	-	-	-	25,638,848
Total restricted	<u>\$ -</u>	<u>\$ 25,739,236</u>	<u>\$ 86,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,825,560</u>
Assigned:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 398,661	\$ 398,661
Economic development	-	-	-	-	902,710	902,710
Capital projects	-	(1,183,666)	-	-	-	(1,183,666)
Stormwater	-	-	-	-	2,530,454	2,530,454
Asset forfeiture	-	-	-	-	61,024	61,024
Tourism	-	-	-	-	89,126	89,126
Total assigned	<u>\$ -</u>	<u>\$ (1,183,666)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,981,975</u>	<u>\$ 2,798,309</u>
Unassigned	\$ 28,328,773	\$ -	\$ -	\$ -	\$ -	\$ 28,328,773
Total fund balance	<u>\$ 28,328,773</u>	<u>\$ 24,555,570</u>	<u>\$ 86,324</u>	<u>\$ -</u>	<u>\$ 3,981,975</u>	<u>\$ 56,952,642</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 33,274,003</u>	<u>\$ 25,739,236</u>	<u>\$ 86,324</u>	<u>\$ 3,224,328</u>	<u>\$ 4,137,571</u>	<u>\$ 66,461,462</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
At June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	56,952,642	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			54,709,719
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.			(562,070)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue-property taxes			3,274,795
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Deferred outflows related to:			
Net pension liabilities	\$	3,836,676	
Net OPEB liabilities		<u>470,919</u>	4,307,595
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liabilities	\$	(1,375,107)	
Net OPEB liabilities		<u>(733,133)</u>	(2,108,240)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Details supporting this amount are as follows:			
Deferred amount on refunding			567,736
Compensated absences			(1,928,010)
County general obligation bonds			(44,600,224)
School Board general obligation bonds			(5,424,187)
School board literary fund loans			(6,715,000)
Net OPEB liabilities			(5,631,131)
Net pension liabilities			(12,078,023)
School Board premium on bonds payable			<u>(127,470)</u>
Net position of governmental activities	\$		<u><u>40,638,132</u></u>

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

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

	General	Capital Projects	Debt Service	CARES CRF	Other Governmental Funds	Total
REVENUES						
General property taxes	\$ 37,915,650	\$ -	\$ -	\$ -	\$ -	\$ 37,915,650
Other local taxes	7,734,070	-	-	-	2,010,338	9,744,408
Permits, privilege fees, and regulatory licenses	626,370	-	-	-	-	626,370
Fines and forfeitures	333,211	-	-	-	-	333,211
Revenue from the use of money and property	947,941	453,806	-	-	169	1,401,916
Charges for services	1,359,681	-	-	-	44,747	1,404,428
Miscellaneous	49,613	-	5,860	-	1,646	57,119
Recovered costs	362,560	-	-	-	96,250	458,810
Intergovernmental:						
Commonwealth	9,893,804	-	-	-	984,232	10,878,036
Federal	1,995,124	-	-	163,446	9,384	2,167,954
Total revenues	\$ 61,218,024	\$ 453,806	\$ 5,860	\$ 163,446	\$ 3,146,766	\$ 64,987,902
EXPENDITURES						
Current:						
General government administration	\$ 5,298,758	\$ 564,603	\$ -	\$ 31,689	\$ -	\$ 5,895,050
Judicial administration	2,594,892	-	-	-	-	2,594,892
Public safety	15,932,353	4,020,075	-	98,624	1,077,210	21,128,262
Public works	2,298,999	150,650	-	-	1,222,265	3,671,914
Health and welfare	5,330,814	-	-	-	-	5,330,814
Education	14,307,037	2,177,632	-	33,133	-	16,517,802
Parks, recreation, and cultural	1,589,576	425,782	-	-	-	2,015,358
Community development	346,675	1,000,000	-	-	1,069,034	2,415,709
Debt service:						
Bond issuance cost	-	112,903	-	-	-	112,903
Bond arbitrage fees	-	21,320	-	-	-	21,320
Principal retirement	-	-	6,499,269	-	-	6,499,269
Interest and other fiscal charges	-	-	1,438,565	-	-	1,438,565
Total expenditures	\$ 47,699,104	\$ 8,472,965	\$ 7,937,834	\$ 163,446	\$ 3,368,509	\$ 67,641,858
Excess (deficiency) of revenues over (under) expenditures	\$ 13,518,920	\$ (8,019,159)	\$ (7,931,974)	\$ -	\$ (221,743)	\$ (2,653,956)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 1,878,200	\$ 7,987,412	\$ -	\$ 2,157,327	\$ 12,022,939
Issuance of debt	-	7,295,000	-	-	-	7,295,000
Transfers (out)	(9,096,033)	(2,100,000)	-	-	(976,396)	(12,172,429)
Total other financing sources (uses)	\$ (9,096,033)	\$ 7,073,200	\$ 7,987,412	\$ -	\$ 1,180,931	\$ 7,145,510
Net change in fund balances	\$ 4,422,887	\$ (945,959)	\$ 55,438	\$ -	\$ 959,188	\$ 4,491,554
Fund balances - beginning	23,905,886	25,501,529	30,886	-	3,022,787	52,461,088
Fund balances - ending	\$ 28,328,773	\$ 24,555,570	\$ 86,324	\$ -	\$ 3,981,975	\$ 56,952,642

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

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

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

Net change in fund balances - total governmental funds	\$ 4,491,554
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details are as follows:

Depreciation expense	\$ (4,264,399)	
Capital asset additions	5,749,131	
Transfer of joint tenancy assets from Primary Government to the Component Unit	<u>(950,036)</u>	534,696

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

Property taxes	121,036
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Details supporting these changes are as follows:

Issuance of debt	\$ (7,295,000)	
Amortization of premium on bonds payable	21,246	
Retirement of County general obligation bonds	4,271,757	
Retirement of School Board general obligation bonds	1,782,512	
Retirement of School Board literary fund loans	<u>445,000</u>	(774,485)

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.

Details supporting these changes are as follows:

Change in accrued interest payable	\$ (67,401)	
Pension expense	379,404	
OPEB expense	(198,822)	
Deferred amount on refunding	(90,168)	
Change in compensated absences	<u>(105,248)</u>	(82,235)

Change in net position of governmental activities	\$ <u><u>4,290,566</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
 Proprietary Funds
 At June 30, 2020

	Enterprise Funds Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 13,415,886
Accounts receivable, net of allowance for uncollectibles	383,288
Total current assets	<u>\$ 13,799,174</u>
Noncurrent assets:	
Due from other funds	\$ 465,773
Capital assets (net of accumulated depreciation):	
Land	\$ 244,744
Utility plant in service	14,439,315
Machinery and equipment	1,450,395
Construction in progress	233,735
Total capital assets	<u>\$ 16,368,189</u>
Total noncurrent assets	<u>\$ 16,833,962</u>
 Total assets	 <u>\$ 30,633,136</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 169,557
OPEB related items	<u>33,384</u>
 Total deferred outflows of resources	 <u>\$ 202,941</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 30,836,077</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 291,560
Customers' deposits	103,061
Accrued interest payable	14,106
Compensated absences - current portion	9,086
Bonds payable - current portion	244,000
Total current liabilities	<u>\$ 661,813</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 81,771
Net pension liability	566,982
Net OPEB liabilities	427,076
Bonds payable - net of current portion	1,271,000
Total noncurrent liabilities	<u>\$ 2,346,829</u>
Total liabilities	<u>\$ 3,008,642</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 82,205
OPEB related items	<u>51,975</u>
 Total deferred inflows of resources	 <u>\$ 134,180</u>
NET POSITION	
Net investment in capital assets	\$ 14,853,189
Unrestricted	12,840,066
Total net position	<u>\$ 27,693,255</u>
 Total liabilities, deferred inflows of resources and net position	 <u><u>\$ 30,836,077</u></u>

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

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

	Enterprise Funds Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 1,910,588
Sewer revenues	4,257,712
Penalty/reconnection charges	343,944
Miscellaneous	40,109
Total operating revenues	<u>\$ 6,552,353</u>
OPERATING EXPENSES	
Water supply, treatment and pumping	\$ 413,802
Wastewater treatment, pumping and disposal	2,488,309
Administrative and operation	1,078,275
Other supplies and expenses	518,021
Depreciation	869,747
Total operating expenses	<u>\$ 5,368,154</u>
Operating income (loss)	<u>\$ 1,184,199</u>
NONOPERATING REVENUES (EXPENSES)	
Connection/capacity fees	\$ 82,838
Interest income	6,399
Rental income	66,556
Interest expense	(177,536)
Total nonoperating revenues (expenses)	<u>\$ (21,743)</u>
Income (loss) before transfers	\$ 1,162,456
Transfers in	<u>149,490</u>
Change in net position	\$ 1,311,946
Net position - beginning	26,381,309
Net position - ending	<u><u>\$ 27,693,255</u></u>

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

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

	Enterprise Funds Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 6,611,439
Payments for operating activities	(3,594,586)
Payments to employees	(1,066,487)
Net cash provided by (used for) operating activities	\$ 1,950,366
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loan to other funds	\$ 152,193
Transfers from other funds	149,490
Net cash provided by (used for) noncapital financing activities	\$ 301,683
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (582,327)
Connection/capacity charges	82,838
Principal payments on bonds	(240,000)
Interest expense	(179,396)
Net cash provided by (used for) capital and related financing activities	\$ (918,885)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 6,399
Rental income	66,556
Net cash provided by (used for) investing activities	\$ 72,955
Net increase in cash and cash equivalents	\$ 1,406,119
Cash and cash equivalents - beginning	12,009,767
Cash and cash equivalents - ending	\$ 13,415,886
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 1,184,199
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 869,747
Change in accounts receivable	58,516
Change in deferred outflows of resources	(106,957)
Change in deferred inflows of resources	(38,725)
Change in accounts payable	(174,454)
Change in customer deposits	570
Change in compensated absences	18,429
Change in net pension liability	77,001
Change in net OPEB liabilities	62,040
Total adjustments	\$ 766,167
Net cash provided by (used for) operating activities	\$ 1,950,366

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

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

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 23,132	\$ 3,239,808
Guaranteed investment contracts	<u>1,935,577</u>	<u>-</u>
Total assets	\$ <u><u>1,958,709</u></u>	\$ <u><u>3,239,808</u></u>
LIABILITIES		
Amounts held for others	\$ <u>-</u>	\$ <u>3,239,808</u>
Total liabilities	\$ <u>-</u>	\$ <u>3,239,808</u>
NET POSITION RESTRICTED FOR PENSIONS		
Net position restricted for pensions	\$ <u>1,958,709</u>	\$ <u>-</u>
Total net position restricted for pensions	\$ <u>1,958,709</u>	\$ <u>-</u>
Total liabilities and net position restricted for pensions	\$ <u><u>1,958,709</u></u>	\$ <u><u>3,239,808</u></u>

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

Statement of Changes in Fiduciary Net Position
Pension Trust Fund
Year Ended June 30, 2020

Additions:

Employer contributions	\$	141,000
Interest income		507
Other investment income		<u>67,098</u>
Total additions	\$	<u>208,605</u>

Deductions:

Members' benefits	\$	<u>131,618</u>
Total deductions	\$	<u>131,618</u>

Change in net position	\$	76,987
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Net position - beginning of year		<u>1,881,722</u>
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Net position - end of year	\$	<u><u>1,958,709</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Prince George, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation, recreation, cultural events, education, and social services.

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

Financial Statement Presentation

Management's Discussion and Analysis - Governmental standards established requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

The County's internal activities include water and sewer billings and activities of the County garage. It is the County's policy not to eliminate these internal activities in the government-wide Statement of Activities.

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

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

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

B. Individual Component Unit Disclosures

Blended Component Unit - The County has no blended component units at June 30, 2020.

Discretely Presented Component Unit - The School Board members are elected by the citizens of Prince George 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, 2020.

C. Other Related Organizations

Included in the County's Comprehensive Annual Financial Report

None

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report

Joint Ventures

South Central Wastewater Authority

The South Central Wastewater Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases wastewater treatment services from the Authority at prescribed rates and capacity levels. The County's expenditures for wastewater treatment services for the year ended June 30, 2020 were \$589,420. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 900 Magazine Road, Petersburg, Virginia 23803.

Riverside Regional Jail Authority

The Riverside Regional Jail Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Charles City, Chesterfield, Prince George and Surry and the Cities of Petersburg, Colonial Heights and Hopewell each appoint two members to the fourteen member board. Each participating entity is required to commit prisoners and pay the established per diem charge in accordance with its service agreement with the Authority. The County's expenditures for confinement services for the year ended June 30, 2020 were \$2,032,567. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 1000 River Road, Hopewell, Virginia 23860.

Appomattox River Water Authority

The Appomattox River Water Authority is considered a joint venture and therefore its operations are not included in the County's financial statements. The Counties of Chesterfield, Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights each appoint one member to the five member board. Each participating entity purchases water from the Authority at prescribed rates and capacity levels. The County's expenses for water purchased for the year ended June 30, 2020 were \$345,843. The participants have no ongoing financial responsibilities to or equity interest in the Authority.

Complete financial statements for the Authority can be obtained from the Authority's office at 21300 Chesdin Road, Petersburg, Virginia 23860.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

C. Other Related Organizations: (Continued)

Excluded from the County's Comprehensive Annual Financial Report: (Continued)

Appomattox Regional Library

The County is a participant with the County of Dinwiddie and the City of Hopewell in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by a 9 member board composed of three appointees each from Hopewell, Dinwiddie, and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the County remitted \$604,127 to the Library for fiscal 2020. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860. The participants have no ongoing financial responsibilities to or equity interest in the Library.

Jointly Governed Organizations

The County participates with eight other localities in District 19 Community Services Board. The County also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The County provided funding of \$110,562 to District 19 CSB during fiscal 2020. The County provided funding of \$287,280 to Crater Youth Care Commission during fiscal 2020. The County provided funding of \$45,479 to Virginia Gateway Region during fiscal 2020.

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 and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus since they do not record equity balances, only assets and liabilities. 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.

Generally the effect of interfund activity has been eliminated from the County's government-wide financial statements. Exceptions to our general rule are payments-in-lieu of taxes where the amounts are equivalent to interfund services provided and other charges between the government's proprietary funds and various other functions of government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

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 other 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.

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 following governmental funds:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

1. Governmental Funds: (Continued)

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Funds are considered nonmajor governmental funds and consist of the Economic Development Fund, Community Corrections Fund, Asset Forfeiture Fund, Tourism Fund, and Stormwater Fund.

Capital Projects Fund – The 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. The Capital Projects Fund is considered a major governmental fund.

Debt Service Fund – The Debt Service Fund Accounts for and reports resources that are restricted, committed or assigned to expenditure for principal and interest or to report financial resources being accumulated for future debt service. The Debt Service fund is considered a major governmental fund.

2. Proprietary Funds

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The County's Enterprise Funds consist of the Water and Sewer Fund, which is considered a major fund.

3. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust and Agency Funds. These funds utilize the accrual basis of accounting as described in the Proprietary Funds. Fiduciary funds are not included in the government-wide financial statements. Trust Funds include the Pension Trust Fund. Agency funds include the Special Welfare Fund, Fringe Benefits Fund and the Performance Bond Fund.

4. Component Unit

The Prince George County School Board has the following funds:

Governmental Funds:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

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

4. Component Unit: (Continued)

Governmental Funds:

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Adult Basic Education Fund, Textbook Fund and School Cafeteria Fund are considered to be nonmajor funds.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables and Payables

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 \$716,332 at June 30, 2020 is comprised of property taxes in the amount of \$678,314 and utility accounts of \$38,018.

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	July 1	January 1
Due Date	June 5/December 5	June 5
Lien Date	July 1	January 1

The County bills and collects its own property taxes.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2020.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Machinery and Equipment	5-20
Utility Plant	30-50
Buses	10

I. Compensated Absences

County employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specified rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary statements.

All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. For governmental fund types, the amount of accumulated unpaid vacation leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirement or resignation. For the County's Water and Sewer Fund, the cost of vacation and sick leave is recorded as a liability when earned.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

K. Fund Equity

The County reports the following classifications of fund balance to 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 policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes and modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment or assignment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). The County does this 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 County's Board of Supervisors has not delegated this authority to assign amounts to any individual for the fiscal year ended June 30, 2020.

In the General Fund, the County strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 15% of the actual GAAP basis expenditures and other financing sources and uses.

L. 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 as well as premiums received are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

M. Restricted Cash

The County has total restricted assets of \$25,825,560, which consist of proffers in the amount of \$100,388, debt service of \$86,324, and unspent bond proceeds of \$25,638,848 at June 30, 2020.

N. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has several items that qualify for reporting in this category. One item is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities. Another item relates to contributions to the pension plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date, which will be recognized as a reduction of the net pension liability and net OPEB liability next fiscal year. For more detailed information on these items, reference the pension and OPEB notes. Another is the deferred amount on bond refunding, which is the difference between the reacquisition price and the net carrying amount of the retired debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

P. Deferred Outflows/Inflows of Resources: (Continued)

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 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, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on the pension and OPEB item, reference the pension and OPEB notes.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the additions to/deductions from the County'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.

R. Other Postemployment Benefits (OPEB)

Group Life Insurance

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

Political Subdivision and Teacher Employee Health Insurance Credit Program

The County and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the County and VRS Teacher Employee HIC Programs; and the additions to/deductions from the County and VRS Teacher Employee HIC Programs'

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

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

R. Other Postemployment Benefits (OPEB): (Continued)

Political Subdivision and Teacher Employee Health Insurance Credit Program: (Continued)

net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. 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 department level for the General Fund and Fund level for other Governmental Funds. 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).
6. Appropriations lapse on June 30 for all County units with the exception of Capital Projects.

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 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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

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

Credit Risk of Debt Securities

The County limits the investment of funds in Debt Securities to those with credit ratings of at least Aa3/AA-. The County’s rated debt investments as of June 30, 2020 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Value</u>	<u>AAAm</u>	<u>AA+f</u>
Virginia Investment Pool - High Quality Bond	\$ 10,938,223	\$ -	\$ 10,938,223
Virginia Investment Pool - Stable NAV Liquidity	13,221,784	13,221,784	-
SNAP	25,638,848	25,638,848	-
Total	<u>\$ 49,798,855</u>	<u>\$ 38,860,632</u>	<u>\$ 10,938,223</u>

Interest Rate Risk

The County does not have a formal policy relating to interest rate risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-3 Years</u>
Virginia Investment Pool - High Quality Bond	\$ 10,938,223	\$ -	\$ 10,938,223
Virginia Investment Pool - Stable NAV Liquidity	13,221,784	13,221,784	-
SNAP	25,638,848	25,638,848	-
Total	<u>\$ 49,798,855</u>	<u>\$ 38,860,632</u>	<u>\$ 10,938,223</u>

Custodial Credit Risk

The County’s investments are all insured, registered in the County’s name and held in an account in the County’s name, or invested in an external investment pool.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements:

Fair value of the Virginia Investment Pool 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 has measured fair value of the above investments at the net asset value (NAV).

