

COUNTY OF CARROLL, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

COUNTY OF CARROLL, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials		<u>Page</u>
		1

FINANCIAL SECTION

Independent Auditors' Report		2-4
------------------------------------	--	-----

	<u>Exhibit</u>	<u>Page</u>
--	----------------	-------------

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	1	5
Statement of Activities	2	6

Fund Financial Statements:

Balance Sheet - Governmental Funds	3	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	10
Statement of Fiduciary Net Position - Fiduciary Funds	7	11
Notes to Financial Statements		12-82

Required Supplementary Information:

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual: General Fund	8	83
---	---	----

Pension Plans

Schedule of Employer's Proportionate Share of the Net Pension Liability	9	84
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Component Unit School Board (nonprofessional)	10	85
Schedule of Employer's Contributions	11	86
Notes to Required Supplementary Information	12	87

Other Postemployment Benefits - Healthcare - Component Unit School Board

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios	13	88
Notes to Required Supplementary Information - Component Unit School Board OPEB ..	14	89

Other Postemployment Benefits - Group Life Insurance (GLI) Program

Schedule of Employer's Share of Net OPEB Liability	15	90
Schedule of Employer Contributions	16	91
Notes to Required Supplementary Information	17	92

COUNTY OF CARROLL, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION: (Continued)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Other Postemployment Benefits - Health Insurance Credit (HIC) Program		
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios - Component Unit School Board (nonprofessional).....	18	93
Schedule of Employer Contributions	19	94
Notes to Required Supplementary Information	20	95
Other Postemployment Benefits - Teacher Employee Health Insurance Credit (HIC) Program		
Schedule of School Board's Share of Net OPEB Liability.....	21	96
Schedule of Employer Contributions	22	97
Notes to Required Supplementary Information	23	98
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Statement of Fiduciary Net Position - Fiduciary Funds	24	99
Combining Statement of Changes in Assets and Liabilities - Agency Funds	25	100
Discretely Presented Component Unit - School Board:		
Balance Sheet	26	101
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	27	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	28	103
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	104-108
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	109-111
Other Statistical Information:		
	<u>Table</u>	<u>Page</u>
Government-wide information:		
Government-Wide Expenses by Function	1	112
Government-Wide Revenues	2	113
Fund information:		
General Governmental Expenditures by Function	3	114
General Governmental Revenues by Source	4	115
Property Tax Levies and Collections	5	116
Assessed Value of Taxable Property	6	117

COUNTY OF CARROLL, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION: (Continued)

	<u>Table</u>	<u>Page</u>
Other Statistical Information: (Continued)		
Fund information: (Continued)		
Property Tax Rates	7	118
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	119
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	9	120
Compliance:		
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 <i>Government Auditing Standards</i>		121-122
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....		123-124
Schedule of Expenditures of Federal Awards.....		125-126
Schedule of Findings and Questioned Costs.....		127-128

INTRODUCTORY SECTION

COUNTY OF CARROLL, VIRGINIA

BOARD OF SUPERVISORS

Rex Hill, Chair
Thomas W. Littrell
Phillip McCraw

Joe Neil Webb, Vice Chair
Robert L. "Robbie" McGraw
Ralph J. "Bob" Martin

COUNTY SCHOOL BOARD

Joey D. Haynes, Vice Chair
Reginald M. Gardner

Brian E. Spencer, Chair

Olen L. Gallimore
Sanford "Sandy" G. Hendrick

SOCIAL SERVICES BOARD

Jeanne Gallimore, Chair
Lynette Thomas
David Clontz

Matthew Surratt, Vice Chair
Christopher Felts
Robbie McCraw

OTHER OFFICIALS

Clerk of the Circuit Court Gerald R. Goad
Commonwealth's Attorney Nathan H. Lyons
Commissioner of the Revenue..... Fran A Zimmerman
Treasurer Bonita M. Williams
Sheriff John B. Gardner
Superintendent of Schools Dr. Shirley A. Perry
County Administrator Steven Truitt
County Attorney Steven V. Durbin

FINANCIAL SECTION



Independent Auditors' Report

To the Members of the Board of Supervisors
County of Carroll, Virginia
Hillsville, Virginia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Carroll, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules related to pension and OPEB funding on pages 83, 84-87 and 88-98 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the County of Carroll, 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 Carroll, 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 Carroll, Virginia's internal control over financial reporting and compliance.

Proliner, Fawcett, Cox Associates

Blacksburg, Virginia
December 19, 2019

Basic Financial Statements

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

	Primary Government	Component Units		
	Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
ASSETS				
Cash and cash equivalents	\$ 6,240,866	\$ 2,102,940	\$ 441,612	\$ 586,533
Investments	11,368	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	27,012,990	-	-	-
Interest receivable	-	-	-	109,415
Accounts receivable	496,551	65,422	434,436	50
Other local taxes receivable	88,938	-	-	-
Note receivable	570,744	-	347,852	3,111,136
Grants receivable	-	-	1,231	-
Due from component units	1,494,532	-	-	-
Due from other governmental units	1,470,097	1,050,344	-	-
Prepaid items	33,847	106,785	37,824	-
Lease purchase receivable	-	-	-	11,342,740
Assets held for resale:				
Industrial sites	-	-	-	2,150,558
Restricted assets:				
Cash and cash equivalents	-	338,057	893,056	195,707
Capital assets (net of accumulated depreciation):				
Land	2,906,402	1,489,200	264,837	81,451
Buildings and improvements	48,920,377	2,578,795	-	315,947
Improvements other than buildings	-	116,200	-	-
Machinery and equipment	2,938,480	1,636,752	368,008	45,354
Infrastructure	-	-	39,045,549	-
Construction in progress	-	-	107,626	87,885
Total assets	\$ 92,185,192	\$ 9,484,495	\$ 41,942,031	\$ 18,026,776
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 830,752	\$ 4,467,845	\$ 78,955	\$ -
OPEB related items	63,362	716,581	-	-
Total deferred outflows of resources	\$ 894,114	\$ 5,184,426	\$ 78,955	\$ -
LIABILITIES				
Accounts payable	\$ 347,530	\$ 405,967	\$ 131,696	\$ 3,966
Salaries payable	571,760	1,940,412	47,458	-
Accrued interest payable	206,415	-	41,574	87,843
Amounts held for others	-	-	117,162	-
Due to other governmental units	31,777	-	-	-
Due to primary government	-	1,210,817	63,715	220,000
Unearned revenue	-	-	-	18,593
Long-term liabilities:				
Due within one year	4,452,137	656,026	758,133	536,055
Due in more than one year	29,602,027	41,536,007	23,835,149	11,780,902
Total liabilities	\$ 35,211,646	\$ 45,749,229	\$ 24,994,887	\$ 12,647,359
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 22,706,008	\$ -	\$ -	\$ -
Pension related items	715,549	5,081,151	106,440	-
OPEB related items	58,287	1,783,000	-	-
Total deferred inflows of resources	\$ 23,479,844	\$ 6,864,151	\$ 106,440	\$ -
NET POSITION				
Net investment in capital assets	\$ 26,775,872	\$ 5,820,947	\$ 16,021,713	\$ 237,249
Restricted:				
Asset forfeiture	73,419	-	-	-
School cafeterias	-	105,828	-	-
Debt service and bond covenants	-	-	775,894	195,707
Unrestricted	7,538,525	(43,871,234)	122,052	4,946,461
Total net position	\$ 34,387,816	\$ (37,944,459)	\$ 16,919,659	\$ 5,379,417

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	School Board	Public Service Authority	Industrial Development Authority
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,280,229	\$ -	\$ 290,342	\$ -	\$ (1,989,887)			
Judicial administration	1,247,142	20,221	879,706	-	(347,215)			
Public safety	9,493,344	3,382,718	1,729,649	-	(4,380,977)			
Public works	1,407,677	92,773	10,057	-	(1,304,847)			
Health and welfare	7,880,057	-	5,914,910	-	(1,965,147)			
Education	12,845,681	-	-	-	(12,845,681)			
Parks, recreation, and cultural	1,577,633	455,638	74,078	100,000	(947,917)			
Community development	1,442,217	14,208	-	-	(1,428,009)			
Interest on long-term debt	1,350,968	-	635,500	-	(715,468)			
Total governmental activities	\$ 39,524,948	\$ 3,965,558	\$ 9,534,242	\$ 100,000	\$ (25,925,148)			
COMPONENT UNITS:								
School Board	\$ 41,898,913	\$ 1,139,775	\$ 31,537,081	\$ -		\$ (9,222,057)	\$ -	\$ -
Public Service Authority	4,920,511	3,059,071	-	28,911		-	(1,832,529)	-
Industrial Development Authority	812,176	-	-	-		-	-	(812,176)
Total component units	\$ 47,631,600	\$ 4,198,846	\$ 31,537,081	\$ 28,911		\$ (9,222,057)	\$ (1,832,529)	\$ (812,176)
General revenues:								
General property taxes					\$ 21,504,558			
Local sales and use taxes					1,890,750			
Consumer's utility tax					723,890			
Motor vehicle taxes					677,298			
Restaurant food taxes					557,173			
Other local taxes					597,596			
Unrestricted revenues from use of money and property					67,896	42,270	28,881	466,636
Miscellaneous					226,016	152,707	117,052	5,000
Payments from Primary Government					-	11,039,865	1,020,405	-
Grants and contributions not restricted to specific programs					2,101,245	-	-	304,650
Total general revenues and transfers					\$ 28,346,422	\$ 11,234,842	\$ 1,166,338	\$ 776,286
Change in net position					\$ 2,421,274	\$ 2,012,785	\$ (666,191)	\$ (35,890)
Net position - beginning, as restated					\$ 31,966,542	\$ (39,957,244)	\$ 17,585,850	\$ 5,415,307
Net position - ending					\$ 34,387,816	\$ (37,944,459)	\$ 16,919,659	\$ 5,379,417

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

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

	<u>General</u>	<u>School Construction</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,226,839	\$ 14,027	\$ 6,240,866
Investments	11,368	-	11,368
Receivables (net of allowance for uncollectibles):			
Taxes receivable	27,012,990	-	27,012,990
Accounts receivable	496,551	-	496,551
Other local taxes receivable	88,938	-	88,938
Note receivable	570,744	-	570,744
Due from component unit	1,494,532	-	1,494,532
Due from other governmental units	1,470,097	-	1,470,097
Prepaid items	33,847	-	33,847
Total assets	<u>\$ 37,405,906</u>	<u>\$ 14,027</u>	<u>\$ 37,419,933</u>
LIABILITIES			
Accounts payable	\$ 347,530	\$ -	\$ 347,530
Salaries payable	571,760	-	571,760
Due to other governmental units	31,777	-	31,777
Total liabilities	<u>\$ 951,067</u>	<u>\$ -</u>	<u>\$ 951,067</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	<u>\$ 26,826,884</u>	<u>\$ -</u>	<u>\$ 26,826,884</u>
FUND BALANCES			
Fund balances:			
Nonspendable:			
Prepaid items	\$ 33,847	\$ -	\$ 33,847
Note receivable	570,744	-	570,744
Restricted:			
Asset forfeiture	73,419	-	73,419
Committed:			
Farmer's market funds	3,320	-	3,320
Narcotics funds	53,635	-	53,635
Law Library	513	-	513
School Construction	-	14,027	14,027
Assigned:			
Sheriff funds	37,414	-	37,414
Unassigned	8,855,063	-	8,855,063
Total fund balances	<u>\$ 9,627,955</u>	<u>\$ 14,027</u>	<u>\$ 9,641,982</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,405,906</u>	<u>\$ 14,027</u>	<u>\$ 37,419,933</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	9,641,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 2,906,402	
Buildings and improvements	48,920,377	
Machinery and equipment	<u>2,938,480</u>	54,765,259
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes		4,120,876
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 830,752	
OPEB related items	<u>63,362</u>	894,114
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	\$ (14,933,909)	
Literary loans	(1,722,494)	
Capital lease	(714,015)	
Lease revenue bonds	(10,628,726)	
Unamortized premiums	(63,169)	
Unamortized discounts	72,926	
Accrued interest payable	(206,415)	
Compensated absences	(927,760)	
Net pension liability	(4,586,342)	
Net OPEB liability	<u>(550,675)</u>	(34,260,579)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds		
Pension related items	\$ (715,549)	
OPEB related items	<u>(58,287)</u>	(773,836)
Net position of governmental activities		<u><u>\$ 34,387,816</u></u>

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

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

	<u>General</u>	<u>School Construction</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 21,411,096	\$ -	\$ 21,411,096
Other local taxes	4,446,707	-	4,446,707
Permits, privilege fees, and regulatory licenses	99,809	-	99,809
Fines and forfeitures	1,444,000	-	1,444,000
Revenue from the use of money and property	67,896	-	67,896
Charges for services	2,421,749	-	2,421,749
Miscellaneous	226,016	-	226,016
Recovered costs	2,089,061	-	2,089,061
Intergovernmental:			
Commonwealth	8,487,139	-	8,487,139
Federal	3,248,348	-	3,248,348
Total revenues	<u>\$ 43,941,821</u>	<u>\$ -</u>	<u>\$ 43,941,821</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,399,059	\$ -	\$ 2,399,059
Judicial administration	1,293,347	-	1,293,347
Public safety	10,200,017	-	10,200,017
Public works	2,451,249	-	2,451,249
Health and welfare	8,143,696	-	8,143,696
Education	11,099,646	-	11,099,646
Parks, recreation, and cultural	1,298,381	-	1,298,381
Community development	1,593,613	-	1,593,613
Debt service:			
Principal retirement	3,716,577	-	3,716,577
Interest and other fiscal charges	1,424,553	-	1,424,553
Total expenditures	<u>\$ 43,620,138</u>	<u>\$ -</u>	<u>\$ 43,620,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 321,683</u>	<u>\$ -</u>	<u>\$ 321,683</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 375,000</u>
Net change in fund balances	\$ 696,683	\$ -	\$ 696,683
Fund balances - beginning	8,931,272	14,027	8,945,299
Fund balances - ending	<u>\$ 9,627,955</u>	<u>\$ 14,027</u>	<u>\$ 9,641,982</u>

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

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

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

Net change in fund balances - total governmental funds	\$	696,683
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$	627,987
Depreciation expense		<u>(2,729,018)</u>
		(2,101,031)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(6,169)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes		93,462
<p>The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations 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 obligations and related items.</p>		
<u>Issuance of Long-term Debt</u>		
Issuance of capital lease	\$	(375,000)
<u>Principal Payments</u>		
General obligation bonds		2,673,240
Lease revenue bonds		298,616
Literary loans		680,167
Capital lease		<u>64,554</u>
		3,341,577
<p>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.</p>		
Change in compensated absences	\$	(13,581)
Change in accrued interest payable		46,554
Amortization of bond premium		34,343
Amortization of bond discount		(7,312)
Change in pension related items		307,252
Change in OPEB related items		<u>29,496</u>
		396,752
Change in net position of governmental activities		<u><u>\$ 2,421,274</u></u>

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

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

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 129,038
Total assets	<u>\$ 129,038</u>
LIABILITIES	
Amounts held for social services clients	\$ 26,071
Amounts held for performance bonds	80,178
Amounts held for School Board employees	20,964
Amounts held for County employees	1,825
Total liabilities	<u>\$ 129,038</u>

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

COUNTY OF CARROLL, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

Discretely Presented Component Units- The component unit columns in the financial statements include the financial data of the County's discretely presented component units. The component units are reported in a separate column to emphasize that they are legally separate from the County.

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

The Carroll County Public Service Authority provides water and sewer service to County residents. The Public Service Authority is fiscally dependent upon the County because the County significantly funds Authority operations. In addition, the County Board appoints the Public Service Authority’s Board. A copy of the Public Service Authority’s report can be obtained from the Public Service Authority.

The Carroll County Industrial Development Authority promotes industrial development in the County. The Authority is fiscally dependent upon the County. In addition, the Authority’s Board is appointed by the County Board of Supervisors. A copy of the Industrial Development Authority’s report can be obtained from the Industrial Development Authority.

Related Organizations - The County Board appoints board members to outside organizations, but the County’s accountability for these organizations do not extend beyond making the appointments.

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

A. Financial Reporting Entity (continued)

Jointly Governed Organizations:

The County along with the Counties of Wythe, Bland, Grayson, Smyth and the City of Galax participate in supporting the Mt. Rogers Community Services Board. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2019, the County contributed \$130,500 to the Community Services Board.

The County along with the City of Galax participates in supporting the Galax-Carroll Regional Library. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. For the fiscal year ended June 30, 2019, the County contributed \$314,392 to the Library.

The County along with the County of Grayson and the City of Galax participate in supporting the Carroll-Grayson-Galax Regional Solid Waste Authority through user charges. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

The County along with the County of Grayson and the City of Galax participate in supporting the Twin Counties E-911 Program. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. Payments to the program totaled \$374,154 for the fiscal year ended June 30, 2019.

The County along with the Counties of Bland, Floyd, Giles, Grayson, and Wythe and the City of Radford participate in supporting the New River Valley Regional Jail Authority. The monthly payment made by the County to the Regional Jail is based on the number of prisoners housed for the County. For the year ended June 30, 2019, the County paid \$2,256,045 for the confinement of prisoners.

B. Government-wide and fund financial statements

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

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

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

B. Government-wide and fund financial statements (continued)

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

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*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

C. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

The County reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. Certain funds have been merged with the general fund for financial reporting purposes only.

The *School Construction Fund* is the County's only major capital projects fund. It accounts for and reports financial resources to be used for the acquisition or construction of major capital facilities of the school board.

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

C. Measurement focus, basis of accounting, and financial statement presentation: (continued)

Additionally, the County reports the following fund types:

Fiduciary funds (Trust and Agency Funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. The Special Welfare, Performance Bond Escrow, County Flexible Spending Arrangement and School Board Flexible Spending Arrangement Funds are reported as agency funds.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

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

3. Receivables and Payables

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of December 6th. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,394,435 at June 30, 2019 and is comprised solely of property taxes.

6. Use of Estimates

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

7. Prepaid Items

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

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

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of net pension liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

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

9. Deferred Outflows/Inflows of Resources (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. These amounts are comprised of uncollected property taxes due prior to June 30 and amounts prepaid on installments due after year-end and are deferred and recognized as an inflow of resources in the period that the amounts become 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 liabilities and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

10. Pensions

For purposes of measurement 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 and School Board's Retirement Plan and the additions to/deductions from the County and School Board's net fiduciary position have been determined on the same basis as they were reported to 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.

11. Other Postemployment Benefits (OPEB)

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

In addition to the VRS related OPEB, the School Board allows their retirees to stay on the health insurance plan after retirement. The retiree is required to pay the blended premium cost creating an implicit subsidy OPEB liability. In addition, retirees receive a monthly stipend towards their health insurance cost until the retiree is Medicare eligible.

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

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

12. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The County accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

13. Long-term Obligations

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

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

14. Net Position

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

15. Net Position Flow Assumption

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

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

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

16. Fund Balance

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

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

The Board of Supervisors is the County's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an action by the Board of Supervisors.

The County has not delegated authority to assign fund balance to anyone other than itself as of June 30, 2019.

The County has designated unassigned fund balance into three categories. Unassigned for fiscal stability fund balance represents the funds designated for fiscal cash liquidity purposes (i.e. fiscal reserve) that will provide for sufficient cash flow to minimize the potential of short term tax anticipation borrowing. This amount shall be equal to but not less than 12% of the combined budgeted expenditures of the County General fund and the Carroll County School Board Operating Fund, net of the County's local share contribution to the School Board. The County must approve and adopt a plan to restore the fiscal stability fund balance to the target level within 24 months of falling below the threshold of 12%. Unassigned for grants fund balance represents the funds designated for grant matching and cash flow. This amount shall be equal to but not less than 2.5% of the budgeted expenditures of the County General Fund. Unassigned fund balance-no specification represents the funds available for increasing committed fund balances, assigning fund balances, increasing the unassigned for fiscal stability or unassigned for grants fund balances, purchase of capital items, or for use as beginning cash balance in support of the annual budget.

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

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

16. Fund Balance (Continued)

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to April 1st, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. Only the Board of Supervisors can revise the appropriation for each department or category. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the General Capital Projects Funds. The School Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.