Redemption Restrictions:

External Investment Pools

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

NOTE 4—DUE TO/FROM OTHER GOVERNMENTS:

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Commonwealth of Virginia:		
Local sales tax	\$ 662,387	-
Social Services	73,167	-
Comprehensive services	244,665	-
Constitutional officer reimbursements	131,137	-
Communication tax	173,318	-
Crater detention	-	162,510
Other funds	283,020	23,828
State sales tax	-	834,672
Victim witness	5,301	-
Community corrections	38,592	-
Federal Government:		
Other funds	25,231	-
SAFER grants	114,993	-
Food service	-	71,689
JROTC	-	5,646
School grants	-	561,012
Highway safety	4,322	-
Victim witness	15,904	-
Social Services	129,367	-
Total due from other governments	<u>\$ 1,901,404</u>	<u>\$ 1,659,357</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 5—CAPITAL ASSETS:

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

Primary Government:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,995,201	\$ -	\$ -	\$ 3,995,201
Construction in progress	<u>3,031,557</u>	<u>4,609,325</u>	<u>1,952,982</u>	<u>5,687,900</u>
Total capital assets not being depreciated	<u>\$ 7,026,758</u>	<u>\$ 4,609,325</u>	<u>\$ 1,952,982</u>	<u>\$ 9,683,101</u>
Capital assets being depreciated:				
Buildings	\$ 41,346,410	\$ 2,021,277	\$ -	\$ 43,367,687
Machinery and equipment	28,305,896	1,071,511	201,186	29,176,221
Jointly owned assets	<u>25,976,883</u>	<u>12,380</u>	<u>2,872,992</u>	<u>23,116,271</u>
Total capital assets being depreciated	<u>\$ 95,629,189</u>	<u>\$ 3,105,168</u>	<u>\$ 3,074,178</u>	<u>\$ 95,660,179</u>
Accumulated depreciation:				
Buildings	\$ 15,922,040	\$ 1,268,128	\$ -	\$ 17,190,168
Machinery and equipment	20,948,702	1,718,795	201,186	22,466,311
Jointly owned assets	<u>11,610,182</u>	<u>1,277,476</u>	<u>1,910,576</u>	<u>10,977,082</u>
Total accumulated depreciation	<u>\$ 48,480,924</u>	<u>\$ 4,264,399</u>	<u>\$ 2,111,762</u>	<u>\$ 50,633,561</u>
Total capital assets being depreciated, net	<u>\$ 47,148,265</u>	<u>\$ (1,159,231)</u>	<u>\$ 962,416</u>	<u>\$ 45,026,618</u>
Governmental activities capital assets, net	<u>\$ 54,175,023</u>	<u>\$ 3,450,094</u>	<u>\$ 2,915,398</u>	<u>\$ 54,709,719</u>

Reconciliation of primary government net position net investment in capital assets:

Net capital assets	\$ 54,709,719
Long-term debt applicable to capital assets at June 30, 2020	53,154,880
Less: Bond proceeds received but not expended on capital assets at June 30, 2020	<u>(25,638,848)</u>
Net investment in capital assets	<u>\$ 27,193,687</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (continued)

The following is a summary of capital project activity for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Central Wellness Upgrades	\$ 60,684	\$ 156,473	\$ -	\$ 217,157
Central Wellness Parking Lot	19,332	-	-	19,332
Police In-Car Cameras	-	50,509	-	50,509
Route 156 Water Extension	158,246	62,037	-	220,283
Food Lion Water System Upgrade	165,460	88,612	-	254,072
Software Community Development	168,228	36,093	-	204,321
Fire and Emergency Entrance Upgrades	-	12,035	-	12,035
County Admin Building Entrance Upgrade	25,559	38,339	63,898	-
Courthouse Basement Buildout Renovations	1,842,350	46,734	1,889,084	-
Public Safety Radio Project	405,305	1,701,694	-	2,106,999
Assessor Software	155,093	53,321	-	208,414
Burn Building	31,300	34,247	-	65,547
Scott Park Restroom and Concession Stand	-	233,216	-	233,216
Fire Trucks	-	2,064,065	-	2,064,065
Jefferson Park Fire Station	-	31,950	-	31,950
	<u>\$ 3,031,557</u>	<u>\$ 4,609,325</u>	<u>\$ 1,952,982</u>	<u>\$ 5,687,900</u>
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 244,744	\$ -	\$ -	\$ 244,744
Construction in progress	89,912	161,455	17,632	233,735
Total capital assets not being depreciated	<u>\$ 334,656</u>	<u>\$ 161,455</u>	<u>\$ 17,632</u>	<u>\$ 478,479</u>
Capital assets being depreciated:				
Utility plant in service	\$ 32,553,818	\$ 260,395	\$ -	\$ 32,814,213
Machinery and equipment	1,628,133	178,110	-	1,806,243
Total capital assets being depreciated	<u>\$ 34,181,951</u>	<u>\$ 438,505</u>	<u>\$ -</u>	<u>\$ 34,620,456</u>
Accumulated depreciation:				
Utility plant in service	\$ 17,522,968	\$ 851,930	\$ -	\$ 18,374,898
Machinery and equipment	338,031	17,817	-	355,848
Total accumulated depreciation	<u>\$ 17,860,999</u>	<u>\$ 869,747</u>	<u>\$ -</u>	<u>\$ 18,730,746</u>
Total capital assets being depreciated, net	<u>\$ 16,320,952</u>	<u>\$ (431,242)</u>	<u>\$ -</u>	<u>\$ 15,889,710</u>
Business-type activities capital assets, net	<u>\$ 16,655,608</u>	<u>\$ (269,787)</u>	<u>\$ 17,632</u>	<u>\$ 16,368,189</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Discretely Presented Component Unit—School Board:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 1,154,404	\$ -	\$ -	\$ 1,154,404
Construction in progress	654,420	1,898,518	379,261	2,173,677
Total capital assets not being depreciated	\$ 1,808,824	\$ 1,898,518	\$ 379,261	\$ 3,328,081
Capital assets being depreciated:				
Buildings	\$ 59,908,259	\$ 2,628,468	\$ -	\$ 62,536,727
Machinery and equipment	12,308,238	1,315,802	164,783	13,459,257
Total capital assets being depreciated	\$ 72,216,497	\$ 3,944,270	\$ 164,783	\$ 75,995,984
Accumulated depreciation:				
Buildings	\$ 26,981,171	\$ 2,786,893	\$ -	\$ 29,768,064
Machinery and equipment	9,206,617	857,867	164,783	9,899,701
Total accumulated depreciation	\$ 36,187,788	\$ 3,644,760	\$ 164,783	\$ 39,667,765
Total capital assets being depreciated, net	\$ 36,028,709	\$ 299,510	\$ -	\$ 36,328,219
School Board capital assets, net	\$ 37,837,533	\$ 2,198,028	\$ 379,261	\$ 39,656,300

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 551,849
Judicial administration	437,811
Public safety	1,461,842
Public works	23,965
Health and welfare	111,620
Education	1,277,476
Parks, recreation and cultural	363,482
Community development	36,354
Total Governmental activities	\$ 4,264,399
Business-type activities	\$ 869,747
Component Unit School Board	\$ 1,734,184 *
* Transfer of jointly owned assets	1,910,576
Total accumulated depreciation increase	\$ 3,644,760

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 6—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 9,096,033
Proprietary Fund	149,490	-
Capital Projects Fund	1,878,200	2,100,000
Debt Service Fund	7,987,412	-
Nonmajor Funds	<u>2,157,327</u>	<u>976,396</u>
Total	<u>\$ 12,172,429</u>	<u>\$ 12,172,429</u>

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

The following is a summary of due to/from other funds/Component Units at June 30, 2020:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ -	\$ 465,773
Water and Sewer Fund	<u>465,773</u>	<u>-</u>
Total	<u>\$ 465,773</u>	<u>\$ 465,773</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

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

	Balance at July 1, 2019	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 1,822,762	\$ 105,248	- \$	\$ 1,928,010	\$ 192,801
Net OPEB liability	4,966,882	873,037	208,788	5,631,131	-
Net pension liabilities:					
Net pension liability	9,664,150	7,869,064	6,765,526	10,767,688	-
Net LOSAP liability	1,052,996	471,202	213,863	1,310,335	-
Total net pension liabilities	\$ 10,717,146	\$ 8,340,266	\$ 6,979,389	\$ 12,078,023	\$ -
Direct borrowings and direct placements					
General obligation bonds	41,576,981	7,295,000	4,271,757	44,600,224	4,589,576
Total incurred by County	\$ 59,083,771	\$ 16,613,551	\$ 11,459,934	\$ 64,237,388	\$ 4,782,377
Incurred by School Board:					
Direct borrowings and direct placements					
State Literary Fund Loans	\$ 7,160,000	- \$	445,000 \$	\$ 6,715,000	\$ 460,000
General Obligation Bonds	7,206,699	-	1,782,512	5,424,187	1,841,090
Premium on Bonds	148,715	-	21,246	127,469	21,246
Total incurred by School Board	\$ 14,515,414	\$ -	\$ 2,248,758	\$ 12,266,656	\$ 2,322,336
Total Governmental Activities Obligations	\$ 73,599,185	\$ 16,613,551	\$ 13,708,692	\$ 76,504,044	\$ 7,104,713

The general fund revenues are used to liquidate compensated absences and other long-term obligation amounts to include net pension liabilities and net other postemployment benefit obligation.

	Balance at July 1, 2019	Issuances / Increases	Retirements / Decreases	Balance at June 30, 2020	Amounts Due Within One Year
Business-type Activities Obligations:					
Compensated absences	\$ 72,428	\$ 18,430	- \$	\$ 90,858	\$ 9,086
Net pension liability	489,981	192,056	115,054	566,983	-
Net OPEB liabilities	365,036	79,802	17,762	427,076	-
Direct borrowings and direct placements					
General obligation bonds	1,755,000	-	240,000	1,515,000	244,000
Total Business-type Activities Obligations	\$ 2,682,445	\$ 290,288	\$ 372,816	\$ 2,599,917	\$ 253,086

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government: (Continued)**

Annual requirements to amortize general obligation long-term obligations are as follows:

Year Ending June 30,	Governmental Activities	
	Direct Borrowings and	
	Direct Placements	
	General Obligation Bonds	
	Principal	Interest
2021	\$ 4,589,576	\$ 1,173,498
2022	4,638,396	1,033,221
2023	4,749,217	915,159
2024	4,332,035	794,301
2025	3,946,000	682,398
2026	2,736,000	591,440
2027	2,806,000	518,866
2028	2,884,000	444,828
2029	2,957,000	369,118
2030	2,855,000	291,428
2031	2,931,000	215,981
2032	2,425,000	140,864
2033	1,647,000	75,101
2034	913,000	26,911
2035	191,000	2,015
Total	\$ <u>44,600,224</u>	\$ <u>7,275,129</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)**Primary Government: (Continued)**

Annual requirements to amortize school and enterprise long-term obligations are as follows:

Year Ending June 30,	Governmental Activities		School		Business-type Activities	
	State Literary Fund Loans		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 460,000	\$ 134,300	\$ 1,841,090	\$ 184,406	\$ 244,000	\$ 31,794
2022	470,000	125,100	595,769	130,318	249,000	27,172
2023	480,000	115,700	611,786	103,904	103,000	23,583
2024	485,000	106,100	628,282	77,926	105,000	21,056
2025	495,000	96,400	580,666	51,829	108,000	18,468
2026	505,000	86,500	596,594	26,423	111,000	15,807
2027	515,000	76,400	108,000	12,539	113,000	13,086
2028	525,000	66,100	111,000	9,878	116,000	10,303
2029	535,000	55,600	114,000	7,144	119,000	7,448
2030	545,000	44,900	117,000	4,338	122,000	4,520
2031	555,000	34,000	120,000	1,458	125,000	1,513
2032	565,000	22,900	-	-	-	-
2033	580,000	11,600	-	-	-	-
Total	\$ 6,715,000	\$ 975,600	\$ 5,424,187	\$ 610,163	\$ 1,515,000	\$ 174,750

Governmental Activities**General Obligations—Incurred by the County:**

The following is a summary of general obligations incurred by the County:

General Obligation Bonds:

\$405,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50% \$ 83,000

\$2,431,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43% 1,867,000

\$4,457,000 General Obligation Refunding Bond 2016A series issued February 11, 2016 due in varying annual installments through February 1, 2031, interest payable semi-annually, at 2.32% 3,712,000

\$1,218,000 General Obligation Note 2014C series issued December 12, 2014 due in varying annual installments through August 1, 2024, interest payable semi-annually, at 2.01% 641,000

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Governmental Activities: (Continued)

General Obligations—Incurred by the County: (Continued)

General Obligation Bonds:

\$386,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%	\$	167,224
\$2,257,000 General Obligation Note 2014B series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.4%		1,465,000
\$880,000 RZED 2010A, issued March 15, 2010, due in various semi-annual payments through February 15, 2025, interest payable semi-annually at average rate of 5.5%, subsidized by the Federal Government at .35%		635,000
\$9,009,000 General Obligation Refunding Note, Series 2012B, issued May 24, 2012, due in various semi-annual payments through February 11, 2024, interest payable semi-annually, at 2.25%		2,911,000
\$9,000,000 General Obligation Note Series 2017A issued April 12, 2017 due in varying annual installments through February 2032, interest payable semi-annually, at 2.30%		8,752,000
\$9,300,000 General Obligation Note Series 2018 issued May 2, 2018 due in varying annual installments through February 2033, interest payable semi-annually, at 3.16%		8,232,000
\$9,450,000 General Obligation Note Series 2019 issued April 4, 2019 due in varying annual installments through February 2034, interest payable semi-annually, at 2.88%		8,840,000
\$6,278,000 General Obligation Bond 2019A series issued December 5, 2019 due in varying annual installments through August 1, 2034, interest payable semi-annually, at 2.11%		6,278,000
\$1,017,000 General Obligation Bond 2019B series issued December 5, 2019 due in varying annual installments through August 1, 2026, interest payable semi-annually, at 2.65%		<u>1,017,000</u>
Total General Obligation Bonds	\$	44,600,224
Net OPEB liabilities		5,631,131
Net pension liabilities		12,078,023
Compensated absences		<u>1,928,010</u>
Total incurred by the County	\$	<u>64,237,388</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Governmental Activities: (Continued)

General Obligations—Incurred by the School Board:

The following is a summary of long-term obligations incurred by the School Board:

Premium on bond	\$ <u>127,469</u>
<u>State Literary Fund Loans:</u>	
\$7,500,000, issued April 1, 2016, due in various annual installments through April 1, 2033, interest payable annually at 2%	\$ <u>6,715,000</u>
<u>General Obligation Bonds:</u>	
\$10,284,493 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%	\$ 442,124
\$5,000,000 issued November, 2000, due in various annual installments through July, 2020. Interest payable semi-annually at coupon rates varying from 4.975% to 5.850%	609,576
\$7,760,053 issued November 10, 2006, due in various annual installments through July 2025. Interest payable semi-annually at 4.06%	2,754,710
\$556,500 General Obligation Note 2014A series issued April 4, 2014 due in varying annual installments through February 1, 2024, interest payable semi-annually, at 2.15%	240,777
\$1,013,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	209,000
\$1,520,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%	<u>1,168,000</u>
Total General Obligation Bonds	\$ <u>5,424,187</u>
Total Incurred by School Board	\$ <u>12,266,656</u>
Total Governmental Long-term Obligations	\$ <u><u>76,504,044</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Business-type Activities:

The following is a summary of long-term obligations incurred by the Enterprise Fund:

General Obligation Bonds:

\$856,000 General Obligation and Refunding Bond 2015A series issued September 1, 2015 due in varying annual installments through August 1, 2021, interest payable semi-annually, at 1.50%	\$	294,000
\$1,590,000 General Obligation Bond 2015B series issued September 1, 2015 due in varying annual installments through August 1, 2030, interest payable semi-annually, at 2.43%		<u>1,221,000</u>
Total General Obligation Bonds	\$	<u>1,515,000</u>
Net pension liability	\$	<u>566,983</u>
Net OPEB liabilities	\$	<u>427,076</u>
Compensated Absences	\$	<u>90,858</u>
Total Incurred by Business-type Activities	\$	<u><u>2,599,917</u></u>

Component Unit School Board:

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

				Amounts Due Within One Year	
	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020	
Compensated absences	\$ 317,308	\$ 21,848	\$ -	\$ 339,156	\$ 33,916
Net pension liability	48,768,478	19,265,455	14,926,849	53,107,084	-
Net OPEB liabilities	<u>13,278,177</u>	<u>2,440,908</u>	<u>1,584,689</u>	<u>14,134,396</u>	<u>-</u>
Total	<u>\$ 62,363,963</u>	<u>\$ 21,728,211</u>	<u>\$ 16,511,538</u>	<u>\$ 67,580,636</u>	<u>\$ 33,916</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 8—DEFERRED/UNAVAILABLE REVENUE:

The following is a summary of unearned/unavailable revenue for the year ended June 30, 2020:

Deferred revenue /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.

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable Revenue		
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures	\$ -	\$ 3,274,795
Prepaid property taxes due in December 2020, but paid in advance by the taxpayers.	127,730	127,730
Total unavailable/deferred revenue	<u>\$ 127,730</u>	<u>\$ 3,402,525</u>

NOTE 9—COMMITMENTS AND CONTINGENT LIABILITIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of this guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by our 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.

At June 30, 2020, the County had the following construction contracts outstanding:

Project	Contractor	Balance June 30, 2020
New Walton Elementary School	Moseley Architects	\$ 1,570,295
Walton Elementary School HVAC	Warwick Mechanical Group	239,113
Total		<u>\$ 1,809,408</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 10—LITIGATION:

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

NOTE 11—RISK MANAGEMENT:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Association of Counties Risk Pool (VaCorp) insurance program for its property, automobile, liability, public officials and worker's compensation coverage. The pool is a nonprofit, tax exempt association.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VaCorp contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

NOTE 12—PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	163	140
Inactive members:		
Vested inactive members	46	16
Non-vested inactive members	48	66
Inactive members active elsewhere in VRS	<u>100</u>	<u>24</u>
Total inactive members	194	106
Active members	<u>236</u>	<u>158</u>
Total covered employees	<u><u>593</u></u>	<u><u>404</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, 2020 was 14.55% 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 \$2,036,997 and \$1,905,449 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 7.77% 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 \$353,871 and \$322,212 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, participating

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Primary Government			
Balances at June 30, 2018	\$ 63,650,437	\$ 53,496,306	\$ 10,154,131
Changes for the year:			
Service cost	\$ 1,719,670	\$ -	\$ 1,719,670
Interest	4,349,151	-	4,349,151
Changes of assumptions	1,933,171	-	1,933,171
Differences between expected and actual experience	(731,696)	-	(731,696)
Contributions - employer	-	1,902,865	(1,902,865)
Contributions - employee	-	649,145	(649,145)
Net investment income	-	3,574,949	(3,574,949)
Benefit payments, including refunds of employee contribution	(3,039,430)	(3,039,430)	-
Administrative expenses	-	(34,946)	34,946
Other changes	-	(2,257)	2,257
Net changes	\$ 4,230,866	\$ 3,050,326	\$ 1,180,540
Balances at June 30, 2019	\$ 67,881,303	\$ 56,546,632	\$ 11,334,671
Component School Board (nonprofessional)			
Balances at June 30, 2018	\$ 18,411,623	\$ 17,174,145	\$ 1,237,478
Changes for the year:			
Service cost	\$ 353,840	\$ -	\$ 353,840
Interest	1,252,121	-	1,252,121
Changes of assumptions	456,178	-	456,178
Differences between expected and actual experience	(47,828)	-	(47,828)
Contributions - employer	-	319,251	(319,251)
Contributions - employee	-	205,319	(205,319)
Net investment income	-	1,125,599	(1,125,599)
Benefit payments, including refunds of employee contribution	(1,048,362)	(1,048,362)	-
Administrative expenses	-	(11,400)	11,400
Other changes	-	(709)	709
Net changes	\$ 965,949	\$ 589,698	\$ 376,251
Balances at June 30, 2019	\$ 19,377,572	\$ 17,763,843	\$ 1,613,729

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County of Prince George			
Net Pension Liability	\$ 20,108,001	\$ 11,334,671	\$ 4,330,057
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 3,590,500	\$ 1,613,729	\$ 12,746

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

For the year ended June 30, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,593,772 and \$262,206, respectively. At June 30, 2020, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	946,557	-	85,083
Change in proportionate share	6,347	6,347	-	-
Change in assumptions	1,352,640	12	253,432	-
Net difference between projected and actual earnings on pension plan investments	-	490,641	-	148,625
Employer contributions subsequent to the measurement date	2,036,997	-	353,871	-
Total	\$ 3,395,984	\$ 1,443,557	\$ 607,303	\$ 233,708

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

\$2,036,997 and \$353,871 were reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2021	\$ (50,084)	\$ 123,834
2022	(170,179)	(112,912)
2023	105,406	(2,764)
2024	30,286	11,566
Thereafter	-	-

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,253,823 and \$5,031,204 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

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

At June 30, 2020, the school division reported a liability of \$51,493,355 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was .39127% as compared to .40418% at June 30, 2018.

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

For the year ended June 30, 2020, the school division recognized pension expense of \$4,733,862. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,297,337
Change in assumptions	5,099,049	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	234,124	2,722,198
Net difference between projected and actual earnings on pension plan investments	-	1,130,672
Employer contributions subsequent to the measurement date	<u>5,253,823</u>	<u>-</u>
Total	<u>\$ 10,586,996</u>	<u>\$ 7,150,207</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

\$5,253,823 was reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2021	\$ (717,056)
2022	(1,666,539)
2023	(175,944)
2024	466,218
2025	276,287

Actuarial Assumptions

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Component Unit School Board (professional): (Continued)

Net Pension Liability

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

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

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

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

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

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

			Rate		
		(5.75%)	(6.75%)	(7.75%)	
School division's proportionate share of the VRS Teacher					
Employee Retirement Plan Net Pension Liability	\$	77,519,870	\$ 51,493,355	\$ 29,974,248	

Pension Plan Fiduciary Net Position

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)**Component Unit School Board (professional): (Continued)****Primary Government and Component Unit School Board*****Aggregate Pension Information***

VRS Pension Plans	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government				
Primary Government	\$ 3,395,984	\$ 1,443,557	\$ 11,334,671	\$ 1,593,772
Totals	<u>\$ 3,395,984</u>	<u>\$ 1,443,557</u>	<u>\$ 11,334,671</u>	<u>\$ 1,593,772</u>
Component Unit School Board				
School Board Nonprofessional	\$ 607,303	\$ 233,708	\$ 1,613,729	\$ 262,206
School Board Professional	10,586,996	7,150,207	51,493,355	4,733,862
Totals	<u>\$ 11,194,299</u>	<u>\$ 7,383,915</u>	<u>\$ 53,107,084</u>	<u>\$ 4,996,068</u>

NOTE 13—LANDFILL POSTCLOSURE CARE COSTS:

The County closed its landfill prior to the date mandated by state and federal laws and regulations and the Department of Environmental Quality in the Commonwealth of Virginia has indicated the County is no longer liable for post closure care monitoring and maintenance.

NOTE 14—SURETY BONDS:

	Amount
Division of Risk Management Surety:	
Commonwealth Funds	
C. Bishop Knott, Jr., Clerk of the Circuit Court	\$ 400,000
Susan Vargo, Treasurer	500,000
Darlene M. Rowsey, Commissioner of the Revenue	3,000
H.E. Allin III, Sheriff	30,000
Virginia Association of Counties Risk Pool:	
All County employees covered under Crime Policy	500,000
All Public Officials covered under Public Officials Liability	5,000,000
Virginia Municipal League:	
All School Board employees covered under Crime Policy	500,000

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>28</u>
Active members	<u>158</u>
Total covered employees	<u><u>186</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board’s (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2020 was .48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$23,339 and \$20,826 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The Component Unit School Board’s (nonprofessional) net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions:

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 165,254	\$ 5,850	\$ 159,404
Changes for the year:			
Service cost	\$ 5,833	\$ -	\$ 5,833
Interest	11,047	-	11,047
Differences between expected and actual experience	85,304	-	85,304
Assumption changes	5,886	-	5,886
Contributions - employer	-	21,211	(21,211)
Net investment income	-	669	(669)
Benefit payments	(14,867)	(14,867)	-
Administrative expenses	-	(14)	14
Other changes	-	(1)	1
Net changes	\$ 93,203	\$ 6,998	\$ 86,205
Balances at June 30, 2019	\$ 258,457	\$ 12,848	\$ 245,609

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))**Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (nonprofessional)			
Net HIC OPEB Liability	\$ 271,518	\$ 245,609	\$ 223,313

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

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$65,681. At June 30, 2020, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 177,855	\$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	73
Change in assumptions	4,657	-
Employer contributions subsequent to the measurement date	23,339	-
Total	\$ 205,851	\$ 73

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

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

\$23,339 was reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$	49,418
2022		49,418
2023		49,420
2024		34,183
2025		-
Thereafter		-

HIC Plan Data

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

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

Plan Description

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$412,882 and \$392,593 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$5,106,134 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Program was .39247% as compared to .40374% at June 30, 2018.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

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

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$367,462. 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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 28,920
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	322	-
Change in assumptions	118,843	35,481
Change in proportion	-	296,644
Employer contributions subsequent to the measurement date	<u>412,882</u>	<u>-</u>
Total	\$ <u><u>532,047</u></u>	\$ <u><u>361,045</u></u>

\$412,882 was reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ (47,941)
2022	(47,946)
2023	(45,708)
2024	(46,457)
2025	(36,671)
Thereafter	(17,157)

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

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

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

Discount Rate

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	5,714,632	\$ 5,106,134	\$ 4,589,216

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$74,609 and \$69,241 for the years ended June 30, 2020 and June 30, 2019, respectively, for the County; \$25,380 and \$22,600 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (nonprofessional) and \$179,130 and \$170,045 for the years ended June 30, 2020 and June 30, 2019, respectively, for the School Board (professional).

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

At June 30, 2020, the entity reported a liability of \$1,105,239 for the County; \$360,765 for the School Board (nonprofessional); \$2,722,091 for the School Board (professional) for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .06729% as compared to .06548% at June 30, 2018 for the County. At June 30, 2019, the participating employer's proportion was .02217% as compared to .01942% at June 30, 2018 for the School Board (nonprofessional). At June 30, 2019, the participating employer's proportion was .16728% as compared to .17196% at June 30, 2018 for the School Board (professional).

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$23,618 (County), \$9,583 (School Board – nonprofessional), \$33,137 (School Board – professional). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government		
Differences between expected and actual experience	\$ 73,505	\$ 14,335
Net difference between projected and actual earnings on GLI OPEB program investments	-	22,702
Change in assumptions	69,778	33,328
Changes in proportion	32,552	33,921
Employer contributions subsequent to the measurement date	<u>74,609</u>	<u>-</u>
Total	<u>\$ 250,444</u>	<u>\$ 104,286</u>
Component Unit School Board (nonprofessional)		
Differences between expected and actual experience	\$ 23,993	\$ 4,680
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,410
Change in assumptions	22,777	10,879
Changes in proportion	36,688	24,347
Employer contributions subsequent to the measurement date	<u>25,380</u>	<u>-</u>
Total	<u>\$ 108,838</u>	<u>\$ 47,316</u>
Component Unit School Board (professional)		
Differences between expected and actual experience	\$ 181,035	\$ 35,307
Net difference between projected and actual earnings on GLI OPEB program investments	-	55,914
Change in assumptions	171,857	82,083
Changes in proportion	-	133,262
Employer contributions subsequent to the measurement date	<u>179,130</u>	<u>-</u>
Total	<u>\$ 532,022</u>	<u>\$ 306,566</u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$74,609 (County); \$25,380 (School Board nonprofessional); and \$179,130 (School Board professional) were reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2021	\$ 1,987	\$ 2,522	\$ (20,136)
2022	1,988	2,523	(20,134)
2023	11,604	5,661	3,548
2024	21,244	8,771	30,351
2025	26,378	12,326	40,975
Thereafter	8,348	4,339	11,722

Actuarial Assumptions

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

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan 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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,451,978	\$ 1,105,239	\$ 824,043
School Board (nonprofessional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 473,945	\$ 360,765	\$ 268,979
School Board (professional)'s proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 3,576,074	\$ 2,722,091	\$ 2,029,534

GLI Plan Fiduciary Net Position

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

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan):

County

Plan Description

In addition to the pension benefits described in Note 12 and the group life benefits described above, the County administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Benefits Provided

Postemployment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	191
Total retirees with coverage		7
Total spouses with coverage		<u>1</u>
Total	\$	<u><u>199</u></u>

Contributions

The 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 County Board. The amount paid by the County for OPEB as the benefits came due during the year ended June 30, 2020 was \$0.

Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year as of January 1, 2019
Salary Increases	2.50% per year for general salary inflations as of January 1, 2019
Discount Rate	2.45% for accounting and funding disclosures as of June 30, 2020

Mortality rates were PUB2010G.H (general employees headcount) for males/females with generational improvements with Scale SSA18. For those on disability, PUBC2010G.H disabled for males/females with generational improvements with Scale SSA18. The disability and termination rates have been updated to those in the most recent VRS OPEB valuation.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability is 2.45%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2020.

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	4,336,918
Changes for the year:		
Service cost		192,222
Interest		141,762
Changes in assumptions		282,066
Net changes		616,050
Balances at June 30, 2020	\$	4,952,968

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

The following amounts present the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 5,403,650	\$ 4,952,968	\$ 4,543,781

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

The following presents the total OPEB liability of the County, 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 (5.50% decreasing by 0.25% annually to an ultimate rate of 3.25%) or one percentage point higher (7.50% decreasing by 0.25% annually to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50% decreasing to 3.25%)	Healthcare Cost Trend (6.50% decreasing to 4.25%)	1% Increase (7.50% decreasing to 5.25%)
\$ 4,427,316	\$ 4,952,968	\$ 5,565,767

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

County: (Continued)

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

For the year ended June 30, 2020, the County recognized OPEB expense in the amount of \$277,089. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 538,727
Changes in assumptions	253,859	142,095
Total	<u>\$ 253,859</u>	<u>\$ 680,822</u>

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

Year Ended June 30	
2021	\$ (56,895)
2022	(56,895)
2023	(56,895)
2024	(56,895)
Thereafter	(199,383)

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

School Board

Plan Description

In addition to the pension benefits described in Note 12 and the health insurance credit and group life benefits described above, the School Board administers a single-employer defined benefit healthcare 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 are provided to eligible retirees include Medical, Dental, and Life 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. In addition, the School Board provides a fixed basic death benefit for all retirees.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

School Board: (Continued)

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	564
Total retirees with coverage		37
Total spouses with coverage		<u>11</u>
Total	\$	<u><u>612</u></u>

Contributions

The 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, 2020 was \$119,102.

Total OPEB Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year as of January 1, 2019
Salary Increases	2.50% per year for general salary inflations as of January 1, 2019
Discount Rate	2.45% for accounting and funding disclosures as of June 30, 2020

Mortality rates were PUB2010G.H (general employees headcount) for males/females with generational improvements with Scale SSA18. For those on disability, PUBC2010G.H disabled for males/females with generational improvements with Scale SSA18. The disability and termination rates have been updated to those in the most recent VRS OPEB valuation.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))

Medical, Dental, and Life Insurance – Pay-as-you-Go (OPEB Plan): (Continued)

School Board: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability is 2.45%. There is no prefunding of benefits in an OPEB trust for this plan, therefore the discount rate is equal to the yield on a 20-year municipal bond Aa index as of June 30, 2020.

Changes in Total OPEB Liability

		School Board Total OPEB Liability
Balances at June 30, 2019	\$	5,085,773
Changes for the year:		
Service cost		259,227
Interest		165,449
Changes in assumptions		308,450
Benefit payments		(119,102)
Net changes		614,024
Balances at June 30, 2020	\$	5,699,797

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

Rate		
1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
\$ 6,184,492	\$ 5,699,797	\$ 5,252,027

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))**Medical, Dental, and Life Insurance – 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 (5.50% decreasing by 0.25% annually to an ultimate rate of 3.25%) or one percentage point higher (7.50% decreasing by 0.25% annually to an ultimate rate of 5.25%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.50% decreasing to 3.25%)	Healthcare Cost Trend (6.50% decreasing to 4.25%)	1% Increase (7.50% decreasing to 5.25%)
\$ 5,072,244	\$ 5,699,797	\$ 6,443,178

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

For the year ended June 30, 2020, the School Board recognized OPEB expense in the amount of \$295,498. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,198,455
Changes in assumptions	282,746	344,339
Total	<u>\$ 282,746</u>	<u>\$ 1,542,794</u>

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

Year Ended June 30	
2021	\$ (129,178)
2022	(129,178)
2023	(129,178)
2024	(129,178)
Thereafter	(743,336)

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 15—OTHER POSTEMPLOYMENT BENEFITS (OPEB: (CONTINUED))**Aggregate OPEB Information**

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program:	\$ 250,444	\$ 104,286	\$ 1,105,239	\$ 23,618
County Stand-Alone Plan	253,859	680,822	4,952,968	277,089
Totals	<u>\$ 504,303</u>	<u>\$ 785,108</u>	<u>\$ 6,058,207</u>	<u>\$ 300,707</u>

	Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program:				
School Board Nonprofessional	\$ 108,838	\$ 47,316	\$ 360,765	\$ 9,583
School Board Professional	532,022	306,566	2,722,091	33,137
Teacher Health Insurance Credit Program	532,047	361,045	5,106,134	367,462
Nonprofessional Health Insurance Credit Program	205,851	73	245,609	65,681
School Stand-Alone Plan	282,746	1,542,794	5,699,797	295,498
Totals	<u>\$ 1,661,504</u>	<u>\$ 2,257,794</u>	<u>\$ 14,134,396</u>	<u>\$ 771,361</u>

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM:**Plan Description and Provisions**

On January 1, 2001 the Prince George County Board of Supervisors adopted the Length of Service Awards Program for the Prince George County Volunteer Fire Companies and Emergency Crew to recognize the service provided by the volunteers. The plan is a single employer, defined benefit pension plan open to any volunteer emergency service technician or volunteer firefighter who has earned a year of credited service. Participants vest after five years of service and earn a fixed dollar benefit based on years of service. Benefits and refunds of the postemployment defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan. No separate financial report is issued for the plan.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

Plan Description and Provisions: (Continued)

As of June 30, 2020, the date of the most recent actuarial valuation, the program membership consisted of the following:

	<u>LOSAP</u>
Inactive members or their beneficiaries currently receiving benefits	43
Inactive members:	
Vested inactive members	<u>61</u>
Total inactive members	61
Active members	<u>138</u>
Total covered employees	<u><u>242</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Discount Rate	3.78%
Long term expected rate of return	4.00%

Investments

The following was the County's adopted asset allocation as of June 30, 2020:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>
Fixed Income	98.82%
Cash	<u>1.18%</u>
Total	<u><u>100.00%</u></u>

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)

Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2020 were as follows:

	LOSAP		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 2,934,717	\$ 1,881,721	\$ 1,052,996
Changes for the year:			
Service cost	\$ 81,128	\$ -	\$ 81,128
Interest	125,859	-	125,859
Differences between expected and actual experience	(24,181)	-	(24,181)
Change in assumptions	264,215	-	264,215
Contributions - employer	-	141,000	(141,000)
Net investment income	-	48,682	(48,682)
Benefit payments	(112,694)	(112,694)	-
Net changes	\$ 334,327	\$ 76,988	\$ 257,339
Balances at June 30, 2020	\$ 3,269,044	\$ 1,958,709	\$ 1,310,335

Discount Rate

The discount rate used to measure the total pension liability was 3.78%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates at lesser or equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 16—LENGTH OF SERVICE AWARD PENSION PROGRAM: (CONTINUED)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the County, calculated using the discount rate of 3.78%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.78%) or 1-percentage-point higher (4.78%) than the current rate:

	<u>1% Decrease</u> <u>(2.78%)</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>(3.78%)</u>	<u>1% Increase</u> <u>(4.78%)</u>
LOSAP			
Net Pension Liability	\$ 1,856,000	\$ 1,310,335	\$ 866,000

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

For the year ended June 30, 2020, the County recognized pension expense of \$151,498. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LOSAP</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	13,755
Change in assumptions	510,154	-
Net difference between projected and actual earnings on pension plan investments	100,095	-
Total	\$ <u>610,249</u>	\$ <u>13,755</u>

Amounts reported as deferred outflows of resources to pensions will be recognized in pension expense in future accounting periods as follows:

<u>Year ended June 30</u>	<u>LOSAP</u>
2021	\$ 58,875
2022	58,875
2023	58,875
2024	50,618
2025	42,070
2026	33,843
Thereafter	293,338

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 17—UPCOMING PRONOUNCEMENTS:

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

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

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

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

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

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

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

NOTE 18—COVID-19 PANDEMIC SUBSEQUENT EVENT NOTE:

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

COUNTY OF PRINCE GEORGE, VIRGINIA

Notes to Financial Statements
As of June 30, 2020 (Continued)

NOTE 18—COVID-19 PANDEMIC SUBSEQUENT EVENT NOTE: (CONTINUED)

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

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

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Prince George, Virginia, received the second round of CRF funds in the amount of \$3,346,151 on August 5, 2020.

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

Required Supplementary Information

Note to Required Supplementary Information:

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

General Fund

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

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 35,934,500	\$ 35,934,500	\$ 37,915,650	\$ 1,981,150
Other local taxes	6,988,013	6,988,013	7,734,070	746,057
Permits, privilege fees, and regulatory licenses	406,150	406,150	626,370	220,220
Fines and forfeitures	346,500	346,500	333,211	(13,289)
Revenue from the use of money and property	357,963	357,963	947,941	589,978
Charges for services	1,349,051	1,360,482	1,359,681	(801)
Miscellaneous	-	31,995	49,613	17,618
Recovered costs	194,682	319,744	362,560	42,816
Intergovernmental:				
Commonwealth	9,513,751	10,195,361	9,893,804	(301,557)
Federal	2,050,878	2,079,562	1,995,124	(84,438)
Total revenues	\$ 57,141,488	\$ 58,020,270	\$ 61,218,024	\$ 3,197,754
EXPENDITURES				
Current:				
General government administration:				
Legislative:				
Board of supervisors	\$ 220,134	\$ 222,634	\$ 197,523	\$ 25,111
General and financial administration:				
County administrator	\$ 298,836	\$ 298,836	\$ 257,300	\$ 41,536
Human resources	321,844	321,844	325,358	(3,514)
Legal services	338,595	338,595	338,899	(304)
Commissioner of revenue	495,457	495,457	459,891	35,566
Treasurer	585,426	585,426	601,221	(15,795)
Assessor	547,127	547,127	496,193	50,934
Finance	816,855	816,855	818,769	(1,914)
Information Technology	960,096	968,806	991,663	(22,857)
County garage	435,411	483,929	426,306	57,623
Other general and financial administration	208,557	130,729	123,382	7,347
Total general and financial administration	\$ 5,008,204	\$ 4,987,604	\$ 4,838,982	\$ 148,622
Board of elections:				
Registrar	\$ 296,818	\$ 296,818	\$ 262,253	\$ 34,565
Total general government administration	\$ 5,525,156	\$ 5,507,056	\$ 5,298,758	\$ 208,298
Judicial administration:				
Courts:				
Circuit court	\$ 150,006	\$ 150,006	\$ 127,914	\$ 22,092
General district court	47,920	47,920	40,592	7,328
Magistrate	475	475	329	146
Sheriff	1,128,710	1,163,061	1,073,066	89,995
Law library	-	10,399	19,223	(8,824)

General Fund

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

For the Year Ended June 30, 2020 (Continued)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
EXPENDITURES: (Continued)				
Judicial administration: (Continued)				
Courts: (Continued)				
Victim witness	\$ 116,711	\$ 118,135	\$ 84,709	\$ 33,426
Clerk of Circuit Court	600,817	621,496	608,605	12,891
Total courts	\$ 2,044,639	\$ 2,111,492	\$ 1,954,438	\$ 157,054
Commonwealth's attorney:				
Commonwealth's attorney	\$ 618,652	\$ 667,218	\$ 640,454	\$ 26,764
Total judicial administration	\$ 2,663,291	\$ 2,778,710	\$ 2,594,892	\$ 183,818
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 5,931,737	\$ 6,361,317	\$ 6,146,595	\$ 214,722
Law enforcement grants	-	208,692	77,943	130,749
Total law enforcement and traffic control	\$ 5,931,737	\$ 6,570,009	\$ 6,224,538	\$ 345,471
Fire and rescue services:				
Volunteer fire departments	\$ 302,848	\$ 589,284	\$ 323,333	\$ 265,951
Volunteer emergency crew	13,604	13,604	9,587	4,017
LOSAP volunteers	141,000	141,000	141,000	-
SAFER Grant	568,193	568,193	541,521	26,672
Fire and rescue service	3,414,121	3,439,197	3,570,379	(131,182)
Total fire and rescue services	\$ 4,439,766	\$ 4,751,278	\$ 4,585,820	\$ 165,458
Correction and detention:				
Confinement and care of prisoners	\$ 2,329,585	\$ 2,329,585	\$ 2,322,266	\$ 7,319
Juvenile services - VJCCCA	89,430	89,430	83,305	6,125
Court services	4,000	4,000	4,336	(336)
Total correction and detention	\$ 2,423,015	\$ 2,423,015	\$ 2,409,907	\$ 13,108
Inspections:				
Building	\$ 938,463	\$ 940,463	\$ 916,905	\$ 23,558
Other protection:				
Animal control	\$ 478,290	\$ 478,290	\$ 426,329	\$ 51,961
Emergency services	1,502,660	1,545,658	1,368,854	176,804
Total other protection	\$ 1,980,950	\$ 2,023,948	\$ 1,795,183	\$ 228,765
Total public safety	\$ 15,713,931	\$ 16,708,713	\$ 15,932,353	\$ 776,360

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 55,895	\$ 63,262	\$ 41,167	\$ 22,095
Total sanitation and waste removal	\$ 55,895	\$ 63,262	\$ 41,167	\$ 22,095
Maintenance of general buildings and grounds:				
General properties	\$ 2,255,279	\$ 2,274,269	\$ 2,251,506	\$ 22,763
Engineering	3,000	3,000	6,326	(3,326)
Total maintenance of general buildings and grounds	\$ 2,258,279	\$ 2,277,269	\$ 2,257,832	\$ 19,437
Total public works	\$ 2,314,174	\$ 2,340,531	\$ 2,298,999	\$ 41,532
Health and welfare:				
Health:				
Supplement of local health department	\$ 222,377	\$ 222,377	\$ 222,377	\$ -
Mental health and mental retardation:				
District 19 CSB	\$ 110,562	\$ 110,562	\$ 110,562	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,919,086	\$ 3,011,634	\$ 2,829,573	\$ 182,061
Comprehensive services	1,965,000	2,277,438	2,016,665	260,773
Tax Relief for the Elderly & Disabled	170,000	170,000	151,637	18,363
Total welfare	\$ 5,054,086	\$ 5,459,072	\$ 4,997,875	\$ 461,197
Total health and welfare	\$ 5,387,025	\$ 5,792,011	\$ 5,330,814	\$ 461,197
Education:				
Other instructional costs:				
Contribution to School Board Component Unit	\$ 16,067,651	\$ 16,215,340	\$ 14,290,415	\$ 1,924,925
Contribution to local colleges	16,622	16,622	16,622	-
Total education	\$ 16,084,273	\$ 16,231,962	\$ 14,307,037	\$ 1,924,925
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation department	\$ 1,027,343	\$ 1,027,343	\$ 976,567	\$ 50,776
Farmer's market	11,959	11,959	8,882	3,077