Note 2-Stewardship, Compliance, and Accountability: (continued)

A. Budgetary information (continued)

- 8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the County's accounting system.

B. Expenditures in excess of appropriations

For the fiscal year ended June 30, 2019, the Social Services department had expenditures in excess of appropriations.

C. Deficit fund balance

At June 30, 2019, there were no funds with deficit fund balance.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize 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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities:

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2019 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	AAAm
LGIP	\$ 11,368

Note 3-Deposits and Investments: (Continued)

Concentration of Credit Risk:

At June 30, 2019, the County did not have any investments requiring concentration of credit risk disclosures that exceeded 5% of total investments.

External Investment Pools:

The fair value of the position in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Interest Rate Risk:

	Investment Maturities (in years)	
	Fair Value	Less than 1 year
LGIP	\$ 11,368	\$ 11,368

Note 4-Note Receivable:

On June 29, 2014 the County issued a note receivable to the Carroll County Industrial Development Authority for \$1,000,000 for economic development activities. Repayment terms called for monthly payments in the amount of \$10,606, payable over 10 years at 5% per annum. As of June 30, 2019, the balance was \$570,744.

Note 5-Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 376,054	\$ -
State sales tax	-	530,588
Categorical aid-shared expenses	160,502	-
Noncategorical aid	205,285	-
Virginia public assistance funds	77,463	-
Categorical aid-other	114,077	-
Comprehensive services act	403,114	-
<u>Federal Government:</u>		
Virginia public assistance funds	117,562	-
Other categorical aid	16,040	-
School grants	-	519,756
Totals	\$ 1,470,097	\$ 1,050,344

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6-Interfund Transfers and Balances:

There were no interfund transfers for the year ended June 30, 2019.

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

Note 7-Interfund/Component-Unit Obligations:

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government: General Fund	\$ -	\$ 1,494,532
Component Unit - School Board: School Operating Fund	1,210,817	-
Component Unit - Public Service Authority: PSA	63,715	-
Component Unit - Industrial Development Authority: IDA	220,000	-
Totals	<u>\$ 1,494,532</u>	<u>\$ 1,494,532</u>

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2019:

	Balance July 1, 2018	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2019
Direct Borrowings and Placements				
General obligation bonds	\$ 17,607,149	\$ -	\$ (2,673,240)	\$ 14,933,909
Unamortized bond premium	97,512	-	(34,343)	63,169
Unamortized bond discount	(80,238)	7,312	-	(72,926)
Literary loans	2,402,661	-	(680,167)	1,722,494
Lease revenue bonds	10,927,342	-	(298,616)	10,628,726
Total Direct Borrowings and Placements	<u>\$ 30,954,426</u>	<u>\$ 7,312</u>	<u>\$ (3,686,366)</u>	<u>\$ 27,275,372</u>
Capital lease	403,569	375,000	(64,554)	714,015
Compensated absences	914,179	699,215	(685,634)	927,760
Net OPEB liability	541,068	103,562	(93,955)	550,675
Net pension liability	5,086,211	2,798,542	(3,298,411)	4,586,342
Total	<u>\$ 37,899,453</u>	<u>\$ 3,983,631</u>	<u>\$ (7,828,920)</u>	<u>\$ 34,054,164</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 8-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

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

Year Ending June 30,	Direct Borrowings and Placements					
	General Obligation Bonds		Literary Loans		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,678,909	\$ 885,324	\$ 680,167	\$ 34,450	\$ 309,075	\$ 356,804
2021	2,535,000	814,500	680,170	20,847	319,944	345,979
2022	2,360,000	755,753	362,157	7,243	331,124	334,777
2023	2,360,000	701,917	-	-	342,722	323,181
2024	1,250,000	675,000	-	-	354,739	311,181
2025-2029	3,750,000	2,025,000	-	-	1,969,115	1,360,620
2030-2034	-	-	-	-	2,338,759	990,843
2035-2039	-	-	-	-	1,555,667	613,388
2040-2044	-	-	-	-	962,005	433,355
2045-2049	-	-	-	-	1,145,694	249,666
2050-2053	-	-	-	-	999,882	47,414
Totals	\$ 14,933,909	\$ 5,857,494	\$ 1,722,494	\$ 62,540	\$ 10,628,726	\$ 5,367,208

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Note 8-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
<u>Direct Borrowings and Placements</u>						
<u>General Obligation Bonds*</u>						
VPSA general obligation bond	5.10%-6.35%	2000	2021	\$ 4,505,000	\$ 450,000	\$ 225,000
VPSA general obligation bond	5.10%-6.10%	2000	2020	2,145,297	143,909	143,909
VPSA general obligation bond	4.10%-5.10%	2003	2023	21,115,000	4,440,000	1,110,000
VPSA (QSCB) general obligation bond	4.50%	2011	2027	15,000,000	9,900,000	1,200,000
Total General Obligation Bonds				<u>\$ 42,765,297</u>	<u>\$ 14,933,909</u>	<u>\$ 2,678,909</u>
<u>Lease Revenue Bonds</u>						
County Complex Revenue Bond	3.42%	2017	2036	\$ 5,200,000	\$ 4,987,400	\$ 220,000
Carroll County High School Revenue Bond - IDA	3.50%	2013	2053	5,932,500	5,641,326	89,075
Total Lease Revenue Bonds				<u>\$ 11,132,500</u>	<u>\$ 10,628,726</u>	<u>\$ 309,075</u>
<u>Literary Loans</u>						
Gladesboro Elementary	2.00%	2001	2021	\$ 2,873,440	\$ 287,344	\$ 143,672
Oakland Elementary	2.00%	2002	2022	3,075,495	461,324	153,775
Gladesville Elementary	2.00%	2002	2022	4,167,647	625,147	208,382
Laurel Elementary	2.00%	2001	2021	3,486,763	348,679	174,338
Total Literary Loans				<u>\$ 13,603,345</u>	<u>\$ 1,722,494</u>	<u>\$ 680,167</u>
Subtotal Direct Borrowings and Placements					<u>\$ 27,285,129</u>	<u>\$ 3,668,151</u>
Plus:						
Unamortized Premium					63,169	25,876
Unamortized Discount					(72,926)	(7,312)
Total Direct Borrowings and Placements					<u>\$ 27,275,372</u>	<u>\$ 3,686,715</u>
<u>Other Long-term Obligations</u>						
Capital lease (Note 10)					\$ 714,015	\$ 69,602
Compensated absences					927,760	695,820
Net OPEB liability					550,675	-
Net pension liability					4,586,342	-
Total Other Long-term Obligations					<u>\$ 6,778,792</u>	<u>\$ 765,422</u>
Total Long-term Obligations					<u>\$ 34,054,164</u>	<u>\$ 4,452,137</u>

*VPSA (Virginia Public School Authority), QSCB (ARRA-Qualified School Construction Bond)

The County's general obligation bonds/literary loans are subject to the State Aid Intercept Program. Under terms of the program, the County state aid is redirected to bond holders to cure any event(s) of default.

If an event of default occurs with the lease revenue bonds, the principal of the bond(s) may be declared immediately due and payable to the registered owner of the bond(s) by written notice to the County.

Note 8-Long-Term Obligations: (continued)

Primary Government - Governmental Activities Indebtedness: (continued)

The 2011 issuance of the ARRA funded Qualified School Construction Bond contains a face interest rate of 4.50%. However, it contains a federal tax credit resulting in federal revenue to offset the entire interest payment. Therefore, the effective interest rate is 0.00%. However, for fiscal year 2019, the sequester reduction rate was 6.20%.

For financial reporting purposes the lease purchase agreements are treated as revenue bonds of the County as title to the property has passed to the County. The Industrial Development Authority acts as a conduit for these obligations and does not retain the asset or related liability.

Note 9-Long-term Obligations-Component Unit School Board:

Discretely Presented Component Unit-School Board-Indebtedness:

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Net OPEB liabilities	\$ 11,280,000	\$ 1,220,000	\$ (2,563,000)	\$ 9,937,000
Compensated absences	891,051	651,938	(668,288)	874,701
Net pension liability	34,152,761	8,074,752	(10,847,181)	31,380,332
Total	\$ 46,323,812	\$ 9,946,690	\$ (14,078,469)	\$ 42,192,033

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net OPEB liabilities	\$ 9,937,000	\$ -
Compensated absences	874,701	656,026
Net pension liability	31,380,332	-
Total Long-Term Obligations	\$ 42,192,033	\$ 656,026

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10-Capital Lease:

Primary Government

The County has entered into two lease agreements to finance the acquisition of six school buses and a fire truck. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the minimum lease payments at the date of inception.

The assets acquired through capital leases are as follows:

	<u>School Buses</u>	<u>Fire Truck</u>
Machinery and equipment	\$ 506,969	\$ 445,222
Less: Accumulated depreciation	<u>(241,083)</u>	<u>(56,459)</u>
Net Capital Assets	<u>\$ 265,886</u>	<u>\$ 388,763</u>

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

<u>Year Ending June 30,</u>	<u>School Buses</u>	<u>Fire Truck</u>
2020	\$ 59,064	\$ 30,564
2021	59,064	30,564
2022	59,064	30,564
2023	59,064	30,564
2024	59,064	30,564
2025-2029	100,178	152,820
2030-2034	<u>-</u>	<u>126,305</u>
Subtotal	\$ 395,498	\$ 431,945
Less, amount representing interest	<u>(39,053)</u>	<u>(74,375)</u>
Present Value of Lease Agreement	<u>\$ 356,445</u>	<u>\$ 357,570</u>

Note 11-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the 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. However, several entities whose financial information is not included in the primary government report, participate in the VRS plan through County of Carroll, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan.

Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

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

Note 11-Pension Plans: (continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

Note 11-Pension Plans: (continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 10.08% 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 \$679,392 and \$749,414 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit Public Service Authority's (PSA) contractually required employer contribution rate for the year ended June 30, 2019 was 10.08% 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 PSA were \$57,630 and \$65,117 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

At June 30, 2019, the County reported a liability of \$4,586,342 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability.

Contributions as of June 30, 2018 were used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2018 and 2017, the County's proportions were 86.9945% and 86.2947%, respectively.