General Fund

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

For the Year Ended June 30, 2020 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to regional library	\$ 604,127	\$ 604,127	\$ 604,127	\$ -
Total parks, recreation, and cultural	\$ 1,643,429	\$ 1,643,429	\$ 1,589,576	\$ 53,853
Community development:				
Planning and community development:				
Planning department	\$ 315,068	\$ 315,068	\$ 256,308	\$ 58,760
Total planning and community development	\$ 315,068	\$ 315,068	\$ 256,308	\$ 58,760
Environmental management:				
Contribution to soil and water conservation district	\$ 21,000	\$ 21,000	\$ 21,000	\$ -
Resource conservation and development council	3,000	3,000	3,000	-
Total environmental management	\$ 24,000	\$ 24,000	\$ 24,000	\$ -
Cooperative extension program:				
Extension office	\$ 83,490	\$ 83,490	\$ 66,367	\$ 17,123
Total community development	\$ 422,558	\$ 422,558	\$ 346,675	\$ 75,883
Total expenditures	\$ 49,753,837	\$ 51,424,970	\$ 47,699,104	\$ 3,725,866
Excess (deficiency) of revenues over (under) expenditures	\$ 7,387,651	\$ 6,595,300	\$ 13,518,920	\$ 6,923,620
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (7,387,651)	\$ (9,103,314)	\$ (9,096,033)	\$ 7,281
Total other financing sources (uses)	\$ (7,387,651)	\$ (9,103,314)	\$ (9,096,033)	\$ 7,281
Net change in fund balances	\$ -	\$ (2,508,014)	\$ 4,422,887	\$ 6,930,901
Fund balances - beginning	-	2,508,014	23,905,886	21,397,872
Fund balances - ending	\$ -	\$ -	\$ 28,328,773	\$ 28,328,773

Schedule of Components of and Changes in Net Pension Liability and Related Ratios - Pension Plans

Primary Government

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,719,670	\$ 1,687,722	\$ 1,724,984	\$ 1,631,572	\$ 1,613,853	\$ 1,467,866
Interest	4,349,151	4,188,791	4,120,883	3,916,207	3,699,509	3,513,756
Changes of assumptions	1,933,171	-	(81)	-	-	-
Differences between expected and actual experience	(731,696)	(443,473)	(1,906,805)	(1,580)	329,000	-
Benefit payments, including refunds of employee contributions	(3,039,430)	(3,244,955)	(2,692,781)	(2,551,709)	(2,541,646)	(2,114,367)
Net change in total pension liability	\$ 4,230,866	\$ 2,188,085	\$ 1,246,200	\$ 2,994,490	\$ 3,100,716	\$ 2,867,255
Total pension liability - beginning	63,650,437	61,462,352	60,216,152	57,221,662	54,120,946	51,253,691
Total pension liability - ending (a)	<u>\$ 67,881,303</u>	<u>\$ 63,650,437</u>	<u>\$ 61,462,352</u>	<u>\$ 60,216,152</u>	<u>\$ 57,221,662</u>	<u>\$ 54,120,946</u>
Plan fiduciary net position						
Contributions - employer	\$ 1,902,865	\$ 1,775,463	\$ 1,785,303	\$ 1,925,702	\$ 1,906,737	\$ 1,913,168
Contributions - employee	649,145	617,252	613,996	606,201	603,046	593,887
Net investment income	3,574,949	3,734,158	5,541,986	781,596	1,968,791	5,814,591
Benefit payments, including refunds of employee contributions	(3,039,430)	(3,244,955)	(2,692,781)	(2,551,709)	(2,541,646)	(2,114,367)
Administrative expense	(34,946)	(32,283)	(31,674)	(27,427)	(26,604)	(30,700)
Other	(2,257)	(3,320)	(4,950)	(332)	(414)	306
Net change in plan fiduciary net position	\$ 3,050,326	\$ 2,846,315	\$ 5,211,880	\$ 734,031	\$ 1,909,910	\$ 6,176,885
Plan fiduciary net position - beginning	53,496,306	50,649,991	45,438,111	44,704,080	42,794,170	36,617,285
Plan fiduciary net position - ending (b)	<u>\$ 56,546,632</u>	<u>\$ 53,496,306</u>	<u>\$ 50,649,991</u>	<u>\$ 45,438,111</u>	<u>\$ 44,704,080</u>	<u>\$ 42,794,170</u>
County's net pension liability - ending (a) - (b)	\$ 11,334,671	\$ 10,154,131	\$ 10,812,361	\$ 14,778,041	\$ 12,517,582	\$ 11,326,776
Plan fiduciary net position as a percentage of the total pension liability	83.30%	84.05%	82.41%	75.46%	78.12%	79.07%
Covered payroll	\$ 13,288,929	\$ 12,417,476	\$ 12,437,319	\$ 12,301,757	\$ 12,155,198	\$ 11,848,964
County's net pension liability as a percentage of covered payroll	85.29%	81.77%	86.93%	120.13%	102.98%	95.59%

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

Schedule of Components of and Changes in Net Pension Liability and Related Ratios - Pension Plans

Component Unit School Board (nonprofessional)

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

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 353,840	\$ 377,036	\$ 406,040	\$ 417,396	\$ 428,123	\$ 409,306
Interest	1,252,121	1,234,247	1,219,527	1,223,081	1,181,493	1,135,508
Changes of assumptions	456,178	-	(206,348)	-	-	-
Differences between expected and actual experience	(47,828)	(292,564)	(192,234)	(724,912)	(66,650)	-
Benefit payments	(1,048,362)	(1,078,384)	(955,012)	(977,659)	(920,068)	(855,679)
Net change in total pension liability	\$ 965,949	\$ 240,335	\$ 271,973	\$ (62,094)	\$ 622,898	\$ 689,135
Total pension liability - beginning	18,411,623	18,171,288	17,899,315	17,961,409	17,338,511	16,649,376
Total pension liability - ending (a)	<u>\$ 19,377,572</u>	<u>\$ 18,411,623</u>	<u>\$ 18,171,288</u>	<u>\$ 17,899,315</u>	<u>\$ 17,961,409</u>	<u>\$ 17,338,511</u>
Plan fiduciary net position						
Contributions - employer	\$ 319,251	\$ 331,061	\$ 355,732	\$ 434,571	\$ 441,561	\$ 471,667
Contributions - employee	205,319	177,826	190,544	190,538	194,358	205,593
Net investment income	1,125,599	1,209,522	1,822,949	258,910	670,676	2,031,194
Benefit payments	(1,048,362)	(1,078,384)	(955,012)	(977,659)	(920,068)	(855,679)
Administrator charges	(11,400)	(10,683)	(10,692)	(9,483)	(9,320)	(11,024)
Other	(709)	(1,066)	(1,617)	(111)	(143)	107
Net change in plan fiduciary net position	\$ 589,698	\$ 628,276	\$ 1,401,904	\$ (103,234)	\$ 377,064	\$ 1,841,858
Plan fiduciary net position - beginning	17,174,145	16,545,869	15,143,965	15,247,199	14,870,135	13,028,277
Plan fiduciary net position - ending (b)	<u>\$ 17,763,843</u>	<u>\$ 17,174,145</u>	<u>\$ 16,545,869</u>	<u>\$ 15,143,965</u>	<u>\$ 15,247,199</u>	<u>\$ 14,870,135</u>
School subdivision's net pension liability - ending (a) - (b)	\$ 1,613,729	\$ 1,237,478	\$ 1,625,419	\$ 2,755,350	\$ 2,714,210	\$ 2,468,376
Plan fiduciary net position as a percentage of the total pension liability	91.67%	93.28%	91.06%	84.61%	84.89%	85.76%
Covered payroll	\$ 4,338,783	\$ 3,836,815	\$ 3,935,335	\$ 3,885,016	\$ 3,930,143	\$ 4,107,517
School subdivision's net pension liability as a percentage of covered payroll	37.19%	32.25%	41.30%	70.92%	69.06%	60.09%

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

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

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability (Asset)	0.39127%	0.40418%	0.41019%	0.42124%	0.41460%	0.42720%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 51,493,355	\$ 47,531,000	\$ 50,445,000	\$ 59,033,000	\$ 52,186,000	\$ 51,625,000
Employer's Covered Payroll	32,824,265	35,074,106	32,307,287	32,125,441	26,635,819	26,967,312
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	156.88%	135.52%	156.14%	183.76%	195.92%	191.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension Plans
 Years Ended June 30, 2011 through June 30, 2020

			Contributions in Relation to					Contributions as a % of
	Contractually Required Contribution		Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll	Covered Payroll
Date	(1)		(2)		(3)		(4)	(5)
County:								
2020	\$ 2,036,997	\$	2,036,997	\$	-	\$	14,273,382	14.27%
2019	1,905,449		1,905,449		-		13,288,929	14.34%
2018	1,775,595		1,775,595		-		12,417,476	14.30%
2017	1,782,156		1,782,156		-		12,437,319	14.33%
2016	1,825,702		1,825,702		-		12,301,757	14.84%
2015	1,912,013		1,912,013		-		12,155,198	15.73%
2014	1,913,608		1,913,608		-		11,848,964	16.15%
2013	1,743,353		1,743,353		-		10,794,754	16.15%
2012	1,505,652		1,505,652		-		10,974,136	13.72%
2011	1,586,153		1,586,153		-		11,560,882	13.72%
School Board - Non-Professionals:								
2020	\$ 353,871	\$	353,871	\$	-	\$	4,862,382	7.28%
2019	322,212		322,212		-		4,338,783	7.43%
2018	331,058		331,058		-		3,836,815	8.63%
2017	363,984		363,984		-		3,935,335	9.25%
2016	434,571		434,571		-		3,885,016	11.19%
2015	443,713		443,713		-		3,930,143	11.29%
2014	448,541		448,541		-		4,107,517	10.92%
2013	421,769		421,769		-		3,862,356	10.92%
2012	381,178		381,178		-		4,125,302	9.24%
2011	398,799		398,799		-		4,316,005	9.24%
School Board - Professionals:								
2020	\$ 5,253,823	\$	5,253,823	\$	-	\$	34,406,830	15.27%
2019	5,031,204		5,031,204		-		32,824,265	15.33%
2018	5,095,114		5,095,114		-		35,074,106	14.53%
2017	4,687,068		4,687,068		-		32,307,287	14.51%
2016	4,516,837		4,516,837		-		32,125,441	14.06%
2015	4,323,112		4,323,112		-		26,635,819	16.23%

The School Board Professional schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2020

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of Changes in Net Pension Liability and Related Ratios
Pension Trust Fund
For the Years Ended June 30, 2018 through June 30, 2020

	2020	2019	2018
Total pension liability:			
Service costs	\$ 81,128	\$ 55,169	\$ 73,069
Interest cost	125,859	123,115	120,949
Change due to differences in experience	(24,181)	15,615	(4,863)
Change in assumptions	264,215	305,983	(46,581)
Benefit payments	(112,694)	(88,550)	(86,045)
Net change in total pension liability	\$ 334,327	\$ 411,332	\$ 56,529
Total pension liability - beginning	2,934,717	2,523,385	2,466,856
Total pension liability - ending	\$ 3,269,044	\$ 2,934,717	\$ 2,523,385
Plan fiduciary net position:			
Employer contributions	\$ 141,000	\$ 135,000	\$ 135,000
Net investment income	48,682	47,825	44,633
Benefit payments	(112,694)	(88,550)	(86,045)
Net change in plan fiduciary net position	\$ 76,988	\$ 94,275	\$ 93,588
Plan fiduciary net position - beginning	1,881,721	1,787,446	1,693,858
Plan fiduciary net position - ending	\$ 1,958,709	\$ 1,881,721	\$ 1,787,446
Net pension liability	\$ 1,310,335	\$ 1,052,996	\$ 735,939
Plan fiduciary net position as a percentage of the total pension liability	\$ 60%	\$ 64%	\$ 71%

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

Schedule of Employer Contributions

Pension Trust Fund

For the Years Ended June 30, 2014 through June 30, 2019

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 144,598	\$ 144,755	\$ 127,637	\$ 172,160	\$ 140,657	\$ 140,087	\$ 138,239
Contributions in relation to the actuarially determined contribution	<u>104,500</u>	<u>104,500</u>	<u>104,500</u>	<u>104,500</u>	<u>135,000</u>	<u>135,000</u>	<u>141,000</u>
Contribution deficiency (excess)	\$ <u>(40,098)</u>	\$ <u>(40,255)</u>	\$ <u>(23,137)</u>	\$ <u>(67,660)</u>	\$ <u>(5,657)</u>	\$ <u>(5,087)</u>	\$ <u>2,761</u>

This schedule is intended to report information for 10 years. Information prior to the 2014 is not available. However, additional years will be included as they become available.

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar on a closed amortization period
Remaining amortization period	10 years
Inflation	2.00%
Investment rate of return	4.00%

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

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2019	0.39247% \$	5,106,134 \$	32,716,090	15.61%	8.97%
2018	0.40374%	5,126,000	32,697,249	15.68%	8.08%
2017	0.40934%	5,193,000	32,336,732	16.06%	7.04%

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

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 412,882	\$ 412,882	\$ -	\$ 34,406,830	1.20%
2019	392,593	392,593	-	32,716,090	1.20%
2018	398,264	398,264	-	32,697,249	1.22%
2017	358,589	358,589	-	32,336,732	1.11%

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

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

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

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

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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2019	0.06729% \$	1,105,239 \$	13,315,573	8.30%	52.00%
2018	0.06548%	995,000	12,450,965	7.99%	51.22%
2017	0.06792%	1,022,000	12,527,854	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2019	0.02217% \$	360,765 \$	4,346,078	8.30%	52.00%
2018	0.01942%	295,000	3,692,563	7.99%	51.22%
2017	0.02143%	323,000	3,953,134	8.17%	48.86%
Component Unit School Board (professional)					
2019	0.16728% \$	2,722,091 \$	32,793,271	8.30%	52.00%
2018	0.17196%	2,612,000	32,697,249	7.99%	51.22%
2017	0.17310%	2,638,000	32,336,732	8.16%	48.86%

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

Schedule of Employer Contributions
 Group Life Insurance (GLI) Program
 For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2020	\$ 74,609	\$ 74,609	\$ -	\$ 14,347,917	0.52%
2019	69,241	69,241	-	13,315,573	0.52%
2018	65,238	65,238	-	12,450,965	0.52%
2017	65,145	65,145	-	12,527,854	0.52%
Component Unit School Board (nonprofessional)					
2020	\$ 25,380	\$ 25,380	\$ -	\$ 4,880,818	0.52%
2019	22,600	22,600	-	4,346,078	0.52%
2018	19,426	19,426	-	3,692,563	0.53%
2017	20,556	20,556	-	3,953,134	0.52%
Component Unit School Board (professional)					
2020	\$ 179,130	\$ 179,130	\$ -	\$ 34,448,169	0.52%
2019	170,045	170,045	-	32,793,271	0.52%
2018	171,742	171,742	-	32,697,249	0.53%
2017	168,151	168,151	-	32,336,732	0.52%

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Primary Government
 For the Measurement Dates of June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 192,222	\$ 96,043	\$ 93,700
Interest	141,762	102,426	97,005
Changes in assumptions	282,066	(164,294)	(14,655)
Changes in benefit terms	-	2,289,643	-
Differences between expected and actual experience	-	(673,409)	-
Benefit payments	-	(92,945)	(55,013)
Net change in total OPEB liability	<u>\$ 616,050</u>	<u>\$ 1,557,464</u>	<u>\$ 121,037</u>
Total OPEB liability - beginning	<u>4,336,918</u>	<u>2,779,454</u>	<u>2,658,417</u>
Total OPEB liability - ending	<u><u>\$ 4,952,968</u></u>	<u><u>\$ 4,336,918</u></u>	<u><u>\$ 2,779,454</u></u>
 Covered payroll	 \$ 14,364,766	 \$ 13,386,741	 \$ 9,602,174
 County's total OPEB liability (asset) as a percentage of covered payroll	 34.48%	 32.40%	 28.95%

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

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

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% as of June 30, 2020
Inflation	2.50% per year as of January 1, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2019 and gradually declines to 4.25%
Salary Increase Rates	The salary increase rate is 2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for general employees were PUB2010G.H. For those on disability, PUB2010G.H Disabled for males/females with generational improvements with Scale SSA18. The disability and termination rates have been updated to those used in the most recent VRS OPEB valuation.

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

Component Unit - School Board

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 259,227	\$ 267,064	\$ 260,550
Interest	165,449	244,151	227,986
Changes in assumptions	308,450	(384,313)	(33,108)
Differences between expected and actual experience	-	(1,438,147)	-
Benefit payments	(119,102)	(159,411)	(84,346)
Net change in total OPEB liability	\$ 614,024	\$ (1,470,656)	\$ 371,082
Total OPEB liability - beginning	<u>5,085,773</u>	<u>6,556,429</u>	<u>6,185,347</u>
Total OPEB liability - ending	<u>\$ 5,699,797</u>	<u>\$ 5,085,773</u>	<u>\$ 6,556,429</u>
 Covered payroll	 \$ 38,653,622	 \$ 36,566,162	 \$ 23,107,306
 County's total OPEB liability (asset) as a percentage of covered payroll	 14.75%	 13.91%	 28.37%

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

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

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

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.45% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2019 and gradually declines to 4.25%
Salary Increase Rates	The salary increase rate is 2.50% annually
Retirement Age	The average age at retirement is 62
Mortality Rates	Mortality rates for general employees were PUB2010G.H. For those on disability, PUB2010G.H Disabled for males/females with generational improvements with Scale SSA18. The disability and termination rates have been updated to those used in the most recent VRS OPEB valuation.

Other Supplementary Information

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

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Revenue from local sources:				
Revenue from the use of money and property	\$ 828,920	\$ 828,920	\$ 453,806	\$ (375,114)
Miscellaneous	1,673	1,673	-	(1,673)
Intergovernmental:				
Commonwealth	480,000	480,000	-	(480,000)
Total revenues	\$ 1,310,593	\$ 1,310,593	\$ 453,806	\$ (856,787)
EXPENDITURES				
Current:				
General government administration				
Courthouse renovations	\$ -	\$ 168,440	\$ 168,440	\$ -
Assessor software	92,536	92,536	53,321	39,215
County building entrance improvements	38,339	38,339	38,339	-
Burn building	448,700	448,700	34,247	414,453
IT server room HVAC	79,418	79,418	79,418	-
Human services cooling tower and pump	116,344	114,344	114,076	268
County email exchange online	76,762	76,762	76,762	-
Miscellaneous outlays / projects	72,269	94,664	-	94,664
Total general government administration	\$ 924,368	\$ 1,113,203	\$ 564,603	\$ 548,600
Public safety				
Police vehicles	\$ 72,847	\$ 472,847	\$ 159,822	\$ 313,025
Body cameras	56,500	56,500	50,509	5,991
Fire entrance security	75,000	75,000	12,035	62,965
Fire / EMS apparatus and equipment	234,126	2,687,739	2,064,065	623,674
Jefferson Park fire station	3,200,000	3,200,000	31,950	3,168,050
Building inspector software	3,493	3,493	-	3,493
Radio project	13,774,920	13,774,920	1,701,694	12,073,226
Total public safety	\$ 17,416,886	\$ 20,270,499	\$ 4,020,075	\$ 16,250,424
Public works				
Utility route 156 water extension	\$ 2,481,755	\$ 2,481,755	\$ 62,037	\$ 2,419,718
Utility Food Lion water upgrades	2,084,540	2,084,540	88,613	1,995,927
Total public works	\$ 4,566,295	\$ 4,566,295	\$ 150,650	\$ 4,415,645
Parks, recreation, and cultural:				
Central Wellness Center	\$ 485,444	\$ 1,905,444	\$ 156,473	\$ 1,748,971
Library improvements	5,957	5,957	-	5,957
Community center parking lot	1,392	1,392	-	1,392
Park and playground development	16,574	16,574	-	16,574
Tennis and basketball courts	1,350	1,350	-	1,350
CDCC software replacements	51,635	51,635	36,093	15,542
Scott Park	450,000	450,000	233,216	216,784
Total parks, recreation and cultural	\$ 1,012,352	\$ 2,432,352	\$ 425,782	\$ 2,006,570
Education:				
School bus replacement	\$ 260,887	\$ 207,920	\$ 199,220	\$ 8,700
School track	829	-	-	-
School wireless	120,500	120,500	119,764	736
JEJ Moore HVAC	28,900	-	-	-
School chiller	33,318	253,730	253,730	-
Harrison roof	369,300	369,300	334,985	34,315
Electrical switch gears	50,400	50,400	37,425	12,975

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Education: (Continued)				
Locker rooms	21,381	-	-	-
School entrance redesign	100,000	100,000	67,805	32,195
Facility index study	79,892	79,892	79,892	-
Parking lot repairs	124,999	124,999	97,500	27,499
Trailer rental and purchase	450,000	450,000	445,814	4,186
School fieldhouse	80,000	80,000	-	80,000
Walton Elementary improvements	1,000,000	1,000,000	301,005	698,995
Walton HVAC improvements	164,232	415,000	205,790	209,210
School security improvements	56,810	56,810	34,702	22,108
Window replacements	14,904	-	-	-
North Elementary improvements	13,122	13,122	-	13,122
Total education	\$ 2,969,474	\$ 3,321,673	\$ 2,177,632	\$ 1,144,041
Community development:				
Wireless broadband	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Total community development	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Debt service:				
Bond issuance cost	\$ 208,813	\$ 173,031	\$ 112,903	\$ 60,128
Bond arbitrage fees	21,320	21,320	21,320	-
Total community development	\$ 230,133	\$ 194,351	\$ 134,223	\$ 60,128
Total expenditures	\$ 27,119,508	\$ 32,898,373	\$ 8,472,965	\$ 24,425,408
Excess (deficiency) of revenues over (under) expenditures	\$ (25,808,915)	\$ (31,587,780)	\$ (8,019,159)	\$ 23,568,621
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ -	\$ 1,878,200	\$ 1,878,200	\$ -
Issuance of debt	6,180	7,288,820	7,295,000	6,180
Transfers (out)	-	(2,100,000)	(2,100,000)	-
Total other financing sources (uses)	\$ 6,180	\$ 7,067,020	\$ 7,073,200	\$ 6,180
Net change in fund balances	\$ (25,802,735)	\$ (24,520,760)	\$ (945,959)	\$ 23,574,801
Fund balances - beginning	25,802,735	24,520,760	25,501,529	980,769
Fund balances - ending	\$ -	\$ -	\$ 24,555,570	\$ 24,555,570

County Debt Service Fund

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 5,860	\$ 5,860
Total revenues	\$ -	\$ -	\$ 5,860	\$ 5,860
EXPENDITURES				
Debt Service - School Obligations:				
Principal retirement	\$ 2,227,513	\$ 2,227,513	\$ 2,227,512	\$ 1
Interest and other fiscal charges	411,350	411,350	409,559	1,791
Total debt service school obligations	\$ 2,638,863	\$ 2,638,863	\$ 2,637,071	\$ 1,792
Debt Service - County Obligations:				
Principal retirement	\$ 4,271,757	\$ 4,271,757	\$ 4,271,757	\$ -
Interest and other fiscal charges	1,076,792	1,076,792	1,029,006	47,786
Total debt service county obligations	\$ 5,348,549	\$ 5,348,549	\$ 5,300,763	\$ 47,786
Total expenditures:				
Principal retirement	\$ 6,499,270	\$ 6,499,270	\$ 6,499,269	\$ 1
Interest and other fiscal charges	1,488,142	1,488,142	1,438,565	49,577
Total expenditures	\$ 7,987,412	\$ 7,987,412	\$ 7,937,834	\$ 49,578
Excess (deficiency) of revenues over (under) expenditures	\$ (7,987,412)	\$ (7,987,412)	\$ (7,931,974)	\$ 55,438
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 7,987,412	\$ 7,987,412	\$ 7,987,412	\$ -
Total other financing sources (uses)	\$ 7,987,412	\$ 7,987,412	\$ 7,987,412	\$ -
Net change in fund balances	\$ -	\$ -	\$ 55,438	\$ 55,438
Fund balances - beginning	-	-	30,886	30,886
Fund balances - ending	\$ -	\$ -	\$ 86,324	\$ 86,324

County CARES CRF Fund

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

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 3,346,151	\$ 163,446	\$ (3,182,705)
Total revenues	<u>\$ -</u>	<u>\$ 3,346,151</u>	<u>\$ 163,446</u>	<u>\$ (3,182,705)</u>
EXPENDITURES				
General government administration	\$ -	\$ 178,322	\$ 31,689	\$ 146,633
Public safety	-	2,615,183	98,624	2,516,559
Education	-	552,646	33,133	519,513
Total expenditures	<u>\$ -</u>	<u>\$ 3,346,151</u>	<u>\$ 163,446</u>	<u>\$ 3,182,705</u>
Excess (deficiency) of revenues over (under)				
expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 At June 30, 2020

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Stormwater Fund	Tourism Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 373,264	\$ 702,508	\$ 106,275	\$ 2,599,172	\$ 75,947	\$ 3,857,166
Receivables (net of allowance for uncollectibles):						
Accounts receivable	-	202,064	-	17,022	22,727	241,813
Due from other government	38,592	-	-	-	-	38,592
Total assets	<u>\$ 411,856</u>	<u>\$ 904,572</u>	<u>\$ 106,275</u>	<u>\$ 2,616,194</u>	<u>\$ 98,674</u>	<u>\$ 4,137,571</u>
LIABILITIES						
Accounts payable	\$ 7,385	\$ 1,234	\$ 1,763	\$ 85,740	\$ 9,548	\$ 105,670
Deferred revenue	-	-	43,488	-	-	43,488
Accrued expenses	5,810	628	-	-	-	6,438
Total liabilities	<u>\$ 13,195</u>	<u>\$ 1,862</u>	<u>\$ 45,251</u>	<u>\$ 85,740</u>	<u>\$ 9,548</u>	<u>\$ 155,596</u>
FUND BALANCES						
Assigned:						
Special revenue	\$ 398,661	\$ 902,710	\$ 61,024	\$ 2,530,454	\$ 89,126	\$ 3,981,975
Total fund balances	<u>\$ 398,661</u>	<u>\$ 902,710</u>	<u>\$ 61,024</u>	<u>\$ 2,530,454</u>	<u>\$ 89,126</u>	<u>\$ 3,981,975</u>
Total liabilities and fund balances	<u>\$ 411,856</u>	<u>\$ 904,572</u>	<u>\$ 106,275</u>	<u>\$ 2,616,194</u>	<u>\$ 98,674</u>	<u>\$ 4,137,571</u>

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

	Community Corrections Fund	Economic Development Fund	Asset Forfeiture Fund	Stormwater Fund	Tourism Fund	Total Nonmajor Governmental Funds
REVENUES						
Other local taxes	\$ -	\$ 1,188,368	\$ -	\$ 477,565	\$ 344,405	\$ 2,010,338
Revenue from the use of money and property	-	-	-	169	-	169
Charges for services	44,747	-	-	-	-	44,747
Miscellaneous	-	-	1,646	-	-	1,646
Recovered costs	96,250	-	-	-	-	96,250
Intergovernmental:						
Commonwealth	779,480	200,000	4,752	-	-	984,232
Federal	-	-	9,384	-	-	9,384
Total revenues	\$ 920,477	\$ 1,388,368	\$ 15,782	\$ 477,734	\$ 344,405	\$ 3,146,766
EXPENDITURES						
Current:						
Public safety	\$ 1,039,627	\$ -	\$ 37,583	\$ -	\$ -	\$ 1,077,210
Public works	-	-	-	1,222,265	-	1,222,265
Community Development	-	672,469	-	-	396,565	1,069,034
Total expenditures	\$ 1,039,627	\$ 672,469	\$ 37,583	\$ 1,222,265	\$ 396,565	\$ 3,368,509
Excess (deficiency) of revenues over (under) expenditures	\$ (119,150)	\$ 715,899	\$ (21,801)	\$ (744,531)	\$ (52,160)	\$ (221,743)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 57,327	\$ -	\$ -	\$ 2,100,000	\$ -	\$ 2,157,327
Transfers (out)	-	(385,916)	-	(440,990)	(149,490)	(976,396)
Total other financing sources (uses)	\$ 57,327	\$ (385,916)	\$ -	\$ 1,659,010	\$ (149,490)	\$ 1,180,931
Net change in fund balances	\$ (61,823)	\$ 329,983	\$ (21,801)	\$ 914,479	\$ (201,650)	\$ 959,188
Fund balances - beginning	460,484	572,727	82,825	1,615,975	290,776	3,022,787
Fund balances - ending	\$ 398,661	\$ 902,710	\$ 61,024	\$ 2,530,454	\$ 89,126	\$ 3,981,975

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	Community Corrections Fund				Economic Development Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,125,000	\$ 1,125,000	\$ 1,188,368	\$ 63,368
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Charges for services	24,500	39,857	44,747	4,890	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Recovered costs	102,827	89,327	96,250	6,923	-	-	-	-
Intergovernmental:								
Commonwealth	762,482	781,777	779,480	(2,297)	-	200,000	200,000	-
Federal	-	-	-	-	-	-	-	-
Total revenues	\$ 889,809	\$ 910,961	\$ 920,477	\$ 9,516	\$ 1,125,000	\$ 1,325,000	\$ 1,388,368	\$ 63,368
EXPENDITURES								
Current:								
Public Safety:								
Law enforcement and traffic control:								
Drug enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Correction and detention:								
Local Community Corrections	1,054,417	1,068,288	1,039,627	28,661	-	-	-	-
Total public safety	\$ 1,054,417	\$ 1,068,288	\$ 1,039,627	\$ 28,661	\$ -	\$ -	\$ -	\$ -
Public Works:								
Stormwater services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Development:								
Planning and community development:								
Tourism initiatives	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic development	-	-	-	-	739,084	939,084	672,469	266,615
Total community development	\$ -	\$ -	\$ -	\$ -	\$ 739,084	\$ 939,084	\$ 672,469	\$ 266,615
Total expenditures	\$ 1,054,417	\$ 1,068,288	\$ 1,039,627	\$ 28,661	\$ 739,084	\$ 939,084	\$ 672,469	\$ 266,615
Excess (deficiency) of revenues over (under) expenditures	\$ (164,608)	\$ (157,327)	\$ (119,150)	\$ 38,177	\$ 385,916	\$ 385,916	\$ 715,899	\$ 329,983
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 164,608	\$ 157,327	\$ 57,327	\$ (100,000)	\$ -	\$ -	\$ -	\$ -
Transfers (out)	-	-	-	-	(385,916)	(385,916)	(385,916)	-
Total other financing sources (uses)	\$ 164,608	\$ 157,327	\$ 57,327	\$ (100,000)	\$ (385,916)	\$ (385,916)	\$ (385,916)	\$ -
Net change in fund balances	\$ -	\$ -	\$ (61,823)	\$ (61,823)	\$ -	\$ -	\$ 329,983	\$ 329,983
Fund balances - beginning	-	-	460,484	460,484	-	4,442	572,727	568,285
Fund balances - ending	\$ -	\$ -	\$ 398,661	\$ 398,661	\$ -	\$ 4,442	\$ 902,710	\$ 898,268

Asset Forfeiture Fund				Stormwater Fund				Tourism Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 465,000	\$ 465,000	\$ 477,565	\$ 12,565	\$ 440,000	\$ 440,000	\$ 344,405	\$ (95,595)
-	-	-	-	-	-	169	169	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	1,646	1,646	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	4,752	4,752	-	-	-	-	-	-	-	-	-
-	9,384	9,384	-	-	-	-	-	-	-	-	-
\$ -	\$ 15,782	\$ 15,782	\$ -	\$ 465,000	\$ 465,000	\$ 477,734	\$ 12,734	\$ 440,000	\$ 440,000	\$ 344,405	\$ (95,595)
\$ -	\$ 98,590	\$ 37,583	\$ 61,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ 98,590	\$ 37,583	\$ 61,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 24,010	\$ 3,013,312	\$ 1,222,265	\$ 1,791,047	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,510	\$ 484,562	\$ 396,565	\$ 87,997
-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,510	\$ 484,562	\$ 396,565	\$ 87,997
\$ -	\$ 98,590	\$ 37,583	\$ 61,007	\$ 24,010	\$ 3,013,312	\$ 1,222,265	\$ 1,791,047	\$ 290,510	\$ 484,562	\$ 396,565	\$ 87,997
\$ -	\$ (82,808)	\$ (21,801)	\$ 61,007	\$ 440,990	\$ (2,548,312)	\$ (744,531)	\$ 1,803,781	\$ 149,490	\$ (44,562)	\$ (52,160)	\$ (7,598)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100,000	\$ 2,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(440,990)	(440,990)	(440,990)	-	(149,490)	(149,490)	(149,490)	-
\$ -	\$ -	\$ -	\$ -	\$ (440,990)	\$ 1,659,010	\$ 1,659,010	\$ -	\$ (149,490)	\$ (149,490)	\$ (149,490)	\$ -
\$ -	\$ (82,808)	\$ (21,801)	\$ 61,007	\$ -	\$ (889,302)	\$ 914,479	\$ 1,803,781	\$ -	\$ (194,052)	\$ (201,650)	\$ (7,598)
-	82,808	82,825	17	-	889,302	1,615,975	726,673	-	194,052	290,776	96,724
\$ -	\$ -	\$ 61,024	\$ 61,024	\$ -	\$ -	\$ 2,530,454	\$ 2,530,454	\$ -	\$ -	\$ 89,126	\$ 89,126

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

	Agency Funds			
	Special Welfare Fund	Fringe Benefits Fund	Performance Bond Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,854	\$ 3,141,893	\$ 96,061	\$ 3,239,808
Total assets	<u>\$ 1,854</u>	<u>\$ 3,141,893</u>	<u>\$ 96,061</u>	<u>\$ 3,239,808</u>
LIABILITIES				
Amounts held for others	\$ 1,854	\$ 3,141,893	\$ 96,061	\$ 3,239,808
Total liabilities	<u>\$ 1,854</u>	<u>\$ 3,141,893</u>	<u>\$ 96,061</u>	<u>\$ 3,239,808</u>

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended June 30, 2020

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ <u>47</u>	\$ <u>14,170</u>	\$ <u>12,363</u>	\$ <u>1,854</u>
Liabilities:				
Amounts held for others	\$ <u>47</u>	\$ <u>14,170</u>	\$ <u>12,363</u>	\$ <u>1,854</u>
Fringe Benefits Fund:				
Assets:				
Cash and cash equivalents	\$ <u>2,484,869</u>	\$ <u>8,112,868</u>	\$ <u>7,455,844</u>	\$ <u>3,141,893</u>
Liabilities:				
Amounts held for others	\$ <u>2,484,454</u>	\$ <u>8,112,868</u>	\$ <u>7,455,429</u>	\$ <u>3,141,893</u>
Accounts payable	<u>415</u>	<u>-</u>	<u>415</u>	<u>-</u>
Total liabilities	\$ <u>2,484,869</u>	\$ <u>8,112,868</u>	\$ <u>7,455,844</u>	\$ <u>3,141,893</u>
Performance Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>130,367</u>	\$ <u>-</u>	\$ <u>34,306</u>	\$ <u>96,061</u>
Liabilities:				
Amounts held for others	\$ <u>130,367</u>	\$ <u>-</u>	\$ <u>34,306</u>	\$ <u>96,061</u>
Totals -- All agency funds				
Assets:				
Cash and cash equivalents	\$ <u>2,615,283</u>	\$ <u>8,127,038</u>	\$ <u>7,502,513</u>	\$ <u>3,239,808</u>
Liabilities:				
Amounts held for others	\$ <u>2,614,868</u>	\$ <u>8,127,038</u>	\$ <u>7,502,098</u>	\$ <u>3,239,808</u>
Accounts payable	<u>415</u>	<u>-</u>	<u>415</u>	<u>-</u>
Total liabilities	\$ <u>2,615,283</u>	\$ <u>8,127,038</u>	\$ <u>7,502,513</u>	\$ <u>3,239,808</u>

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Discretely Presented Component Unit – School Board

Combining Balance Sheet

Governmental Funds - Discretely Presented Component Unit - School Board

At June 30, 2020

	<u>Major Fund</u>		<u>NonMajor Funds</u>			
	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Adult Basic Education Fund</u>	<u>Textbook Fund</u>	<u>Total Governmental Funds</u>	
ASSETS						
Cash and cash equivalents	\$ 6,020,459	\$ 1,103,817	\$ 227,559	\$ 832,116	\$	8,183,951
Receivables (net of allowance for uncollectibles):						
Accounts receivable	1,635	-	-	-		1,635
Due from other governmental units	1,527,807	71,689	59,861	-		1,659,357
Total assets	<u>\$ 7,549,901</u>	<u>\$ 1,175,506</u>	<u>\$ 287,420</u>	<u>\$ 832,116</u>	<u>\$</u>	<u>9,844,943</u>
LIABILITIES						
Accounts payable	\$ 710,761	\$ 17,679	\$ 6,362	\$ 484,994	\$	1,219,796
Accrued liabilities	6,838,940	191,151	-	-		7,030,091
Total liabilities	<u>\$ 7,549,701</u>	<u>\$ 208,830</u>	<u>\$ 6,362</u>	<u>\$ 484,994</u>	<u>\$</u>	<u>8,249,887</u>
FUND BALANCES						
Assigned	\$ -	\$ 966,676	\$ 281,058	\$ 347,122	\$	1,594,856
Unassigned	200	-	-	-		200
Total fund balances	<u>\$ 200</u>	<u>\$ 966,676</u>	<u>\$ 281,058</u>	<u>\$ 347,122</u>	<u>\$</u>	<u>1,595,056</u>
Total liabilities and fund balances	<u>\$ 7,549,901</u>	<u>\$ 1,175,506</u>	<u>\$ 287,420</u>	<u>\$ 832,116</u>	<u>\$</u>	<u>9,844,943</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above		\$	1,595,056
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			39,656,300
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	11,194,299	
OPEB related items		<u>1,661,504</u>	12,855,803
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences	\$	(339,156)	
Net pension liability		(53,107,084)	
Net OPEB liabilities		<u>(14,134,396)</u>	(67,580,636)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(7,383,915)	
OPEB related items		<u>(2,257,794)</u>	(9,641,709)
Net position of governmental activities			<u>\$ (23,115,186)</u>

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

	Major Fund	Nonmajor Funds			
	School Operating Fund	School Cafeteria Fund	Adult Basic Education Fund	Textbook Fund	Total Governmental Funds
REVENUES					
Charges for services	\$ 8,529	\$ 938,401	\$ 106,228	\$ -	\$ 1,053,158
Miscellaneous	75,213	-	-	-	75,213
Recovered costs	185,391	-	-	-	185,391
Intergovernmental:					
County contribution to school board	14,142,912	-	-	147,503	14,290,415
Commonwealth	43,765,595	68,316	251,846	474,510	44,560,267
Federal	7,546,996	1,864,151	320,867	-	9,732,014
Total revenues	\$ 65,724,636	\$ 2,870,868	\$ 678,941	\$ 622,013	\$ 69,896,458
EXPENDITURES					
Current:					
Education	\$ 65,724,636	\$ 3,112,786	\$ 680,726	\$ 983,039	\$ 70,501,187
Total expenditures	\$ 65,724,636	\$ 3,112,786	\$ 680,726	\$ 983,039	\$ 70,501,187
Net change in fund balances	\$ -	\$ (241,918)	\$ (1,785)	\$ (361,026)	\$ (604,729)
Fund balances - beginning	200	1,208,594	282,843	708,148	2,199,785
Fund balances - ending	\$ 200	\$ 966,676	\$ 281,058	\$ 347,122	\$ 1,595,056

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

Net change in fund balances - total governmental funds - per above \$ (604,729)

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

Current year asset additions	\$ 5,463,527	
Depreciation expense	(3,644,760)	1,818,767

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.