At June 30, 2019, the Authority reported a liability of \$398,515 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, rolled forward to the measurement date of June 30, 2018. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2018 and 2017 as a basis for allocation. At June 30, 2018 and 2017, the Authority's proportions were 7.5591% and 8.2637%, respectively.

Note 11-Pension Plans: (continued)

Actuarial Assumptions - General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Note 11-Pension Plans: (continued)

Actuarial Assumptions - General Employees (continued)

Mortality rates: (continued)

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

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

Note 11-Pension Plans: (continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Note 11-Pension Plans: (continued)

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

Mortality rates: (continued)

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Note 11-Pension Plans: (continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11-Pension Plans: (continued)

Sensitivity of the County's and Component Unit PSA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability	\$ 8,634,850	\$ 4,586,342	\$ 1,225,478
Component Unit Public Service Authority's proportionate share of the County Retirement Plan Net Pension Liability	\$ 750,386	\$ 398,515	\$ 106,497

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

For the year ended June 30, 2019, the County and Component Unit PSA recognized pension expense of \$372,025 and \$19,524 respectively. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2019, the County and Component Unit PSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit- Public Service Authority	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,390	\$ 419,263	\$ 11,814	\$ 37,973
Change in proportionate share	27,970	-	9,511	40,873
Change in assumptions	-	72,739	-	6,966
Net difference between projected and actual earnings on pension plan investments	-	223,547	-	20,628
Employer contributions subsequent to the measurement date	679,392	-	57,630	-
Total	\$ 830,752	\$ 715,549	\$ 78,955	\$ 106,440

Note 11-Pension Plans: (continued)

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

\$679,392 and \$57,630 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit PSA's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit Public Service Authority</u>
2020	\$ (23,351)	\$ (12,561)
2021	(199,468)	(29,486)
2022	(319,234)	(41,144)
2023	(22,136)	(1,924)
Thereafter	-	-

Pension Plan Data

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

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Note 11-Pension Plans: (continued)

Component Unit School Board (nonprofessional)

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

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

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	98
Inactive members:	
Vested inactive members	12
Non-vested inactive members	10
Inactive members active elsewhere in VRS	<u>21</u>
Total inactive members	43
Active members	<u>101</u>
Total covered employees	<u><u>242</u></u>

Contributions

The Component Unit School Board’s (nonprofessional) contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 6.01% 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 \$113,832 and \$150,253 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

Note 11-Pension Plans: (continued)

Component Unit School Board (nonprofessional) (continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 10,494,970	\$ 10,070,209	\$ 424,761
Changes for the year:			
Service cost	\$ 221,654	\$ -	\$ 221,654
Interest	712,918	-	712,918
Differences between expected and actual experience	(335,847)	-	(335,847)
Contributions - employer	-	150,251	(150,251)
Contributions - employee	-	97,709	(97,709)
Net investment income	-	735,374	(735,374)
Benefit payments, including refunds of employee contributions	(620,860)	(620,860)	-
Administrative expenses	-	(6,533)	6,533
Other changes	-	(647)	647
Net changes	\$ (22,135)	\$ 355,294	\$ (377,429)
Balances at June 30, 2018	\$ 10,472,835	\$ 10,425,503	\$ 47,332

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,216,726	\$ 47,332	\$ (942,011)

Note 11-Pension Plans: (continued)

Component Unit School Board (nonprofessional) (continued)

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

For the year ended June 30, 2019, the Component Unit School Board (nonprofessional) recognized pension expense of \$(218,455). At June 30, 2019, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,670	\$ 296,299
Changes of assumptions	-	50,540
Net difference between projected and actual earnings on pension plan investments	-	82,312
Employer contributions subsequent to the measurement date	<u>113,832</u>	<u>-</u>
Total	<u>\$ 118,502</u>	<u>\$ 429,151</u>

\$113,832 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2020	\$ (170,443)
2021	(140,758)
2022	(104,526)
2023	(8,754)
Thereafter	-

Note 11-Pension Plans: (continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system).

Additional information regarding 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 retirement. Each School Division's contractually required contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board were \$3,257,343 and \$3,445,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$31,333,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.26644% as compared to 0.27426% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$1,772,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Note 11-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,680,000
Net difference between projected and actual earnings on pension plan investments	-	664,000
Change of assumptions	374,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	718,000	1,308,000
Employer contributions subsequent to the measurement date	<u>3,257,343</u>	<u>-</u>
Total	<u>\$ 4,349,343</u>	<u>\$ 4,652,000</u>

\$3,257,343 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 year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2020	\$ (561,000)
2021	(873,000)
2022	(1,438,000)
2023	(472,000)
Thereafter	(216,000)

Note 11-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 11-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Net Pension Liability

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

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

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

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

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 47,862,000	\$ 31,333,000	\$ 17,651,000

Note 11-Pension Plans: (continued)

Component Unit School Board (professional) (continued)

Pension Plan Fiduciary Net Position

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

Note 12-Component Unit School Board Other Postemployment Benefits - Health Insurance:

Plan Description

In addition to the pension benefits described in Note 11, the Schools administer a single-employer defined benefit healthcare plan, the Carroll County Public Schools Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools’ pension plans. The plan does not issue a publicly available financial report.

Plan Membership

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

Total active employees with coverage	521
Total retirees with coverage	<u>16</u>
Total	<u><u>537</u></u>

Benefits Provided

Postemployment benefits are provided to eligible retirees and includes Medical. 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.

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$0.

Note 12-Component Unit School Board Other Postemployment Benefits - Health Insurance:
(continued)

Total OPEB Liability

The Schools' total OPEB liability was measured as of July 1, 2018. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Actuarial Cost Method	Entry age actuarial cost method
Salary Increases	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2019, decreasing 0.50% per year to an ultimate rate of 5.00%
Discount Rate	3.62%
Retirement Age	The average age at retirement is 62

Mortality rates for healthy inactive members were based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

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

Discount Rate

The discount rate has been set equal to 3.62% and represents the Municipal GO AA 20-year yield curve rate as of June 29, 2018.

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Note 12-Component Unit School Board Other Postemployment Benefits - Health Insurance:
 (continued)

Changes in Total OPEB Liability

		Component Unit School Board <u>Total OPEB Liability</u>
Balances at July 1, 2018	\$	5,458,000
Changes for the year:		
Service cost		224,000
Interest		202,000
Difference between expected and actual experience		(1,397,000)
Other changes		(176,000)
Net changes	\$	<u>(1,147,000)</u>
Balances at June 30, 2019	\$	<u><u>4,311,000</u></u>

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

The following amounts present the Total OPEB liability of the Schools, as well as what the Schools' Total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.62%) or one-percentage point higher (4.62%) than the current discount rate:

Rate		
<u>1% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1% Increase (4.62%)</u>
\$ 4,731,000	\$ 4,311,000	\$ 3,929,000

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

The following presents the Total OPEB liability of the Schools, as well as what the Schools' Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower (6.00% decreasing by 0.50% annually to an ultimate rate of 4.00%) or one-percentage point higher (8.00% decreasing by 0.50% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

Rate		
<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 3,799,000	\$ 4,311,000	\$ 4,914,000

Note 12-Component Unit School Board Other Postemployment Benefits - Health Insurance:
 (continued)

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

For the year ended June 30, 2019, the Schools will recognize OPEB expense in the amount of \$176,000.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,175,000
Change of assumptions	-	148,000
Employer contributions subsequent to the measurement date	<u>126,000</u>	<u>-</u>
Total	<u>\$ 126,000</u>	<u>\$ 1,323,000</u>

\$126,000 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 year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2020	\$ (250,000)
2021	(250,000)
2022	(250,000)
2023	(250,000)
2024	(250,000)
Thereafter	(73,000)

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Contributions

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

Contributions to the GLI Program from the County were \$36,394 and \$35,870 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit-School Board (nonprofessional) were \$10,485 and \$10,663 for the years ended June 30, 2019 and June 30, 2018, respectively.

Contributions to the GLI Program from the Component Unit-School Board (professional) were \$109,834 and \$111,096 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the County reported a liability of \$550,675 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (nonprofessional) reported a liability of \$164,000 for its proportionate share of the Net GLI OPEB Liability.

At June 30, 2019, the Component Unit-School Board (professional) reported a liability of \$1,706,000 for its proportionate share of the Net GLI OPEB Liability.

The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2018, the County's proportion was 0.04170% as compared to 0.04167% at June 30, 2017.

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

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

At June 30, 2018, the Component Unit-School Board (nonprofessional) proportion was 0.01078% as compared to 0.01146% at June 30, 2017.

At June 30, 2018, the Component Unit-School Board (professional) proportion was 0.11234% as compared to 0.11690% at June 30, 2017.

For the year ended June 30, 2019, the County recognized GLI OPEB expense of \$1,740. 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.

For the year ended June 30, 2019, the Component-Unit School Board (nonprofessional) recognized GLI OPEB expense of \$(8,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

For the year ended June 30, 2019, the Component-Unit School Board (professional) recognized GLI OPEB expense of \$10,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Primary Government		Component-Unit School Board (Nonprofessional)		Component-Unit School Board (Professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,968	\$ 9,569	\$ 8,000	\$ 3,000	\$ 83,000	\$ 30,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,269	-	5,000	-	56,000
Change in assumptions	-	22,619	-	7,000	-	71,000
Changes in proportion	-	7,830	-	37,000	45,000	65,000
Employer contributions subsequent to the measurement date	36,394	-	10,485	-	109,834	-
Total	\$ 63,362	\$ 58,287	\$ 18,485	\$ 52,000	\$ 237,834	\$ 222,000

\$36,394, \$10,485, and \$109,834 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's, Component-Unit School Board (Nonprofessional), and Component-Unit School Board (Professional), respectively, contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

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

Year Ended June 30	Primary Government	Component Unit- School Board (Nonprofessional)	Component Unit- School Board (Professional)
2020	\$ (9,569)	\$ (11,000)	\$ (27,000)
2021	(9,569)	(11,000)	(27,000)
2022	(9,569)	(11,000)	(27,000)
2023	(4,350)	(11,000)	(11,000)
2024	870	-	(2,000)
Thereafter	868	-	-

Actuarial Assumptions

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

NET GLI OPEB Liability

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

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

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

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Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 13-Group Life Insurance (GLI) Program (OPEB Plan): (continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 720,314	\$ 550,675	\$ 414,094
Component Unit-School Board (Nonprofessional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 214,000	\$ 164,000	\$ 123,000
Component Unit-School Board (Professional) proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 2,229,000	\$ 1,706,000	\$ 1,281,000

Group Life Insurance Program Fiduciary Net Position

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Employees Covered by Benefit Terms

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

	<u>Component Unit - School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	<u>47</u>
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	<u>48</u>
Active members	101
Total covered employees	<u><u>149</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit - School Board's (Nonprofessional) contractually required employer contribution rate for the year ended June 30, 2019 was 1.25% 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 Program were \$25,185 and \$20,000 for the year ended June 30, 2019 and June 30, 2018, respectively.