Details supporting these changes are as follows:

Change in compensated absences	\$ (21,848)	
Pension expense	588,938	
OPEB expense	(9,601)	557,489

Change in net position of governmental activities \$ 1,771,527

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 103,500	\$ 103,500	\$ 8,529	\$ (94,971)
Miscellaneous	25,000	25,000	75,213	50,213
Recovered costs	131,500	131,500	185,391	53,891
Intergovernmental:				
County contribution to School Board	15,920,148	16,067,837	14,142,912	(1,924,925)
Commonwealth	43,350,166	43,350,166	43,765,595	415,429
Federal	6,892,080	6,939,495	7,546,996	607,501
Total revenues	\$ 66,422,394	\$ 66,617,498	\$ 65,724,636	\$ (892,862)
EXPENDITURES				
Current:				
Education				
Instruction	\$ 48,796,859	\$ 48,534,274	\$ 47,948,860	\$ 585,414
Administrative, attendance & health services	3,667,741	3,507,741	3,301,787	205,954
Pupil transportation	4,534,750	4,534,750	4,447,535	87,215
Operation and maintenance	5,915,625	6,290,625	6,238,038	52,587
Facilities	672,253	469,942	564,737	(94,795)
Technology	2,835,166	3,280,166	3,223,679	56,487
Total education	\$ 66,422,394	\$ 66,617,498	\$ 65,724,636	\$ 892,862
Total expenditures	\$ 66,422,394	\$ 66,617,498	\$ 65,724,636	\$ 892,862
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	200	200
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 200

COUNTY OF PRINCE GEORGE, VIRGINIA

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

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 1,334,135	\$ 1,334,135	\$ 938,401	\$ (395,734)
Intergovernmental:				
County contribution to School Board	-	-	-	-
Commonwealth	63,756	63,756	68,316	4,560
Federal	1,770,061	1,770,061	1,864,151	94,090
Total revenues	<u>\$ 3,167,952</u>	<u>\$ 3,167,952</u>	<u>\$ 2,870,868</u>	<u>\$ (297,084)</u>
EXPENDITURES				
Current:				
Education				
Instruction	\$ -	\$ -	\$ -	\$ -
School food services	<u>3,167,952</u>	<u>3,167,952</u>	<u>3,112,786</u>	<u>55,166</u>
Total expenditures	<u>\$ 3,167,952</u>	<u>\$ 3,167,952</u>	<u>\$ 3,112,786</u>	<u>\$ 55,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (241,918)</u>	<u>\$ (241,918)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (241,918)	\$ (241,918)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>1,208,594</u>	<u>1,208,594</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 966,676</u></u>	<u><u>\$ 966,676</u></u>

Adult Basic Education Fund				Textbook Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 393,876	\$ 398,751	\$ 106,228	\$ (292,523)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	147,503	147,503	147,503	-
252,007	252,006	251,846	(160)	469,405	469,405	474,510	5,105
333,304	354,485	320,867	(33,618)	-	-	-	-
<u>\$ 979,187</u>	<u>\$ 1,005,242</u>	<u>\$ 678,941</u>	<u>\$ (326,301)</u>	<u>\$ 616,908</u>	<u>\$ 616,908</u>	<u>\$ 622,013</u>	<u>\$ 5,105</u>
\$ 979,187	\$ 1,005,242	\$ 680,726	\$ 324,516	\$ 1,266,908	\$ 1,266,908	\$ 983,039	\$ 283,869
-	-	-	-	-	-	-	-
<u>\$ 979,187</u>	<u>\$ 1,005,242</u>	<u>\$ 680,726</u>	<u>\$ 324,516</u>	<u>\$ 1,266,908</u>	<u>\$ 1,266,908</u>	<u>\$ 983,039</u>	<u>\$ 283,869</u>
\$ -	\$ -	\$ (1,785)	\$ (1,785)	\$ (650,000)	\$ (650,000)	\$ (361,026)	\$ 288,974
\$ -	\$ -	\$ -	\$ -	\$ 650,000	\$ 650,000	\$ -	\$ (650,000)
\$ -	\$ -	\$ -	\$ -	\$ 650,000	\$ 650,000	\$ -	\$ (650,000)
\$ -	\$ -	\$ (1,785)	\$ (1,785)	\$ -	\$ -	\$ (361,026)	\$ (361,026)
-	-	282,843	282,843	-	-	708,148	708,148
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,058</u>	<u>\$ 281,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,122</u>	<u>\$ 347,122</u>

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Sources:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Governmental Activities	2011	2012	2013	2014
Net investment in capital assets	\$ 20,812,603	\$ 18,506,792	\$ 22,029,930	\$ 18,291,890
Restricted	704,609	730,241	284,061	338,206
Unrestricted	<u>9,829,238</u>	<u>11,820,361</u>	<u>9,433,937</u>	<u>13,496,337</u>
Total Governmental Activities Net Position	<u>\$ 31,346,450</u>	<u>\$ 31,057,394</u>	<u>\$ 31,747,928</u>	<u>\$ 32,126,433</u>

Business-Type Activities

Net investment in capital assets	\$ 16,652,732	\$ 16,208,880	\$ 15,885,286	\$ 15,778,830
Unrestricted	<u>5,654,321</u>	<u>5,512,962</u>	<u>6,224,416</u>	<u>6,636,804</u>
Total Business-Type Activities Net Position	<u>\$ 22,307,053</u>	<u>\$ 21,721,842</u>	<u>\$ 22,109,702</u>	<u>\$ 22,415,634</u>

Primary Government

Net investment in capital assets	\$ 37,465,335	\$ 34,715,672	\$ 37,915,216	\$ 34,070,720
Restricted	704,609	730,241	284,061	338,206
Unrestricted	<u>15,483,559</u>	<u>17,333,323</u>	<u>15,658,353</u>	<u>20,133,141</u>
Total Primary Government Activities Net Position	<u>\$ 53,653,503</u>	<u>\$ 52,779,236</u>	<u>\$ 53,857,630</u>	<u>\$ 54,542,067</u>

Table 1

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 15,188,357	\$ 17,875,023	\$ 20,292,736	\$ 21,281,179	\$ 27,304,734	\$ 27,193,687
398,838	393,414	216,958	216,958	131,274	186,712
<u>10,222,062</u>	<u>7,846,042</u>	<u>11,221,917</u>	<u>10,410,544</u>	<u>8,911,558</u>	<u>13,257,733</u>
<u>\$ 25,809,257</u>	<u>\$ 26,114,479</u>	<u>\$ 31,731,611</u>	<u>\$ 31,908,681</u>	<u>\$ 36,347,566</u>	<u>\$ 40,638,132</u>
\$ 15,339,288	\$ 13,606,908	\$ 14,324,473	\$ 14,866,149	\$ 14,900,608	\$ 14,853,189
<u>6,423,645</u>	<u>8,771,772</u>	<u>9,165,720</u>	<u>9,926,815</u>	<u>11,480,701</u>	<u>12,840,066</u>
<u>\$ 21,762,933</u>	<u>\$ 22,378,680</u>	<u>\$ 23,490,193</u>	<u>\$ 24,792,964</u>	<u>\$ 26,381,309</u>	<u>\$ 27,693,255</u>
\$ 30,527,645	\$ 31,481,931	\$ 34,617,209	\$ 36,147,328	\$ 42,205,342	\$ 42,046,876
398,838	393,414	216,958	216,958	131,274	186,712
<u>16,645,707</u>	<u>16,617,814</u>	<u>20,387,637</u>	<u>20,337,359</u>	<u>20,392,259</u>	<u>26,097,799</u>
<u>\$ 47,572,190</u>	<u>\$ 48,493,159</u>	<u>\$ 55,221,804</u>	<u>\$ 56,701,645</u>	<u>\$ 62,728,875</u>	<u>\$ 68,331,387</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
General Government Administration	\$ 4,578,412	\$ 4,887,534	\$ 4,927,971	\$ 4,895,544	\$ 5,226,913	\$ 5,330,273	\$ 6,291,210	\$ 5,516,354	\$ 7,124,169	\$ 5,759,968
Judicial Administration	2,118,018	2,189,341	2,105,719	2,279,571	2,361,018	2,431,271	1,601,574	2,326,800	1,392,819	2,787,177
Public Safety	12,527,189	13,139,882	13,620,239	15,209,669	14,683,153	15,317,725	14,804,237	15,796,407	17,891,395	17,954,349
Public Works	1,813,526	2,008,209	1,985,467	1,918,871	1,976,333	2,225,922	2,029,476	2,129,080	2,778,816	3,527,908
Health and Welfare	3,468,253	3,797,482	3,508,587	3,825,004	3,893,335	4,255,353	3,993,580	4,199,909	5,477,052	5,196,590
Education	24,520,498	15,792,643	15,976,873	17,189,503	13,944,549	17,867,950	17,186,958	19,360,755	17,501,426	18,712,181
Parks, Recreation, and Cultural	1,248,896	1,839,838	1,803,237	1,840,982	2,169,979	1,749,036	1,808,204	2,131,881	2,130,184	1,968,299
Community Development	772,579	1,161,919	646,834	1,715,143	1,246,531	1,470,872	3,388,237	1,385,661	1,372,798	2,431,043
Interest on Long-Term Debt	3,577,996	2,586,665	2,006,445	1,848,132	1,585,509	2,268,088	1,272,381	1,539,356	1,374,596	1,709,111
Total Governmental Activities Expenses	\$ 54,625,367	\$ 47,403,513	\$ 46,581,372	\$ 50,722,418	\$ 47,087,320	\$ 52,916,490	\$ 52,375,857	\$ 54,386,203	\$ 57,043,255	\$ 60,046,626
Business-Type Activities										
Public Utilities	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095	\$ 4,551,777	\$ 5,049,902	\$ 5,061,020	\$ 5,130,765	\$ 4,822,569	\$ 5,520,112	\$ 5,545,690
Total Business-Type Activities Expenses	\$ 3,942,765	\$ 4,907,268	\$ 3,919,095	\$ 4,551,777	\$ 5,049,902	\$ 5,061,020	\$ 5,130,765	\$ 4,822,569	\$ 5,520,112	\$ 5,545,690
Total Primary Government Expenses	\$ 58,568,132	\$ 52,310,781	\$ 50,500,467	\$ 55,274,195	\$ 52,137,222	\$ 57,977,510	\$ 57,506,622	\$ 59,208,772	\$ 62,563,367	\$ 65,592,316
Program Revenues										
Governmental Activities										
Charges for Services										
General Government Administration	\$ 186,865	\$ 180,435	\$ 44,476	\$ 13,625	\$ 315,724	\$ 295,174	\$ 383,810	\$ 552,704	\$ 207,313	\$ 329,613
Judicial Administration	677,370	601,631	788,800	577,035	478,272	430,620	522,609	425,782	179,440	129,866
Public Safety	764,177	717,115	729,407	857,627	647,770	655,492	797,867	775,931	1,109,380	1,217,084
Public Works	227,707	155,793	65,298	427,282	119,175	130,123	115,353	482,356	431,514	618,981
Parks, Recreation, and Cultural	136,609	138,982	125,298	135,969	122,734	120,063	129,408	107,530	112,757	68,465
Community Development	41,718	29,929	407,599	119,583	35,578	-	-	-	-	-
Operating Grants and Contributions	5,013,445	5,203,184	5,013,258	6,114,788	6,327,951	6,383,355	6,174,523	5,599,776	6,142,208	7,496,188
Capital Grants and Contributions	5,000,000	-	-	2,691,550	-	-	-	-	-	-
Total Governmental Activities Program Revenues	\$ 12,047,891	\$ 7,027,069	\$ 7,174,136	\$ 10,937,459	\$ 8,047,204	\$ 8,014,827	\$ 8,123,570	\$ 7,944,079	\$ 8,182,612	\$ 9,860,197
Business-Type Activities										
Charges for Services										
Public Utilities	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255	\$ 4,640,279	\$ 4,602,908	\$ 5,127,476	\$ 5,761,503	\$ 6,051,239	\$ 6,964,645	\$ 6,595,082
Capital Grants and Contributions	-	-	-	-	-	73,968	212,603	77,113	-	-
Total Business-Type Activities Program Revenues	\$ 4,974,219	\$ 4,076,488	\$ 4,044,255	\$ 4,640,279	\$ 4,602,908	\$ 5,201,444	\$ 5,974,106	\$ 6,128,352	\$ 6,964,645	\$ 6,595,082
Total Primary Government Program Revenues	\$ 17,022,110	\$ 11,103,557	\$ 11,218,391	\$ 15,577,738	\$ 12,650,112	\$ 13,216,271	\$ 14,097,676	\$ 14,072,431	\$ 15,147,257	\$ 16,455,279

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues: (Continued)										
Net (Expense)/ Revenue										
Governmental Activities	\$ (42,577,475)	\$ (40,376,444)	\$ (39,407,236)	\$ (39,784,959)	\$ (39,040,116)	\$ (44,901,663)	\$ (44,252,287)	\$ (46,442,124)	\$ (48,860,643)	\$ (50,186,429)
Business-Type Activities	1,031,454	(830,780)	125,160	88,502	(446,994)	140,424	843,341	1,305,783	1,444,533	1,049,392
Total Primary Government Net Expense	\$ (41,546,021)	\$ (41,207,224)	\$ (39,282,076)	\$ (39,696,457)	\$ (39,487,110)	\$ (44,761,239)	\$ (43,408,946)	\$ (45,136,341)	\$ (47,416,110)	\$ (49,137,037)
General Revenues and Other Changes in Net Position										
Governmental Activities										
General Property Taxes	\$ 28,041,192	\$ 28,463,166	\$ 28,383,780	\$ 30,689,457	\$ 31,796,896	\$ 31,587,598	\$ 35,621,127	\$ 33,407,855	\$ 35,778,138	\$ 38,036,686
Other Local Taxes	8,120,610	7,373,261	6,867,373	6,868,405	7,455,217	8,016,257	8,276,384	8,385,405	9,364,697	9,744,408
Unrestricted Revenues from Use of Money and Property	268,838	314,909	238,946	197,888	200,428	350,693	644,235	579,573	1,463,094	1,401,916
Miscellaneous	1,098,511	60,435	330,799	315,552	373,723	209,866	849,983	234,044	54,847	57,119
Grants and contributions not restricted to specific programs	3,813,016	5,197,796			5,240,754	5,200,471	5,004,589	5,920,066	6,637,380	5,386,356
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
County Contribution to School Board, unrestricted	-	-	5,100,696	5,097,195	-	-	-	-	-	-
Transfers	424,693	(158,070)	(159,189)	(157,100)	(158,000)	(158,000)	(149,805)	(148,728)	1,372	(149,490)
Total Governmental Activities	\$ 41,766,860	\$ 41,251,497	\$ 40,762,405	\$ 43,011,397	\$ 44,909,018	\$ 45,206,885	\$ 50,246,513	\$ 48,378,215	\$ 53,299,528	\$ 54,476,995
Business-Type Activities										
Unrestricted Revenues from Use of Money and Property	\$ 51,735	\$ 54,466	\$ 54,438	\$ 60,330	\$ 80,465	\$ 79,578	\$ 51,376	\$ 60,324	\$ 76,806	\$ 72,955
Miscellaneous	30,918	33,033	49,073	-	56,952	237,745	66,991	22,943	68,378	40,109
Transfers	424,693	158,070	159,189	157,100	158,000	158,000	149,805	148,728	(1,372)	149,490
Total Business-Type Activities	\$ 507,346	\$ 245,569	\$ 262,700	\$ 217,430	\$ 295,417	\$ 475,323	\$ 268,172	\$ 231,995	\$ 143,812	\$ 262,554
Total Primary Government	\$ 42,274,206	\$ 41,497,066	\$ 41,025,105	\$ 43,228,827	\$ 45,204,435	\$ 45,682,208	\$ 50,514,685	\$ 48,610,210	\$ 53,443,340	\$ 54,739,549
Change in Net Position										
Governmental Activities	\$ (810,615)	\$ 875,053	\$ 1,355,169	\$ 3,226,438	\$ 5,868,902	\$ 305,222	\$ 5,994,226	\$ 1,936,091	\$ 4,438,885	\$ 4,290,566
Business-Type Activities	1,538,800	(585,211)	387,860	305,932	(151,577)	615,747	1,111,513	1,537,778	1,588,345	1,311,946
Total Primary Government Change in Net Position	\$ 728,185	\$ 289,842	\$ 1,743,029	\$ 3,532,370	\$ 5,717,325	\$ 920,969	\$ 7,105,739	\$ 3,473,869	\$ 6,027,230	\$ 5,602,512

COUNTY OF PRINCE GEORGE, VIRGINIA

Fund Balance, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

General Fund	2011	2012	2013	2014
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Designated for Revenue Maximization	-	-	-	-
Unreserved, Designated for Housing	-	-	-	-
Unreserved, Designated for Community Corrections	-	-	-	-
Unreserved	-	-	-	-
Restricted:				
Public safety	136,047	210,199	-	-
Committed:				
Subsequent years expenditures	-	-	1,269,724	926,055
Assigned:				
Public safety	35,021	-	60,000	-
Parks and recreation	8,932	-	398,582	-
Unassigned	16,835,504	17,473,532	14,555,614	14,793,246
Total General Fund	\$ 17,015,504	\$ 17,683,731	\$ 16,283,920	\$ 15,719,301
All Other Governmental Funds				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects	-	-	-	-
Unreserved, reported in Debt Service Fund	-	-	-	-
Unreserved, reported in Special Revenue Funds	-	-	-	-
Restricted:				
Proffers	704,609	730,241	284,061	338,206
Debt service	-	-	-	-
Unspent bond proceeds - various projects	5,273	16,904	-	-
Committed:				
Library	264,573	-	-	-
Crosspointe Center	1,051,238	1,315,919	953,060	4,185,139
Animal Shelter	2,204,096	422,142	146,840	51,256
Police Building	65,568	-	-	-
Human Services Building	-	-	515,801	42,423
Disoutanta Fire Station	-	-	-	172,061
Broadband Implementation	-	-	32,060	32,060
Fire EMS Apparatus	-	-	180,073	246,016
Enterprise Resource Software	890,000	1,017,636	591,607	121,120
Assigned:				
Other capital purposes	5,944,695	3,680,196	1,857,859	257,540
Special revenue	915,769	896,868	1,210,370	1,163,795
Total All Other Governmental Funds	\$ 12,745,157	\$ 8,793,243	\$ 5,771,730	\$ 6,609,616
Total Governmental Funds	\$ 29,760,661	\$ 26,476,974	\$ 22,055,650	\$ 22,328,917

The County implemented GASB 54, the new standard for fund balance reporting, in FY2011. Restatement of prior year balances is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

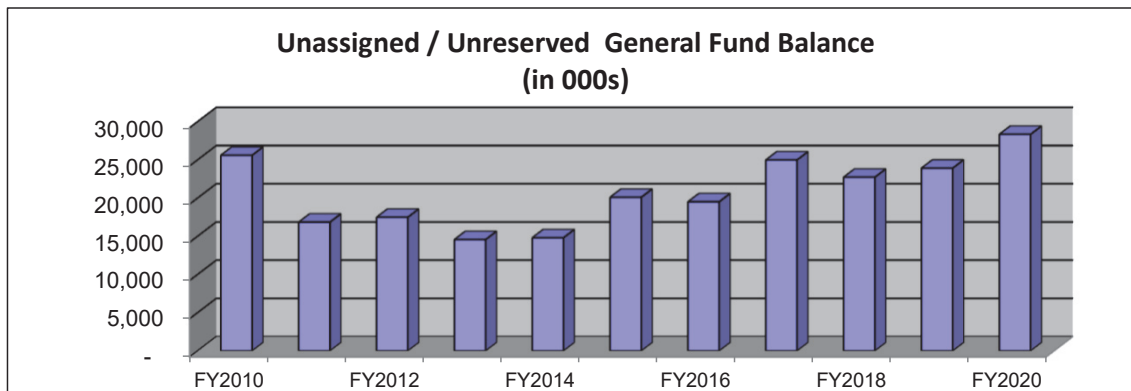


Table 3

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
635,843	-	-	-	-	-
20,095,407	19,499,501	24,972,020	22,717,153	23,905,886	28,328,773
\$ 20,731,250	19,499,501	24,972,020	22,717,153	23,905,886	28,328,773
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
398,838	393,414	216,958	216,958	100,388	100,388
-	-	-	-	30,886	86,324
		9,979,185	17,060,327	25,217,106	25,638,848
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,086,250	4,252,010	519,034	3,422,042	184,035	(1,183,666)
1,057,316	748,968	1,062,500	1,179,488	3,022,787	3,981,975
\$ 8,542,404	\$ 5,394,392	\$ 11,777,677	\$ 21,878,815	\$ 28,555,202	\$ 28,623,869
\$ 29,273,654	24,893,893	36,749,697	44,595,968	52,461,088	56,952,642

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Revenues

	2011	2012	2013	2014	2015
General Property Taxes	\$ 27,774,462	\$ 28,278,105	\$ 28,076,404	\$ 30,609,309	\$ 30,767,843
Other Local Taxes	8,969,995	7,373,261	6,867,372	6,868,405	7,455,217
Permits, Privilege Fees, and Licenses	360,836	301,859	421,103	314,697	290,882
Fines and Forfeitures	550,593	472,094	719,967	525,325	351,183
Revenue from Use of Money					
and Property	268,838	314,909	238,946	197,888	200,428
Charges for Services	1,123,017	1,049,932	1,019,808	1,291,099	1,077,188
Miscellaneous	1,098,511	60,435	330,799	315,552	373,723
Recovered Costs	691,048	291,421	316,849	319,517	299,535
Intergovernmental Revenues:					
School Board contribution	-	-	-	-	-
Commonwealth	12,895,099	9,214,172	9,272,385	12,690,688	10,020,925
Federal	931,361	1,186,808	841,568	1,233,767	1,547,779
Total Revenues	\$ 54,663,760	\$ 48,542,996	\$ 48,105,201	\$ 54,366,247	\$ 52,384,703

Expenditures

General Government Administration	\$ 4,375,716	\$ 4,671,416	\$ 4,546,495	\$ 5,029,115	\$ 5,220,634
Judicial Administration	2,045,372	2,083,443	2,122,535	2,191,059	2,331,562
Public Safety	11,790,734	11,955,650	12,048,224	14,786,501	15,516,848
Public Works	1,891,639	1,989,512	1,988,541	1,936,664	2,042,877
Health and Welfare	3,464,941	3,854,750	3,520,115	4,481,982	3,994,083
Education	13,694,270	13,245,989	13,292,762	14,701,665	11,622,198
Parks, Recreation, and Cultural	1,077,696	1,285,903	3,118,571	2,486,999	1,601,670
Community Development	928,536	1,187,412	616,973	4,142,473	1,220,391
Capital Projects	8,719,257	4,657,799	3,200,916	-	-
Debt Service:					
Bond issuance cost	-	-	-	-	-
Principal Retirement	19,855,149	18,111,981	5,136,233	5,215,325	4,875,241
Interest and Other Fiscal Charges	3,960,041	2,892,390	2,045,733	1,984,676	1,829,463
Total Expenditures	\$ 71,803,351	\$ 65,936,245	\$ 51,637,098	\$ 56,956,457	\$ 50,254,967

Excess (deficiency) of revenues over (under) expenditures

\$ (17,139,591)	\$ (17,393,249)	\$ (3,531,897)	\$ (2,590,210)	\$ 2,129,736
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Other Financing Sources (Uses)

Transfers in	\$ 30,028,510	\$ 7,744,887	\$ 8,358,994	\$ 8,923,778	\$ 10,452,421
Transfers (out)	(30,453,203)	(7,902,957)	(8,518,183)	(9,080,878)	(10,610,421)
Issuance of general obligation debt	-	13,741,089	-	3,200,000	4,973,000
Issuance of refunding debt	-	-	-	-	-
Payments to bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ (424,693)	\$ 13,583,019	\$ (159,189)	\$ 3,042,900	\$ 4,815,000

Net Change in Fund Balances

\$ (17,564,282)	\$ (3,810,230)	\$ (3,691,086)	\$ 452,690	\$ 6,944,736
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Debt Service as a Percentage of