Net HIC OPEB Liability

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Actuarial Assumptions

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

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

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

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Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Changes in Net HIC OPEB Liability - Component Unit-School Board (Nonprofessional)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 415,000	\$ (23,000)	\$ 438,000
Changes for the year:			
Service cost	\$ 8,000	\$ -	\$ 8,000
Interest	14,000	-	14,000
Differences between expected and actual experience	(28,000)	-	(28,000)
Contributions - employer	-	20,000	(20,000)
Benefit payments	(23,000)	(23,000)	-
Other changes	(4,000)	-	(4,000)
Net changes	<u>\$ (33,000)</u>	<u>\$ (3,000)</u>	<u>\$ (30,000)</u>
Balances at June 30, 2018	<u>\$ 382,000</u>	<u>\$ (26,000)</u>	<u>\$ 408,000</u>

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Component Unit School Board (Nonprofessional) Net HIC OPEB Liability	\$ 450,000	\$ 408,000	\$ 372,000

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

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

For the year ended June 30, 2019, the Component Unit-School Board (Nonprofessional) recognized HIC Program OPEB expense of \$10,000. At June 30, 2019, 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:

	Component-Unit School Board (Non-professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,000
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,000
Change in assumptions	-	20,000
Employer contributions subsequent to the measurement date	25,185	-
Total	\$ 25,185	\$ 43,000

\$25,185 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit- School Board (Non-professional)
2020	\$ (14,000)
2021	(14,000)
2022	(13,000)
2023	(2,000)
2024	-
Thereafter	-

Note 14-Health Insurance Credit (HIC) Program (OPEB Plan): (continued)

Health Insurance Credit Program Plan Data

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

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

HIC Program Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$253,077 and \$262,289 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$3,348,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was 0.26368% as compared to 0.27221% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$269,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	3,000
Change in assumptions	-	29,000
Change in proportion	56,000	95,000
Employer contributions subsequent to the measurement date	253,077	-
Total	\$ 309,077	\$ 143,000

\$253,077 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit- School Board (Professional)
2020	\$ (13,000)
2021	(13,000)
2022	(13,000)
2023	(11,000)
2024	(12,000)
Thereafter	(25,000)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,740,000	\$ 3,348,000	\$ 3,015,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 16-Summary of Pension Related Items

	Primary Government				Component Unit PSA				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
VRS Pension Plans (Note 11):												
County	\$830,752	\$ 715,549	\$4,586,342	\$ 372,025	\$78,955	\$ 106,440	\$ 398,515	\$19,524	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	-	-	-	-	118,502	429,151	47,332	(218,455)
School Board Professional	-	-	-	-	-	-	-	-	4,349,343	4,652,000	31,333,000	1,772,000
Totals	\$830,752	\$ 715,549	\$4,586,342	\$ 372,025	\$78,955	\$ 106,440	\$ 398,515	\$19,524	\$4,467,845	\$5,081,151	\$ 31,380,332	\$ 1,553,545

Note 17-Summary of OPEB Related Items

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
School Stand-Alone Plan (Note 12)	\$ -	\$ -	\$ -	\$ -	\$ 126,000	\$ 1,323,000	\$ 4,311,000	\$ 176,000
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	-	63,362	550,675	1,740	-	-	-	-
School Board Nonprofessional	-	-	-	-	18,485	52,000	164,000	(8,000)
School Board Professional	-	-	-	-	237,834	222,000	1,706,000	10,000
County Health Insurance Credit Program (Note 14)	-	-	-	-	25,185	43,000	408,000	10,000
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	309,077	143,000	3,348,000	269,000
Totals	\$ 63,362	\$ 58,287	\$ 550,675	\$ 1,740	\$ 716,581	\$ 1,783,000	\$ 9,937,000	\$ 457,000

Note 18 - Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County’s LODA coverage is fully covered or “insured” through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County’s LODA premium for the year ended June 30, 2019 was \$13,751.

Note 19-Capital Assets:

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,906,402	\$ -	\$ -	\$ 2,906,402
Total capital assets not being depreciated	<u>\$ 2,906,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,906,402</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 78,011,563	\$ -	\$ -	\$ 78,011,563
Machinery and equipment	10,939,427	627,987	(114,500)	11,452,914
Total capital assets being depreciated	<u>\$ 88,950,990</u>	<u>\$ 627,987</u>	<u>\$ (114,500)</u>	<u>\$ 89,464,477</u>
Accumulated depreciation:				
Buildings and improvements	\$ (26,979,023)	\$ (2,112,163)	\$ -	\$ (29,091,186)
Machinery and equipment	(8,005,910)	(616,855)	108,331	(8,514,434)
Total accumulated depreciation	<u>\$ (34,984,933)</u>	<u>\$ (2,729,018)</u>	<u>\$ 108,331</u>	<u>\$ (37,605,620)</u>
Total capital assets being depreciated, net	<u>\$ 53,966,057</u>	<u>\$ (2,101,031)</u>	<u>\$ (6,169)</u>	<u>\$ 51,858,857</u>
Governmental activities capital assets, net	<u>\$ 56,872,459</u>	<u>\$ (2,101,031)</u>	<u>\$ (6,169)</u>	<u>\$ 54,765,259</u>

Note 19-Capital Assets: (continued)

Primary Government: (continued)

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

Governmental activities:	
General government administration	\$ 22,458
Public safety	322,660
Public works	307,186
Health and welfare	5,325
Education	1,746,035
Parks, recreation, and cultural	<u>325,354</u>
Total depreciation governmental activities	<u>\$ 2,729,018</u>

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

Discretely Presented Component Unit:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,489,200	\$ -	\$ -	\$ 1,489,200
Total capital assets not being depreciated	<u>\$ 1,489,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,489,200</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 11,701,367	\$ 32,668	\$ -	\$ 11,734,035
Improvement other than buildings	153,754	-	-	153,754
Machinery and equipment	6,635,489	732,728	(233,524)	7,134,693
Total capital assets being depreciated	<u>\$ 18,490,610</u>	<u>\$ 765,396</u>	<u>\$ (233,524)</u>	<u>\$ 19,022,482</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,876,732)	\$ (278,508)	\$ -	\$ (9,155,240)
Improvement other than buildings	(29,866)	(7,688)	-	(37,554)
Machinery and equipment	(5,375,018)	(356,447)	233,524	(5,497,941)
Total accumulated depreciation	<u>\$ (14,281,616)</u>	<u>\$ (642,643)</u>	<u>\$ 233,524</u>	<u>\$ (14,690,735)</u>
Total capital assets being depreciated, net	<u>\$ 4,208,994</u>	<u>\$ 122,753</u>	<u>\$ -</u>	<u>\$ 4,331,747</u>
Governmental activities capital assets, net	<u>\$ 5,698,194</u>	<u>\$ 122,753</u>	<u>\$ -</u>	<u>\$ 5,820,947</u>

Note 20-Risk Management:

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

Note 21-Contingent Liabilities:

Federal programs in which the County and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 22-Surety Bonds:

Primary Government:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
Gerald R. Goad, Clerk of the Circuit Court	\$ 1,525,000
Bonita Williams, Treasurer	400,000
Fran Zimmerman, Commissioner of the Revenue	3,000
John B. Gardner, Sheriff	30,000

Note 23-Payroll Expenses:

All full-time employees of the Component Unit - Public Service Authority are paid through the County and the Authority reimburses the County for these expenses. Part-time employees are paid by the Public Service Authority along with any overtime pay that the Public Service Authority Board approves.

Note 24-Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	<u>Government-wide Statements</u>	<u>Balance Sheet</u>
	<u>Governmental Activities</u>	<u>Governmental Funds</u>
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 4,120,876
Tax assessments due after June 30	22,503,954	22,503,954
Prepaid property taxes due after June 30 but paid in advance by taxpayers	<u>202,054</u>	<u>202,054</u>
Total unavailable/deferred revenue	<u>\$ 22,706,008</u>	<u>\$ 26,826,884</u>

Note 25-Litigation:

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

Note 26-Adoption of Accounting Principles:

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

Note 27-Upcoming Pronouncements:

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

Note 27-Upcoming Pronouncements: (continued)

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

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

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

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

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

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
General property taxes	\$ 21,370,735	\$ 21,304,223	\$ 21,411,096	\$ 106,873
Other local taxes	4,574,597	4,641,109	4,446,707	(194,402)
Permits, privilege fees, and regulatory licenses	103,300	103,300	99,809	(3,491)
Fines and forfeitures	1,150,000	1,269,981	1,444,000	174,019
Revenue from the use of money and property	161,635	161,633	67,896	(93,737)
Charges for services	2,286,251	2,321,251	2,421,749	100,498
Miscellaneous	159,500	163,200	226,016	62,816
Recovered costs	2,107,228	2,121,028	2,089,061	(31,967)
Intergovernmental:				
Commonwealth	7,823,691	8,340,969	8,487,139	146,170
Federal	2,644,819	2,716,017	3,248,348	532,331
Total revenues	<u>\$ 42,381,756</u>	<u>\$ 43,142,711</u>	<u>\$ 43,941,821</u>	<u>\$ 799,110</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,588,962	\$ 2,456,659	\$ 2,399,059	\$ 57,600
Judicial administration	1,284,634	1,338,924	1,293,347	45,577
Public safety	9,845,786	10,719,358	10,200,017	519,341
Public works	2,651,266	2,615,728	2,451,249	164,479
Health and welfare	6,698,151	8,154,124	8,143,696	10,428
Education	11,252,562	11,334,562	11,099,646	234,916
Parks, recreation, and cultural	1,437,168	1,354,509	1,298,381	56,128
Community development	1,753,666	1,605,041	1,593,613	11,428
Debt service:				
Principal retirement	3,691,127	3,716,597	3,716,577	20
Interest and other fiscal charges	1,398,434	1,421,628	1,424,553	(2,925)
Total expenditures	<u>\$ 42,601,756</u>	<u>\$ 44,717,130</u>	<u>\$ 43,620,138</u>	<u>\$ 1,096,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (220,000)</u>	<u>\$ (1,574,419)</u>	<u>\$ 321,683</u>	<u>\$ 1,896,102</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	\$ -	\$ 375,000	\$ 375,000	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>
Net change in fund balances	\$ (220,000)	\$ (1,199,419)	\$ 696,683	\$ 1,896,102
Fund balances - beginning	220,000	1,199,419	8,931,272	7,731,853
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,627,955</u>	<u>\$ 9,627,955</u>