Noncapital Expenditures:					
Total debt service	\$ 23,815,190	\$ 21,004,371	\$ 7,181,966	\$ 7,200,001	\$ 6,704,704
Total expenditures	\$ 71,803,351	\$ 65,936,245	\$ 51,637,098	\$ 56,956,457	\$ 50,254,967
Capital outlay	(8,980,372)	(4,708,846)	(3,200,916)	-	-
Non-capital expenditures	\$ 62,822,979	\$ 61,227,399	\$ 48,436,182	\$ 56,956,457	\$ 50,254,967
Debt service as a percentage of non-capital expenditures	37.9%	34.3%	14.8%	12.6%	13.3%

Table 4

	2016	2017	2018	2019	2020
\$	32,466,861	\$ 34,360,764	\$ 33,397,818	\$ 36,625,688	\$ 37,915,650
	8,016,256	8,276,384	8,385,405	9,364,697	9,744,408
	282,172	357,281	375,326	431,514	626,370
	294,009	393,147	352,358	353,340	333,211
	350,693	644,235	579,573	1,463,094	1,401,916
	1,055,291	1,198,619	1,616,619	1,255,549	1,404,428
	209,866	849,983	234,045	54,847	57,119
	335,485	330,901	442,638	790,225	458,910
	-	-	-	1,583,633	-
	10,000,195	9,764,955	9,975,637	10,852,044	10,878,036
	1,583,631	1,414,157	1,544,205	1,927,544	2,004,508
\$	54,594,459	57,590,426	56,903,624	64,702,175	64,824,556
\$	5,591,463	\$ 5,871,259	\$ 5,566,656	\$ 6,961,454	\$ 5,863,361
	2,356,890	2,456,473	2,621,390	2,557,816	2,594,892
	16,774,879	13,918,541	15,610,443	20,241,635	21,029,638
	2,204,518	1,999,058	2,151,970	3,008,793	3,671,914
	4,232,808	3,936,536	4,217,359	5,310,978	5,330,814
	19,238,023	13,819,701	15,873,719	16,924,563	16,484,669
	2,067,462	2,162,520	2,446,516	1,751,473	2,015,358
	1,824,860	3,334,150	1,561,515	1,400,353	2,415,709
	-	-	-	-	-
	207,910	102,691	132,819	112,691	134,223
	5,726,512	6,586,754	6,772,154	6,693,435	6,499,269
	1,782,338	1,397,134	1,254,084	1,325,236	1,438,565
\$	62,007,663	55,584,817	58,208,625	66,288,427	67,478,412
\$	(7,413,204)	2,005,609	(1,305,001)	(1,586,252)	(2,653,856)
\$	9,654,240	\$ 9,118,575	\$ 11,480,677	\$ 8,749,002	\$ 12,022,939
	(9,812,240)	(9,268,380)	(11,629,405)	(8,747,630)	(12,172,429)
	5,369,000	10,000,000	9,300,000	9,450,000	7,295,000
	11,957,000	-	-	-	-
	(14,134,557)	-	-	-	-
\$	3,033,443	9,850,195	9,151,272	9,451,372	7,145,510
\$	(4,379,761)	11,855,804	7,846,271	7,865,120	4,491,654
\$	<u>7,508,850</u>	<u>7,983,888</u>	<u>8,026,238</u>	<u>8,018,671</u>	<u>7,937,834</u>
\$	62,007,663	\$ 55,584,817	\$ 58,208,625	\$ 66,288,427	\$ 67,478,412
	(5,084,616)	(2,319,580)	(2,635,923)	(6,138,532)	(5,749,131)
\$	<u>56,923,047</u>	<u>53,265,237</u>	<u>55,572,702</u>	<u>60,149,895</u>	<u>61,729,281</u>
	13.2%	15.0%	14.4%	13.3%	12.9%

COUNTY OF PRINCE GEORGE, VIRGINIA

General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Sources

	2011	2012	2013	2014
Real Property Taxes	\$ 20,353,123	\$ 20,119,169	\$ 19,721,432	\$ 20,296,880
Real & Personal Public Service Corporation Taxes	828,069	846,693	1,008,576	1,198,121
Personal Property Taxes	5,933,062	6,423,233	6,273,041	7,898,825
Machinery & Tools Taxes	295,092	443,667	596,734	858,035
Penalties & Interest	365,116	445,344	476,621	357,449
Total, General Property Taxes	\$ 27,774,462	\$ 28,278,106	\$ 28,076,404	\$ 30,609,309
Local Sales and Use Taxes	\$ 1,932,433	\$ 1,902,611	\$ 1,933,998	\$ 1,966,673
Consumer Utility Taxes	807,714	772,302	832,304	884,536
Business License	2,218,648	2,018,510	1,493,187	1,498,296
Motor Vehicle Licenses	825,154	820,939	802,468	828,701
Bank Stock Taxes	94,432	89,452	92,247	91,358
Recordation Taxes	239,477	281,894	287,472	269,505
Transient Occupancy Taxes	454,216	243,712	588,649	464,452
Communcation taxes	1,348,145	1,388,841	-	-
Taxicab licenses	-	-	-	-
Stormwater fees	-	-	-	-
E911 Taxes	132,106	174,522	110,988	120,810
Meals Taxes	917,671	703,751	837,049	867,539
Total, Other Local Taxes	\$ 8,969,995	\$ 8,396,534	\$ 6,978,361	\$ 6,991,869
Total General Governmental Tax Revenues	\$ 36,744,457	\$ 36,674,640	\$ 35,054,765	\$ 37,601,179

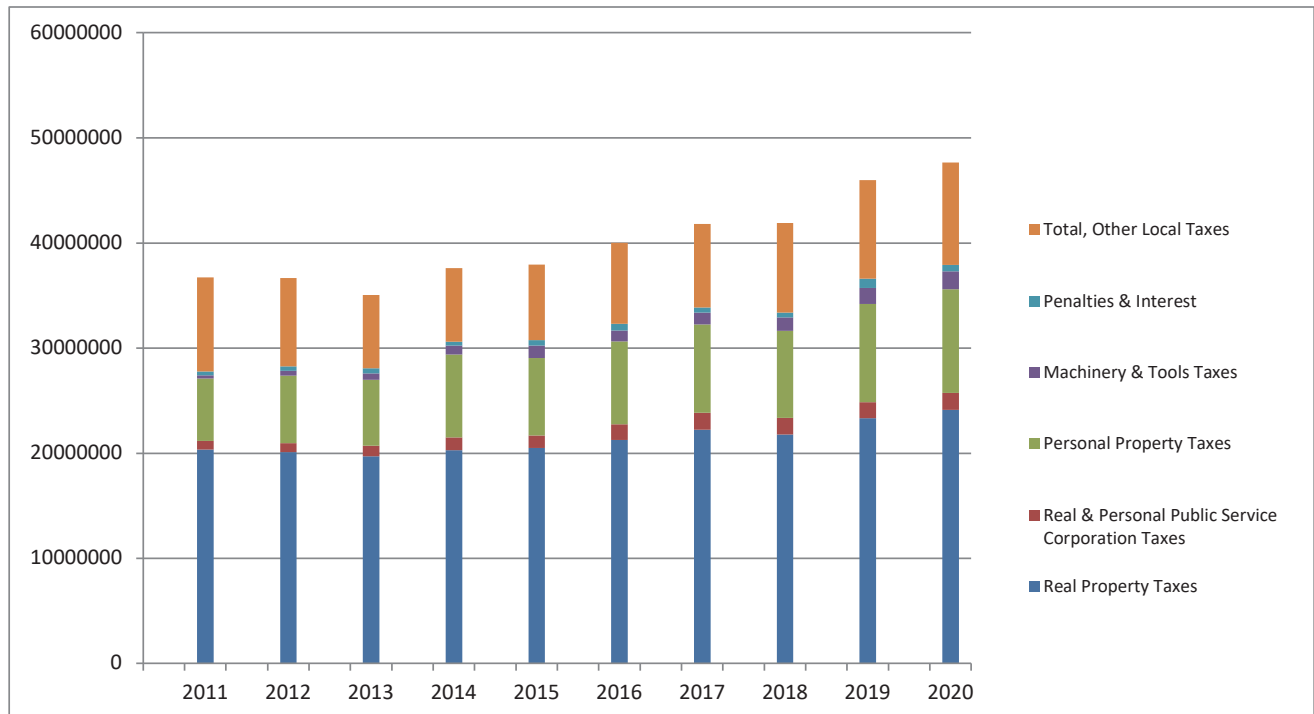


Table 5

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 20,510,801	\$ 21,251,324	\$ 22,243,059	\$ 21,785,294	\$ 23,348,429	\$ 24,135,742
1,170,946	1,499,803	1,615,253	1,595,329	1,521,388	1,607,959
7,390,527	7,879,207	8,394,472	8,269,500	9,339,529	9,877,088
1,170,874	1,058,499	1,125,641	1,284,009	1,509,900	1,679,036
524,694	639,996	500,669	463,686	906,442	615,825
<u>\$ 30,767,843</u>	<u>\$ 32,328,829</u>	<u>\$ 33,879,094</u>	<u>\$ 33,397,818</u>	<u>\$ 36,625,688</u>	<u>\$ 37,915,650</u>
\$ 1,975,100	\$ 2,310,390	\$ 2,399,805	\$ 2,584,683	\$ 2,719,468	\$ 3,250,169
797,796	832,912	848,090	863,427	871,175	905,824
1,422,092	1,379,030	1,447,706	1,689,430	1,719,426	1,701,729
938,297	978,819	1,030,584	1,000,920	1,104,815	1,088,786
112,021	99,805	90,634	133,589	139,945	119,309
321,579	395,807	295,864	358,400	397,765	438,652
459,382	621,402	697,085	718,418	715,524	574,006
-	-	-	-	-	-
-	5,839	5,409	6,175	-	-
-	-	-	-	480,018	477,565
161,764	126,500	129,740	134,495	-	-
998,751	951,344	1,003,094	1,030,363	1,216,561	1,188,368
<u>\$ 7,186,782</u>	<u>\$ 7,701,847</u>	<u>\$ 7,948,011</u>	<u>\$ 8,519,900</u>	<u>\$ 9,364,697</u>	<u>\$ 9,744,408</u>
<u>\$ 37,954,624</u>	<u>\$ 40,030,677</u>	<u>\$ 41,827,105</u>	<u>\$ 41,917,718</u>	<u>\$ 45,990,385</u>	<u>\$ 47,660,058</u>

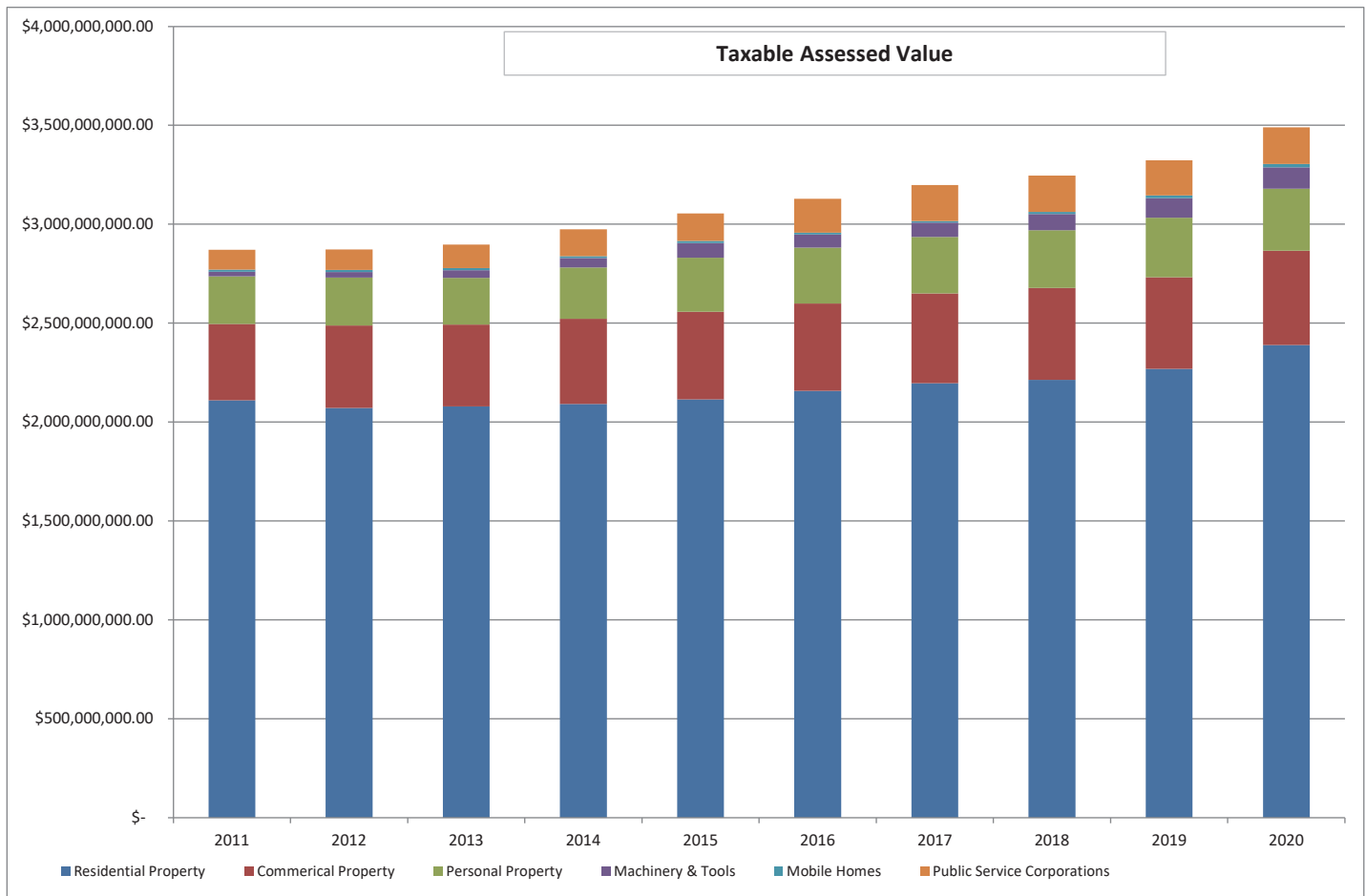
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Assessed Value and Actual Value of Taxable Property and Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial/Industrial Property	Real Estate Totals	Personal Property	Machinery & Tools	Mobile Homes	Public Service Corporations	Total Taxable Assessed Value	Total Direct Tax Rate
2011	2,110,613,700	385,087,400	2,495,701,100	241,130,391	22,779,215	10,743,368	100,859,694	2,871,213,768	1.08
2012	2,071,031,300	416,408,500	2,487,439,800	242,242,272	28,644,294	10,321,685	104,214,656	2,872,862,707	1.08
2013	2,079,596,500	413,491,500	2,493,088,000	235,156,981	39,313,969	10,046,854	118,764,823	2,896,370,627	1.07
2014	2,092,011,400	429,741,500	2,521,752,900	260,094,073	46,907,596	9,921,855	136,030,775	2,974,707,199	1.09
2015	2,115,180,600	441,582,500	2,556,763,100	273,519,664	75,173,013	9,503,122	139,887,074	3,054,845,973	1.03
2016	2,157,156,800	442,634,100	2,599,790,900	281,250,151	67,482,556	9,412,558	169,873,939	3,127,810,104	0.98
2017	2,196,323,900	453,600,600	2,649,924,500	285,241,908	72,237,652	9,186,316	180,951,314	3,197,541,690	0.91
2018	2,213,435,600	464,682,200	2,678,117,800	291,422,935	81,459,133	10,578,050	184,254,613	3,245,832,531	0.93
2019	2,268,457,200	463,799,400	2,732,256,600	300,352,848	98,733,497	13,420,534	178,573,794	3,323,337,273	0.94
2020	2,388,612,900	477,855,106	2,866,468,006	312,618,681	109,060,008	16,524,232	184,686,918	3,489,357,845	0.94

Notes: Property in the County is reassessed each year. Property is assessed at fair market value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.
Personal Property, Machinery & Tools, Mobil Homes and Public Service Corporations assessed values are provided by Calendar Year

The County of Prince George does not have any overlapping property tax rates.



Principal Property Taxpayers
Current Year and Nine Years Prior

Taxpayer	2020			2011		
	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
Rolls Royce Crosspointe LLC	\$ 60,192,200	1	1.81%	\$ 42,762,951	3	1.43%
Delhaize America Distributing LLC (Food Lion)	35,325,800	2	1.06%	-	-	-
Independence Place Jefferson Park	29,810,000	3	0.90%	-	-	-
Virginia Gateway Logistics	24,806,800	4	0.75%	-	-	-
Crossroads Holdings LLC	22,766,700	5	0.69%	18,032,818	5	0.61%
Jefferson Pointe	21,496,900	6	0.65%	13,311,144	7	0.45%
Summit Investments II	17,637,500	7	0.53%	-	-	-
Ardena LR LLC	12,999,500	8	0.39%	-	-	-
Lowes Home Centers	11,852,000	9	0.36%	11,607,916	8	0.39%
BPP Baileys Ridge LLC	11,488,300	10	0.35%	-	-	-
Crossings Center LLP	-	-	N/A	13,983,782	6	0.47%
Standard Motor Products	-	-	N/A	10,931,061	9	0.36%
Ace Hardware Corp	-	-	N/A	31,618,680	4	1.06%
Save Rite Inc (Food Lion)	-	-	N/A	45,929,550	2	1.54%
Farrish Properties LLC	-	-	N/A	66,677,400	1	2.24%
Noland Properties	-	-	N/A	8,278,605	10	0.28%

(1) Includes real property, personal property, and machinery and tools
MT & PP provided on calendar year basis

Property Tax Levies and Collections
Last Ten Fiscal Years

Real Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years (1)	Total Collections as of June 30, 2020	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	20,463,446	19,591,946	95.74%	865,302	20,457,248	99.97%
2012	20,363,119	20,072,424	98.57%	282,720	20,355,144	99.96%
2013	19,936,703	19,124,392	95.93%	806,489	19,930,880	99.97%
2014	20,491,748	19,990,130	97.55%	485,953	20,476,083	99.92%
2015	20,555,563	20,167,652	98.11%	366,922	20,534,574	99.90%
2016	21,146,575	20,464,556	96.77%	651,429	21,115,985	99.86%
2017	22,726,252	22,135,095	97.40%	543,607	22,678,702	99.79%
2018	22,737,842	22,212,931	97.69%	445,901	22,658,832	99.65%
2019	23,209,467	22,509,212	96.98%	421,615	22,930,827	98.80%
2020	24,179,333	23,563,380	97.45%	-	23,563,380	97.45%

Personal Property Taxes

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years (1)	Total Collections as of June 30, 2020	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	6,023,216	5,430,303	90.16%	526,032	5,956,335	98.89%
2012	6,764,699	5,950,673	87.97%	704,708	6,655,380	98.38%
2013	7,343,951	6,196,235	84.37%	960,012	7,156,246	97.44%
2014	9,780,855	8,422,027	86.11%	1,162,621	9,584,648	97.99%
2015	9,226,196	7,538,334	81.71%	1,552,199	9,090,533	98.53%
2016	10,651,718	8,846,452	83.05%	1,601,571	10,448,023	98.09%
2017	12,279,120	9,906,413	80.68%	2,124,863	12,031,276	97.98%
2018	12,202,722	10,023,352	82.14%	1,891,046	11,914,397	97.64%
2019	12,310,293	10,191,612	82.79%	1,698,642	11,890,254	96.59%
2020	12,928,174	11,380,690	88.03%	-	11,380,690	88.03%

(1) - Collected in Subsequent Years amount includes amounts collected in future years. Amounts written off as uncollectible are not included.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/ Notes	Premium On Bonds	Virginia Public School Authority Bonds	Literary Fund Loans	General Obligation Bonds/ Notes			
	Supported by General Taxes							
2011	26,350,327	318,683	33,268,670	460,000	1,684,048	62,081,728	4.53%	1,738
2012	25,027,000	297,437	30,815,770	345,000	1,491,730	57,976,937	3.95%	1,586
2013	22,533,225	276,191	28,267,066	230,000	1,291,049	52,597,531	5.44%	1,424
2014	22,695,200	254,945	26,183,520	115,000	1,082,480	50,331,145	5.21%	1,351
2015	25,671,810	233,699	23,398,423	-	963,992	50,267,924	5.45%	1,346
2016	23,864,532	212,453	15,881,490	7,500,000	2,446,000	49,904,475	5.40%	1,318
2017	30,645,034	191,207	12,599,234	7,415,000	2,219,000	53,069,475	5.72%	1,402
2018	36,659,918	169,961	9,197,196	7,330,000	1,989,000	55,346,075	5.48%	1,464
2019	41,576,981	148,715	7,206,700	7,160,000	1,755,000	57,847,396	5.43%	1,519
2020	44,600,224	127,469	5,424,187	6,715,000	1,515,000	58,381,880	5.27%	1,522

(1) Reference table 12

Ratios of General Bonded Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Total	Percentage of Estimated Actual Value of Property	Per Capita
	General Obligation	Premium On Bonds	Virginia Public School Authority Bonds	Literary Fund Loans	Business- Type Activities			
2011	26,350,327	318,683	33,268,670	460,000	1,684,048	62,081,728	2.16%	1,738
2012	25,027,000	297,437	30,815,770	345,000	1,491,730	57,976,937	2.02%	1,586
2013	22,533,225	276,191	28,267,066	230,000	1,291,049	52,597,531	1.82%	1,424
2014	22,695,200	254,945	26,183,520	115,000	1,082,480	50,331,145	1.69%	1,351
2015	25,671,810	233,699	23,398,423	-	963,992	50,267,924	1.65%	1,346
2016	23,864,532	212,453	15,881,490	7,500,000	2,446,000	49,904,475	1.60%	1,318
2017	30,645,034	191,207	12,599,234	7,415,000	2,219,000	53,069,475	1.66%	1,402
2018	36,659,918	169,961	9,197,196	7,330,000	1,989,000	55,346,075	1.71%	1,464
2019	41,576,981	148,715	7,206,700	7,160,000	1,755,000	57,847,396	1.74%	1,519
2020	44,600,224	127,469	5,424,187	6,715,000	1,515,000	58,381,880	1.67%	1,522

The County of Prince George does not have any overlapping governmental or business activities debt.

COUNTY OF PRINCE GEORGE, VIRGINIA

Computation of Legal Debt Margin Last Ten Fiscal Years

	2011	2012	2013	2014	2015
Net Assessed Value (real property)	\$ 2,495,701,100	\$ 2,487,439,800	\$ 2,493,088,000	\$ 2,521,752,900	\$ 2,556,763,100
Debt Limit (10% of Real Property Assessed Value)	249,570,110	248,743,980	249,308,800	252,175,290	255,676,310
Debt Applicable to Limit	61,444,362	57,382,063	52,597,531	50,331,145	50,267,924
Legal Debt Margin	<u>\$ 188,125,748</u>	<u>\$ 191,361,917</u>	<u>\$ 196,711,269</u>	<u>\$ 201,844,145</u>	<u>\$ 205,408,386</u>
Total net debt applicable to the limit as a percentage of debt limit	24.6%	23.1%	21.1%	20.0%	19.7%

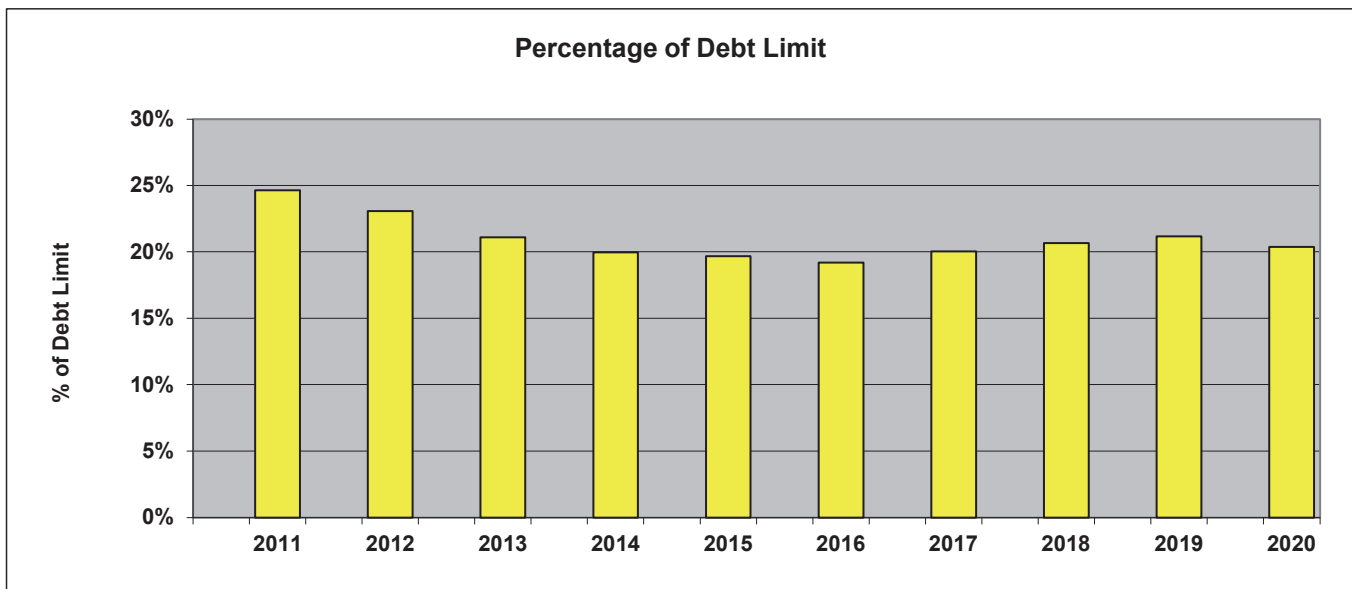


Table 11

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,599,790,900	\$ 2,649,924,500	\$ 2,678,117,800	2,732,256,600	2,866,468,006
259,979,090	264,992,450	267,811,780	273,225,660	286,646,801
<u>49,904,475</u>	<u>53,069,475</u>	<u>55,346,075</u>	<u>57,847,396</u>	<u>58,381,880</u>
<u>\$ 210,074,615</u>	<u>\$ 211,922,975</u>	<u>\$ 212,465,705</u>	<u>215,378,264</u>	<u>228,264,921</u>
19.2%	20.0%	20.7%	21.2%	20.4%

Demographic and Economic Statistics
Last Ten Years

Year	Population	Student Enrollment (c)	Personal Income (i)	Per Capita Personal Income (f)	Median Household Income	Median Age	Average Unemployment Rate	Educational Attainment: Bachelor's Degree or Higher
2011	36,555 (g)	6,312	1,422,866,820	38,924	64,171 (g)	36.6 (g)	6.5% (d)	17.2% (g)
2012	36,941 (g)	6,302	946,428,420	25,620	62,924 (g)	38.6 (g)	6.5% (g)	16.8% (g)
2013	37,253 (g)	6,367	954,645,378	25,626	63,913 (g)	38.0 (g)	4.9% (g)	17.0% (g)
2014	37,333 (g)	6,335	912,194,522	24,434	63,074 (g)	38.0 (g)	5.5% (g)	17.9% (g)
2015	37,862 (g)	6,336	928,414,102	24,521	61,792 (g)	37.3 (f)	5.3% (g)	18.5% (g)
2016	37,845 (h)	6,333	927,997,245	24,521	63,320 (g)	37.3 (f)	4.8% (h)	21.3% (g)
2017	37,809 (h)	6,228	1,010,294,289	26,721	66,775 (g)	37.3 (f)	4.4% (h)	22.1% (g)
2018	38,082 (h)	6,236	1,065,153,540	27,970	68,461 (g)	37.3 (f)	3.6% (h)	23.0% (g)
2019	38,353 (g)	6,228	1,107,366,169	28,873	67,001 (g)	37.2 (f)	3.4% (h)	24.0% (g)

(a) Annual Estimates of Population for Virginia & its Localities, April 1, 2000 to July 2005

(b) 2000 Federal Census

(c) September Enrollment - Virginia Department of Education

(d) Virginia Employment Commission- LAUS Unit and Bureau of Labor Statistics

(e) US Department of Commerce, Bureau of Economic Analysis

(f) Weldon Cooper Center

(g) US Census Bureau

(h) USDA Economic Research Service

(i) Personal income estimated based upon the municipal population and per capita income

Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Approximate Number of Employees	Percentage of Total Principal Employment	Rank	Approximate Number of Employees	Percentage of Total Average Employment	Rank
U.S. Department of Defense	1000+	6.7%	1	1000+	6.7%	1
County of Prince George	1000+	6.7%	2	1000+	6.7%	2
U.S. Department of Justice	500-999	3.3%	3	500-999	5.3%	4
Delhaize America Disbtribtuion Center (Food Lion)	250-499	1.7%	4	-	-	-
Cantu Services Inc.	250-499	1.7%	5	-	-	-
Perdue Products	250-499	1.7%	6	250-499	2.5%	8
Rolls-Royce Crosspointe Operations	250-499	1.7%	7	-	-	-
Standard Motors Products	250-499	1.7%	8	250-499	2.5%	6
U.S. Department of Army and Air Force	250-499	1.7%	9	250-499	2.5%	9
U.S. Army Non-Appropriated Funds Division	250-499	1.7%	10	250-499	2.5%	5
Ace Hardware	-	-		100-249	1.3%	10
Save Rite Inc (Food Lion)	-	-		500-999	5.0%	3
Riverside Regional Jail		-		250-499	2.5%	7
Total Employment	14,926					

Source: Economic Development

County Government Employees
Last Nine Fiscal Years

Function/Program	Approved Full Time Positions as of June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government Administration										
Board of Supervisors	-	-	-	-	-	-	-	-	1	1
County Administration	4	4	5	5	4	4	4	4	2	3
Human Resources	3	3	3	3	3	3	3	3	3	3
County Attorney	2	2	2	2	2	2	3	3	3	3
Commissioner of the Revenue	6	6	6	6	6	6	6	6	6	6
Treasurer	7	7	7	7	7	7	7	7	7	7
Real Estate Assessor	6	6	6	6	6	6	6	6	5	6
Finance	6	6	6	6	7	7	7	7	7	7
Information Technology	5	5	6	6	6	6	6	6	6	6
County Garage	4	4	4	4	4	4	4	4	4	5
Registrar	3	3	3	3	3	3	3	3	3	3
Judicial Administration										
Circuit Court	1	1	1	1	1	1	1	1	1	1
Commonwealth's Attorney	7	7	7	7	7	7	7	7	7	8
Sheriff	11	11	11	11	11	11	11	11	11	12
Victim Witness	1	1	1	1	1	1	1	1	1	1
Clerk of Circuit Court	5	5	5	5	6	6	6	6	6	6
Public Safety										
Police	56	56	57	58	58	58	59	60	60	63
Fire & EMS	11	11	11	20	20	19	19	19	23	25
Fire & EMS (SAFER GRANT)	-	-	-	-	-	-	-	6	6	6
VJCCA	1	1	1	1	1	1	1	1	1	1
Community Corrections/ Pretrial	10	10	11	11	11	11	11	12	12	12
Community Development and Code Compliance	10	10	14	14	14	14	14	13	10	10
Animal Control	6	6	6	6	7	7	7	7	6	6
Dispatch Center	14	14	14	14	14	14	14	17	17	17
Public Works										
General Properties	8	8	8	8	8	9	9	9	9	9
Refuse Disposal	3	3	0	0	0	0	0	0	0	0
Engineering/Utilities	13	13	12	13	13	14	14	14	14	15
Health and Welfare										
Social Services	21	21	21	23	23	24	24	25	26	27
Comprehensive Services Act	1	1	0	0	0	0	0	0	0	0
Housing Assistance	0	0	0	0	0	0	0	0	0	0
Parks, Recreation & Cultural										
Parks and Recreation	7	7	7	7	7	7	7	7	7	7
Community Development										
Planning Department	4	4	0	0	0	0	0	0	0	0
Economic Development	1	2	2	2	2	2	3	3	2	3
GIS	1	1	0	0	0	0	0	0	0	0
Total	235	236	233	247	249	251	253	264	265	276

Source - Human Resources

Operating Indicators by Function/ Program
Last Nine Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government Administration										
Real Property Parcels	13,612	13,649	13,597	13,594	13,613	13,398	13,416	13,744	13,770	13,843
Public Safety										
Physical Arrests	553	614	503	632	543	555	684	703	693	768
Traffic Violations	7,309	6,625	7,200	7,522	4,943	4,447	5,463	5,533	5,493	5,883
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	56	56	57	58	58	58	58	69	65	66
Fire Protection										
EMS Service Calls	2,527	2,882	2,938	2,968	3,289	3,400	3,365	3,433	3,581	3,698
Fire Service Calls	1,432	1,779	1,440	1,339	1,495	1,431	1,028	1,115	950	2,027
Fire Stations	6	6	6	6	6	6	6	6	7	7
EMS Stations	1	1	1	1	1	1	1	1	1	1
Volunteer Fire and EMS Personnel	272	206	232	225	160	160	164	171	232	268
Professional Paramedic/Firefighter	6	7	7	16	16	16	166	23	62	60
Building Official										
Residential Permits	402	407	576	387	451	1,110	1,076	1,450	551	2,097
Commercial Building Permits	144	108	173	190	137	189	204	251	124	335
Commercial New-Building Permits	62	27	55	52	22	13	6	13	13	17
Single Family Resid. Building Permits	53	46	40	45	52	73	97	162	142	116
Public Works										
Miles of Water Line	75	75	75	75	82	83	87	88	87	87
Miles of Sewer Line	96	97	97	97	116	117	117	116	115	115
Utilities Customers	4,261	4,253	4,300	4,545	4,264	4,204	4,247	4,303	4,458	4,464
Health and Welfare										
Request for Services (Social Services)	749	747	1,261	1,486	1,515	1,718	1,503	1,470	1,503	1,149
Food Stamp Applications	1,013	1,085	1,140	1,063	1,787	2,070	1,241	1,047	1,150	1,278
Parks, Recreation & Cultural										
Youth League Participants	2,405	2,418	2,213	2,409	2,319	2,337	2,229	2,184	2,166	1,151
Community Development										
Employment	14,207 (a)	13,971 (a)	14,022 (a)	14,758 (a)	14,791 (a)	14,968 (a)	15,558 (a)	14,806 (a)	14,823 (a)	14,926 (a)
Component Unit - School Board										
Students Enrolled	6,357	6,312	6,302	6,367	6,335	6,336	6,333	6,228	6,236	6,228

Source - Various County Departments

(a) Virginia Employment Commission

<https://datausa.io/profile/geo/prince-george-county-va#:~:text=From%202016%20to%202017%2C%20employment,employees%20to%2014.9k%20employees.>

Capital Asset Statistics by Function
Last Nine Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government Administration										
Administration Buildings	1	1	1	1	1	1	1	1	1	1
Administration Vehicles	9	9	9	9	9	8	6	5	5	5
Public Safety										
Police Department:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	69	72	72	76	66	73	73	67	75	77
Child Safety Seat Trailer	1	1	1	1	1	1	1	1	1	1
Electronic Sign Board	1	1	1	1	1	1	1	1	1	1
Public Safety Boat	1	1	1	1	1	1	1	1	1	1
Emergency Management:										
Buildings	1	1	1	1	1	1	1	1	1	1
Sheriff's Department:										
Vehicles	12	12	12	12	12	12	12	13	12	13
Fire Department:										
Vehicles	60	60	60	58	63	66	69	69	68	68
Animal Control:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	4	5	6	6	6	5	5	4
Horse Trailer	1	1	1	1	1	1	1	1	1	1
Community Corrections:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles				2	2	2	2	2	2	2
Courts:										
Buildings	1	1	1	1	1	1	1	1	1	1
Operations										
Garage:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	3	3	3	4	4	3	4	4	4	4
Refuse:										
Sites	1	1	1	1	1	1	1	1	1	1
Recycling Centers	2	2	2	2	2	2	2	2	2	2
Buildings and Grounds:										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	8	8	9	7	7	7	9	8	8	8
Community Development										
Building Inspections:										
Vehicles	7	7	7	7	6	6	6	6	6	7
Culture and Recreation										
Parks and Recreation:										
Pier/Overlook/Nature Park	1	1	1	1	1	1	1	1	1	1
Playing Fields	7	7	7	7	7	7	7	7	7	7
Multi-Purpose Fields	2	2	2	3	3	3	3	3	3	3
Tennis Courts	3	3	3	3	3	3	3	3	3	3
Pavilions	3	3	3	3	3	3	3	3	3	3
Education Center / Central										
Wellness Center	-	-	-	1	1	1	1	1	1	1
Canoe Launch	-	-	-	1	1	1	1	1	1	1
Historical Society	1	1	1	1	1	1	1	1	1	1
Health & Welfare										
Social Services:										
Building	1	1	1	1	1	1	1	1	1	1
Food Bank	1	1	1	1	1	1	1	-	-	1
Vehicles	5	5	5	5	5	5	5	5	5	5
Component Unit - School Board										
Education:										
High Schools	1	1	1	1	1	1	1	1	1	1
Junior High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	5	5	5	5	5	5	5	5	5	5
Administration Buildings	1	1	1	1	1	1	1	1	1	1
Education Center	1	1	1	-	-	-	-	-	-	-
School Buses - Active	86	73	75	76	76	74	60	56	60	60
School Buses - Spare	24	32	32	20	20	23	31	31	23	23

Source: Individual County Departments

**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 Prince George
Prince George, 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Prince George, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County of Prince George, Virginia's basic financial statements, and have issued our report dated November 6, 2020.

Internal Control over Financial Reporting

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

November 6, 2020

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

**To the Honorable Members of the Board of Supervisors
County of Prince George
Prince George, Virginia**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Prince George, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, 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 Prince George, 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 Prince George, Virginia's compliance.

Opinion on Each Major Federal Program

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

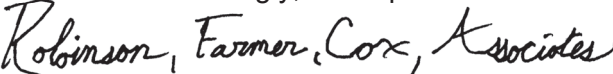
Report on Internal Control over Compliance

Management of the County of Prince George, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Prince George, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Prince George, Virginia's internal control over compliance.

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

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

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


Charlottesville, Virginia
November 6, 2020

COUNTY OF PRINCE GEORGE, VIRGINIA

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

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:			
Direct Payments:			
Provider Relief Fund	93.498	N/A	\$ 24,220
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119 / 0950120	\$ 12,645
Temporary Assistance for Needy Families (TANF)	93.558	0400119 / 0400120	156,972
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500119 / 0500120	243
Low-Income Home Energy Assistance	93.568	0600419 / 0600420	28,546
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760119 / 0760120	30,750
Chafee Education and Training Vouchers Program	93.599	9160120	219
Adoption Incentive Payments	93.603	Unknown	1,558
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900119 / 0900120	256
Foster Care - Title IV-E	93.658	1100119 / 1100120	211,726
Adoption Assistance	93.659	1120119 / 1120120	184,559
Social Services Block Grant	93.667	1000119 / 1000120	115,069
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119 / 9150120	1,897
Children's Health Insurance Program (CHIP)	93.767	0540119 / 0540120	5,670
Medical Assistance Program (Medicaid Cluster)	93.778	1200119 / 1200120	358,192
Total Department of Health and Human Services			\$ 1,132,522
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unknown	\$ 368,940
Homeland Security Grant Program	97.067	Unknown	25,231
Total Department of Homeland Security			\$ 394,171
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	405910	\$ 437,696
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		233,755
Department of Agriculture:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 178,509
Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	406230	1,014,190
Total Child Nutrition Cluster			\$ 1,864,150
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0040118 / 0040119	348,456
Total Department of Agriculture			\$ 2,212,606

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 4,242
Pass Through Payments:			
Department of Criminal Justice Services:			
Asset Forfeiture	16.000	Unknown	9,384
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	1,523
Crime Victim Assistance	16.575	18-Q3594VW15 / 19-R3594VW16 19-B4101VW16	<u>60,621</u>
Total Department of Justice			\$ <u>75,770</u>
Department of Transportation:			
Pass Through Payments:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	Unknown	\$ <u>16,064</u>
Total Department of Transportation			\$ <u>16,064</u>
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 5,237,362
Pass Through Payments:			
Department of Education:			
Adult Education - Basic Grants to States	84.002	428010 / 611110	320,867
Title I Grants to Local Educational Agencies	84.010	429010	621,244
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	429480	47,450
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	430710	1,018,466
Special Education - Preschool Grants	84.173	625210	<u>29,144</u>
Total Special Education Cluster (IDEA)			\$ 1,047,610
Student Support and Academic Enrichment Program	84.424	Unknown	11,330
Higher Education Institutional Aid	84.031	Unknown	4,582
Career and Technical Education - Basic Grants to States	84.048	610950	71,439
Supporting Effective Instruction State Grants	84.367	614800	<u>134,727</u>
Total Department of Education			\$ <u>7,496,611</u>
Department of Defense:			
Direct Payments:			
Junior ROTC Program	12.357	N/A	\$ 58,614
Competitive Grants: Promoting for K-12 Student Achievement at Military- Connected Schools	12.556	N/A	<u>312,640</u>
Total Department of Defense			\$ <u>371,254</u>
Department of Treasury:			
Direct Payments:			
Coronavirus Relief Funds	21.019	N/A	\$ <u>163,446</u>
Total Department of Treasury			\$ <u>163,446</u>
Total Expenditures of Federal Awards			\$ <u><u>11,862,444</u></u>

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

COUNTY OF PRINCE GEORGE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Prince George, Virginia under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the reporting requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the County of Prince George, Virginia, it is not intended to and does not present the financial position, changes in net position or cash flows of the County of Prince George, 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

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,995,124
CARES CRF Fund		163,446
Asset Forfeiture Fund		9,384
Total primary government	\$	<u>2,167,954</u>

Component Unit School Board - reference Exhibit 39

School Operating Fund	\$	7,546,996
School Cafeteria Fund		1,864,151
Adult Basic Education Fund		320,867
Total component unit School Board	\$	<u>9,732,014</u>

Total federal expenditures per basic financial statements	\$	11,899,968
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Amounts required to reconcile federal revenues to expenditures:

Less: Payment in lieu of taxes		<u>(37,524)</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>11,862,444</u></u>
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COUNTY OF PRINCE GEORGE, VIRGINIA

Schedule of Findings and Questioned Costs For The Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.027 / 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Findings

There are no findings from the prior year.