County of Carroll, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 For the Measurement Dates of June 30, 2014 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2018	86.9945%	\$ 4,586,342	\$ 6,835,376	67.10%	85.46%
2017	86.2947%	5,086,211	6,436,392	79.02%	83.27%
2016	86.2946%	6,694,678	6,380,074	104.93%	77.51%
2015	86.5376%	5,285,062	6,286,487	84.07%	81.30%
2014	86.5376%	4,226,206	6,057,711	69.77%	83.61%
Component Unit Public Service Authority					
2018	7.5591%	\$ 398,515	\$ 598,505	66.59%	85.46%
2017	8.2637%	487,063	654,293	74.44%	83.27%
2016	8.2637%	641,092	630,530	101.68%	122.99%
2015	8.2813%	505,758	621,183	81.42%	434.88%
2014	8.2813%	417,602	598,577	69.77%	510.11%
Component Unit School Board (professional)					
2018	0.2664%	\$ 31,333,000	\$ 21,324,377	146.94%	74.81%
2017	0.2743%	33,728,000	21,481,554	157.01%	72.92%
2016	0.2663%	37,312,000	20,292,867	183.87%	68.28%
2015	0.2721%	34,245,000	20,216,777	169.39%	70.68%
2014	0.2746%	33,182,000	20,079,764	165.25%	70.88%

Schedule is intended to show information for 10 years. Prior to 2015, the PSA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 221,654	\$ 266,275	\$ 270,954	\$ 272,694	\$ 282,837
Interest	712,918	711,451	685,916	678,210	650,702
Differences between expected and actual experience	(335,847)	(194,378)	24,401	(276,046)	-
Changes in assumptions	-	(120,248)	-	-	-
Benefit payments, including refunds of employee contributions	(620,860)	(639,723)	(569,530)	(559,995)	(521,158)
Refund of contributions	-	(23,716)	-	-	-
Net change in total pension liability	\$ (22,135)	\$ (339)	\$ 411,741	\$ 114,863	\$ 412,381
Total pension liability - beginning	10,494,970	10,495,309	10,083,568	9,968,705	9,556,324
Total pension liability - ending (a)	<u>\$ 10,472,835</u>	<u>\$ 10,494,970</u>	<u>\$ 10,495,309</u>	<u>\$ 10,083,568</u>	<u>\$ 9,968,705</u>
Plan fiduciary net position					
Contributions - employer	\$ 150,251	\$ 156,370	\$ 240,176	\$ 239,595	\$ 259,093
Contributions - employee	97,709	102,599	122,474	122,507	123,499
Net investment income	735,374	1,119,816	160,748	418,458	1,264,799
Benefit payments, including refunds of employee contributions	(620,860)	(639,723)	(569,530)	(559,995)	(521,158)
Refund of contributions	-	(23,716)	-	-	-
Administrative expense	(6,533)	(6,738)	(5,902)	(5,839)	(6,876)
Other	(647)	(984)	(69)	(88)	67
Net change in plan fiduciary net position	\$ 355,294	\$ 707,624	\$ (52,103)	\$ 214,638	\$ 1,119,424
Plan fiduciary net position - beginning	10,070,209	9,362,585	9,414,688	9,200,050	8,080,626
Plan fiduciary net position - ending (b)	<u>\$ 10,425,503</u>	<u>\$ 10,070,209</u>	<u>\$ 9,362,585</u>	<u>\$ 9,414,688</u>	<u>\$ 9,200,050</u>
School Division's net pension liability - ending (a) - (b)	\$ 47,332	\$ 424,761	\$ 1,132,724	\$ 668,880	\$ 768,655
Plan fiduciary net position as a percentage of the total pension liability	99.55%	95.95%	89.21%	93.37%	92.29%
Covered payroll	\$ 2,039,840	\$ 2,093,296	\$ 2,483,064	\$ 2,463,253	\$ 2,469,959
School Division's net pension liability as a percentage of covered payroll	2.32%	20.29%	45.62%	27.15%	31.12%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 679,392	\$ 679,392	\$ -	\$ 6,985,410	9.73%
2018	749,414	749,414	-	6,835,376	10.96%
2017	742,577	742,577	-	6,436,392	11.54%
2016	770,617	770,617	-	6,380,074	12.08%
2015	762,325	762,325	-	6,286,487	12.13%
Component Unit Public Service Authority					
2019	\$ 57,630	\$ 57,630	\$ -	\$ 593,273	9.71%
2018	65,117	65,117	-	598,505	10.88%
2017	71,110	71,110	-	654,293	10.87%
2016	76,159	76,159	-	630,530	12.08%
2015	75,339	75,339	-	621,183	12.13%
Component Unit School Board (nonprofessional)					
2019	\$ 113,832	\$ 113,832	\$ -	\$ 2,014,862	5.65%
2018	150,253	150,253	-	2,039,840	7.37%
2017	160,137	160,137	-	2,093,296	7.65%
2016	241,165	241,165	-	2,483,064	9.71%
2015	239,595	239,595	-	2,463,253	9.73%
2014	259,099	259,099	-	2,469,959	10.49%
2013	261,420	261,420	-	2,492,084	10.49%
2012	198,487	198,487	-	2,544,710	7.80%
2011	194,444	194,444	-	2,492,872	7.80%
2010	219,606	219,606	-	2,544,679	8.63%
Component Unit School Board (professional)					
2019	\$ 3,257,343	\$ 3,257,343	\$ -	\$ 21,095,339	15.44%
2018	3,445,000	3,445,000	-	21,324,377	16.16%
2017	3,136,000	3,136,000	-	21,481,554	14.60%
2016	2,844,000	2,844,000	-	20,292,867	14.01%
2015	2,933,000	2,933,000	-	20,216,777	14.51%
2014	2,341,300	2,341,300	-	20,079,764	11.66%
2013	2,289,845	2,289,845	-	19,638,470	11.66%
2012	1,239,333	1,239,333	-	19,578,718	6.33%
2011	765,893	765,893	-	19,488,369	3.93%
2010	1,744,737	1,744,737	-	19,804,052	8.81%

Schedule is intended to show information for 10 years. Prior to 2015, the PSA's information was consolidated in the County's totals and presented in the County report. Therefore, sufficient information to allocate the prior year balances is not available. Additional years will be included as they become available.

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

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Carroll, Virginia
 Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit - School Board
 For the Years Ended July 1, 2017 and July 1, 2018

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 224,000	\$ 219,000
Interest	202,000	190,000
Differences between expected and actual experience	(1,397,000)	-
Benefit payments	-	(126,000)
Other changes	(176,000)	-
Net change in total OPEB liability	\$ (1,147,000)	\$ 283,000
Total OPEB liability - beginning	5,458,000	5,175,000
Total OPEB liability - ending	\$ <u>4,311,000</u>	\$ <u>5,458,000</u>
Covered-employee payroll	\$ 21,669,000	\$ 23,677,000
Component Unit School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	19.89%	23.05%

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

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

Valuation Date: 7/1/2018
 Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age actuarial cost method
Salary Increases	2.50%
Healthcare Trend Rate	7.00% for fiscal year end 2019, decreasing 0.25% per year to an ultimate rate of 5.00%
Discount Rate	3.62%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base layer 2006, projected using two-dimensional mortality improvement scale MP-2018.

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

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					
2018	0.0417%	\$ 550,675	\$ 6,898,061	7.98%	51.22%
2017	0.0417%	541,068	6,633,359	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2018	0.0108%	\$ 164,000	\$ 2,050,489	8.00%	51.22%
2017	0.0115%	172,000	2,113,450	8.14%	48.86%
Component Unit School Board (professional)					
2018	0.1123%	\$ 1,706,000	\$ 21,360,927	7.99%	51.22%
2017	0.1169%	1,759,000	21,562,338	8.16%	48.86%

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

County of Carroll, Virginia
 Schedule of Employer Contributions
 Group Life Insurance Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2019	\$ 36,394	\$ 36,394	-	\$ 6,999,464	0.52%
2018	35,870	35,870	-	6,898,061	0.52%
2017	34,492	34,492	-	6,633,359	0.52%
Component Unit School Board (nonprofessional)					
2019	\$ 10,485	\$ 10,485	-	\$ 2,016,295	0.52%
2018	10,663	10,663	-	2,050,489	0.52%
2017	10,990	10,990	-	2,113,450	0.52%
2016	11,942	11,942	-	2,487,819	0.48%
2015	11,830	11,830	-	2,464,516	0.48%
2014	11,868	11,868	-	2,472,414	0.48%
2013	11,962	11,962	-	2,492,084	0.48%
2012	7,125	7,125	-	2,544,710	0.28%
2011	7,001	7,001	-	2,500,403	0.28%
2010	4,977	4,977	-	2,545,915	0.20%
Component Unit School Board (nonprofessional)					
2019	\$ 109,834	\$ 109,834	-	\$ 21,127,457	0.52%
2018	111,096	111,096	-	21,360,927	0.52%
2017	112,124	112,124	-	21,562,338	0.52%
2016	97,624	97,624	-	20,338,243	0.48%
2015	97,389	97,389	-	20,289,461	0.48%
2014	96,929	96,929	-	20,193,471	0.48%
2013	94,736	94,736	-	19,736,743	0.48%
2012	55,047	55,047	-	19,659,541	0.28%
2011	54,748	54,748	-	19,552,727	0.28%
2010	38,120	38,120	-	19,885,375	0.19%

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

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

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

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

Teachers

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Carroll, Virginia
 Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios
 Component Unit - School Board (nonprofessional)
 Health Insurance Credit (HIC) Program
 For the Measurement Dates of June 30, 2017 through June 30, 2018

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 8,000	\$ 12,000
Interest	14,000	13,000
Differences between expected and actual experience	(28,000)	-
Changes in assumptions	-	(29,000)
Benefit payments	(23,000)	(21,000)
Other changes	(4,000)	(1,000)
Net change in total HIC OPEB liability	\$ (33,000)	\$ (26,000)
Total HIC OPEB Liability - beginning	415,000	441,000
Total HIC OPEB Liability - ending (a)	<u>\$ 382,000</u>	<u>\$ 415,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 20,000	\$ 21,000
Benefit payments	(23,000)	(21,000)
Other	-	(1,000)
Net change in plan fiduciary net position	\$ (3,000)	\$ (1,000)
Plan fiduciary net position - beginning	(23,000)	(22,000)
Plan fiduciary net position - ending (b)	<u>\$ (26,000)</u>	<u>\$ (23,000)</u>
Employer's net HIC OPEB liability - ending (a) - (b)	\$ 408,000	\$ 438,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	-6.81%	-5.54%
Covered payroll	\$ 2,039,840	\$ 2,093,296
Employer's net HIC OPEB liability as a percentage of covered payroll	20.00%	20.92%

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

County of Carroll, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2012 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit - School Board (nonprofessional)					
2019	\$ 25,185	\$ 25,185	\$ -	\$ 2,014,862	1.25%
2018	20,000	20,000	-	2,039,840	0.98%
2017	21,000	21,000	-	2,093,296	1.00%
2016	20,858	20,858	-	2,483,064	0.84%
2015	20,691	20,691	-	2,463,253	0.84%
2014	12,597	12,597	-	2,469,959	0.51%
2013	12,710	12,710	-	2,492,084	0.51%
2012	12,469	12,469	-	2,544,710	0.49%

Schedule is intended to show information for 10 years. Information prior to the 2012 valuation is not available. However, additional years will be included as they become available.

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2018	0.2637%	\$ 3,348,000	\$ 21,324,808	15.70%	8.08%
2017	0.2722%	3,453,000	21,483,066	16.07%	7.04%

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

County of Carroll, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Program
 For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	\$ 253,077	\$ 253,077	-	\$ 21,095,339	1.20%
2018	262,289	262,289	-	21,324,808	1.23%
2017	238,462	238,462	-	21,483,066	1.11%
2016	215,188	215,188	-	20,300,779	1.06%
2015	214,427	214,427	-	20,228,959	1.06%
2014	222,889	222,889	-	20,080,130	1.11%
2013	217,988	217,988	-	19,638,599	1.11%
2012	117,472	117,472	-	19,578,718	0.60%
2011	116,653	116,653	-	19,442,133	0.60%
2010	146,315	146,315	-	19,804,052	0.74%

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

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

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

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

Other Supplementary Information

FIDUCIARY FUNDS

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

Performance Bond Escrow - The Performance Bond Escrow fund accounts for those funds belonging to an outstanding performance bond.

County FSA - The County Flexible Spending Arrangement fund accounts for those funds belonging to the employees of the County participating in the Flexible Spending Plan.

School Board FSA - The School Board Flexible Spending Arrangement fund accounts for those funds belonging to the employees of the School participating in the Flexible Spending Plan.

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

	Agency Funds				<u>Total</u>
	<u>Special Welfare</u>	<u>School Board FSA</u>	<u>County FSA</u>	<u>Performance Bond Escrow</u>	
ASSETS					
Cash and cash equivalents	\$ 26,071	\$ 20,964	\$ 1,825	\$ 80,178	\$ 129,038
Total assets	<u>\$ 26,071</u>	<u>\$ 20,964</u>	<u>\$ 1,825</u>	<u>\$ 80,178</u>	<u>\$ 129,038</u>
LIABILITIES					
Amounts held for social services clients	\$ 26,071	\$ -	\$ -	\$ -	\$ 26,071
Amounts held for performance bonds	-	-	-	80,178	80,178
Amounts held for School Board employees	-	20,964	-	-	20,964
Amounts held for County employees	-	-	1,825	-	1,825
Total liabilities	<u>\$ 26,071</u>	<u>\$ 20,964</u>	<u>\$ 1,825</u>	<u>\$ 80,178</u>	<u>\$ 129,038</u>

County of Carroll, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
June 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Current Assets				
Cash and cash equivalents				
Special Welfare	\$ 20,746	\$ 82,942	\$ (77,617)	\$ 26,071
Performance Bond Escrow	152,498	12,500	(84,820)	80,178
School Board FSA	20,007	61,509	(60,552)	20,964
County FSA	1,304	21,557	(21,036)	1,825
Total cash and cash equivalents	<u>\$ 194,555</u>	<u>\$ 178,508</u>	<u>\$ (244,025)</u>	<u>\$ 129,038</u>
Total Assets	<u><u>\$ 194,555</u></u>	<u><u>\$ 178,508</u></u>	<u><u>\$ (244,025)</u></u>	<u><u>\$ 129,038</u></u>
Liabilities				
Amounts held for social services clients	\$ 20,746	\$ 82,942	\$ (77,617)	\$ 26,071
Amounts held for performance bonds	152,498	12,500	(84,820)	80,178
Amounts held for School Board employees	20,007	61,509	(60,552)	20,964
Amounts held for County employees	1,304	21,557	(21,036)	1,825
Amounts held for Twin County Airport	-	-	-	-
Total Liabilities	<u><u>\$ 194,555</u></u>	<u><u>\$ 178,508</u></u>	<u><u>\$ (244,025)</u></u>	<u><u>\$ 129,038</u></u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

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

		<u>School Operating Fund</u>
ASSETS		
Cash and cash equivalents	\$	2,102,940
Receivables (net of allowance)		
Accounts receivable		65,422
Due from other governmental units		1,050,344
Prepaid items		106,785
Restricted assets:		
Cash and cash equivalents		338,057
Total assets	\$	<u>3,663,548</u>
LIABILITIES		
Accounts payable	\$	405,967
Accrued liabilities		1,940,412
Due to primary government		1,210,817
Total liabilities	\$	<u>3,557,196</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	\$	106,785
Restricted:		
Cafeteria operations		105,828
Committed:		
Textbook purchases		524
Unassigned:		(106,785)
Total fund balances	\$	<u>106,352</u>
Total liabilities and fund balances	\$	<u>3,663,548</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	106,352
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	1,489,200
Buildings and improvements		2,578,795
Improvement other than buildings		116,200
Machinery and equipment		1,636,752
		<u>5,820,947</u>
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	4,467,845
OPEB related items		716,581
		<u>5,184,426</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liabilities	\$	(9,937,000)
Compensated absences		(874,701)
Net pension liability		(31,380,332)
		<u>(42,192,033)</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(5,081,151)
OPEB related items		(1,783,000)
		<u>(6,864,151)</u>
Net position of governmental activities	\$	<u>(37,944,459)</u>

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

		School Operating Fund
REVENUES		
Revenue from the use of money and property	\$	42,270
Charges for services		1,139,775
Miscellaneous		152,707
Recovered costs		1,082,434
Intergovernmental:		
Local government		11,039,865
Commonwealth		26,810,798
Federal		4,726,283
Total revenues	\$	<u>44,994,132</u>
EXPENDITURES		
Current:		
Education	\$	45,004,611
Total expenditures	\$	<u>45,004,611</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(10,479)</u>
Net change in fund balances	\$	(10,479)
Fund balances - beginning		116,831
Fund balances - ending	\$	<u>106,352</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Net change in fund balances - total governmental funds - per above	\$	(10,479)
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 in the current period.		
Capital asset additions	\$	765,396
Depreciation expense		<u>(642,643)</u>
		122,753
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in compensated absences	\$	16,350
Change in pension related items		1,816,628
Change in OPEB related items		<u>67,533</u>
		1,900,511
Change in net position of governmental activities	\$	<u>2,012,785</u>

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

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 33,350	\$ 33,350	\$ 42,270	\$ 8,920
Charges for services	2,980,973	2,980,973	1,139,775	(1,841,198)
Miscellaneous	207,210	207,210	152,707	(54,503)
Recovered costs	1,035,005	1,035,005	1,082,434	47,429
Intergovernmental:				
Local government	11,192,600	11,192,600	11,039,865	(152,735)
Commonwealth	26,290,743	26,740,897	26,810,798	69,901
Federal	4,246,909	4,286,301	4,726,283	439,982
Total revenues	<u>\$ 45,986,790</u>	<u>\$ 46,476,336</u>	<u>\$ 44,994,132</u>	<u>\$ (1,482,204)</u>
EXPENDITURES				
Current:				
Education	\$ 46,437,105	\$ 46,936,579	\$ 45,004,611	\$ 1,931,968
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (450,315)</u>	<u>\$ (460,243)</u>	<u>\$ (10,479)</u>	<u>\$ 449,764</u>
Net change in fund balances	\$ (450,315)	\$ (460,243)	\$ (10,479)	\$ 449,764
Fund balances - beginning	450,315	460,243	116,831	(343,412)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,352</u>	<u>\$ 106,352</u>

Supporting Schedules

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 17,746,196	\$ 17,367,442	\$ 14,791,331	\$ (2,576,111)
Real and personal public service corporation taxes	902,555	903,620	934,793	31,173
Personal property taxes	6,228,873	5,366,710	4,019,492	(1,347,218)
Mobile home taxes	181,970	174,793	80,781	(94,012)
Machinery and tools taxes	897,890	897,890	773,647	(124,243)
Merchant's capital taxes	302,441	295,474	226,930	(68,544)
Penalties	150,000	150,000	123,006	(26,994)
Interest	280,000	280,000	461,116	181,116
Fund balance rejuvenation	(5,319,190)	(4,131,706)	-	4,131,706
Total general property taxes	<u>\$ 21,370,735</u>	<u>\$ 21,304,223</u>	<u>\$ 21,411,096</u>	<u>\$ 106,873</u>
Other local taxes:				
Local sales and use taxes	\$ 1,901,000	\$ 1,901,000	\$ 1,890,750	\$ (10,250)
Consumers' utility taxes- electric	665,000	665,000	675,160	10,160
Consumers' utility taxes- telephone	42,000	42,000	48,730	6,730
Consumption taxes	90,000	90,000	103,078	13,078
Recordation taxes	145,000	145,000	147,653	2,653
Motor vehicle licenses	772,597	839,109	677,298	(161,811)
Bank stock taxes	12,000	12,000	15,536	3,536
Hotel and motel room taxes	362,000	362,000	331,329	(30,671)
Restaurant food taxes	585,000	585,000	557,173	(27,827)
Total other local taxes	<u>\$ 4,574,597</u>	<u>\$ 4,641,109</u>	<u>\$ 4,446,707</u>	<u>\$ (194,402)</u>
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 70,000	\$ 70,000	\$ 71,638	\$ 1,638
Animal licenses	18,000	18,000	13,963	(4,037)
Other permits and licenses	15,300	15,300	14,208	(1,092)
Total permits, privilege fees, and regulatory licenses	<u>\$ 103,300</u>	<u>\$ 103,300</u>	<u>\$ 99,809</u>	<u>\$ (3,491)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,150,000	\$ 1,269,981	\$ 1,444,000	\$ 174,019
Revenue from use of money and property:				
Revenue from use of money	\$ 135,633	\$ 135,631	\$ 41,862	\$ (93,769)
Revenue from use of property	26,002	26,002	26,034	32
Total revenue from use of money and property	<u>\$ 161,635</u>	<u>\$ 161,633</u>	<u>\$ 67,896</u>	<u>\$ (93,737)</u>
Charges for services:				
Charges for EMS	\$ 1,555,306	\$ 1,555,306	\$ 1,578,725	\$ 23,419
Charges for farmer's market	325,000	325,000	343,077	18,077
Charges for courthouse security	200,000	200,000	231,152	31,152
Charges for parks and recreation	77,500	112,500	99,160	(13,340)
Charges for sanitation and waste removal	37,000	37,000	48,149	11,149
Charges for courthouse maintenance	40,000	40,000	44,624	4,624
Charges for cannery	19,000	19,000	13,401	(5,599)
Charges for circuit court copies	8,500	8,500	8,870	370
Charges for commonwealth's attorney	5,000	5,000	6,336	1,336
Charges for law enforcement and traffic control	10,545	10,545	43,240	32,695
Charges for law library	8,000	8,000	4,397	(3,603)
Other charges for services	400	400	618	218
Total charges for services	<u>\$ 2,286,251</u>	<u>\$ 2,321,251</u>	<u>\$ 2,421,749</u>	<u>\$ 100,498</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 159,500	\$ 163,200	\$ 226,016	\$ 62,816
Recovered costs:				
Solid Waste Authority	\$ 535,210	\$ 535,210	\$ 433,122	\$ (102,088)
BRECEDA	129,527	129,527	138,922	9,395
Public Service Authority	908,619	908,619	864,680	(43,939)
Industrial Development Authority	1,500	1,500	-	(1,500)
City of Galax-shared expenses	265,000	265,000	265,000	-
Social services	138,422	138,422	243,336	104,914
School resource officer	56,000	56,000	16,285	(39,715)
Other recovered costs	72,950	86,750	127,716	40,966
Total recovered costs	<u>\$ 2,107,228</u>	<u>\$ 2,121,028</u>	<u>\$ 2,089,061</u>	<u>\$ (31,967)</u>
Total revenue from local sources	<u>\$ 31,913,246</u>	<u>\$ 32,085,725</u>	<u>\$ 32,206,334</u>	<u>\$ 120,609</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 50,000	\$ 50,000	\$ 56,152	\$ 6,152
Motor vehicle rental taxes	6,500	6,500	6,351	(149)
Telecommunications Taxes	950,000	950,000	857,941	(92,059)
Rolling stock taxes	1,000	1,000	1,148	148
State recordation taxes	85,000	85,000	97,692	12,692
Personal property tax relief funds	1,051,552	1,051,552	1,051,552	-
Total noncategorical aid	<u>\$ 2,144,052</u>	<u>\$ 2,144,052</u>	<u>\$ 2,070,836</u>	<u>\$ (73,216)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 449,000	\$ 449,000	\$ 445,417	\$ (3,583)
Sheriff	1,436,276	1,436,276	1,404,246	(32,030)
Commissioner of revenue	124,000	124,000	127,601	3,601
Treasurer	120,800	120,800	119,878	(922)
Registrar/electoral board	41,000	41,000	42,436	1,436
Clerk of the Circuit Court	284,933	320,044	322,463	2,419
Total shared expenses	<u>\$ 2,456,009</u>	<u>\$ 2,491,120</u>	<u>\$ 2,462,041</u>	<u>\$ (29,079)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 1,279,896	\$ 1,279,896	\$ 1,552,079	\$ 272,183
Comprehensive Services Act	1,637,657	1,997,872	1,877,036	(120,836)
Animal friendly plates	335	335	427	92
Farmer's market grants	-	-	100,000	100,000
Fire program	91,472	91,472	94,705	3,233
Litter control grant	10,000	10,057	10,057	-
Emergency and medical services grant	136,000	160,768	153,151	(7,617)
Records preservation grant	-	11,362	19,590	8,228
School Resource Officer	50,000	50,000	28,132	(21,868)
Victim witness	13,770	29,957	23,059	(6,898)
Asset forfeiture	-	-	21,948	21,948

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
Arts grant	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
Conservation and recreation grant	-	69,578	69,578	-
Total other categorical aid	<u>\$ 3,223,630</u>	<u>\$ 3,705,797</u>	<u>\$ 3,954,262</u>	<u>\$ 248,465</u>
Total categorical aid	<u>\$ 5,679,639</u>	<u>\$ 6,196,917</u>	<u>\$ 6,416,303</u>	<u>\$ 219,386</u>
Total revenue from the Commonwealth	<u>\$ 7,823,691</u>	<u>\$ 8,340,969</u>	<u>\$ 8,487,139</u>	<u>\$ 146,170</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 19,750</u>	<u>\$ 19,750</u>	<u>\$ 30,409</u>	<u>\$ 10,659</u>
Categorical aid:				
Public assistance and welfare administration	\$ 1,901,560	\$ 1,901,560	\$ 2,485,795	\$ 584,235
QSCB interest	632,000	632,000	635,500	3,500
Victim witness	64,509	64,509	69,177	4,668
Emergency management preparedness grants	7,500	7,500	7,500	-
Federal justice assistance grants	1,500	17,785	-	(17,785)
High intensity drug trafficking grant	18,000	72,913	19,967	(52,946)
Total categorical aid	<u>\$ 2,625,069</u>	<u>\$ 2,696,267</u>	<u>\$ 3,217,939</u>	<u>\$ 521,672</u>
Total revenue from the federal government	<u>\$ 2,644,819</u>	<u>\$ 2,716,017</u>	<u>\$ 3,248,348</u>	<u>\$ 532,331</u>
Total General Fund	<u>\$ 42,381,756</u>	<u>\$ 43,142,711</u>	<u>\$ 43,941,821</u>	<u>\$ 799,110</u>
Total Primary Government	<u>\$ 42,381,756</u>	<u>\$ 43,142,711</u>	<u>\$ 43,941,821</u>	<u>\$ 799,110</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 150	\$ 150	\$ 125	\$ (25)
Revenue from the use of property	33,200	33,200	42,145	8,945
Total revenue from use of money and property	<u>\$ 33,350</u>	<u>\$ 33,350</u>	<u>\$ 42,270</u>	<u>\$ 8,920</u>
Charges for services:				
Fees from pupils	\$ 19,000	\$ 19,000	\$ 20,628	\$ 1,628
Tuition from other localities	5,500	5,500	-	(5,500)
Cafeteria sales	2,922,473	2,922,473	737,914	(2,184,559)
Transportation of pupils	16,000	16,000	12,630	(3,370)
Other payments from other localities	18,000	18,000	368,603	350,603
Total charges for services	<u>\$ 2,980,973</u>	<u>\$ 2,980,973</u>	<u>\$ 1,139,775</u>	<u>\$ (1,841,198)</u>
Miscellaneous:				
E-rate	\$ 172,000	\$ 172,000	\$ 106,472	\$ (65,528)
Other miscellaneous	35,210	35,210	46,235	11,025
Total miscellaneous	<u>\$ 207,210</u>	<u>\$ 207,210</u>	<u>\$ 152,707</u>	<u>\$ (54,503)</u>
Recovered costs:				
Insurance recoveries and rebates	<u>\$ 1,035,005</u>	<u>\$ 1,035,005</u>	<u>\$ 1,082,434</u>	<u>\$ 47,429</u>
Total revenue from local sources	<u>\$ 4,256,538</u>	<u>\$ 4,256,538</u>	<u>\$ 2,417,186</u>	<u>\$ (1,839,352)</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Carroll, Virginia	\$ 11,192,600	\$ 11,192,600	\$ 11,039,865	\$ (152,735)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 4,387,852	\$ 4,387,852	\$ 4,438,535	\$ 50,683
Basic school aid	12,473,812	12,473,812	12,300,248	(173,564)
Remedial summer education	188,791	188,791	179,090	(9,701)
Regular foster care	91,473	91,473	20,350	(71,123)
Gifted and talented	128,296	128,296	127,103	(1,193)
Remedial education	526,274	526,274	521,383	(4,891)
Alternative education	173,106	173,106	173,106	-
Special education	1,563,113	1,563,113	1,548,585	(14,528)
Textbook payment	263,635	263,635	261,184	(2,451)
Vocational standards of quality payments	463,436	463,436	459,128	(4,308)
Vocational adult education	900	900	936	36
Vocational education - equipment	24,234	24,234	11,695	(12,539)
Vocational occupational preparedness	15,000	15,000	14,900	(100)
Social security fringe benefits	788,102	788,102	780,777	(7,325)
Retirement fringe benefits	1,738,538	1,738,538	1,722,379	(16,159)
Group life insurance instructional	52,366	52,366	51,879	(487)
State lottery payments	715,625	715,625	944,585	228,960
Homebound education	25,396	25,396	17,871	(7,525)
School nutrition	38,417	38,417	36,700	(1,717)
Special education - foster children	-	-	70,507	70,507
Special education - regional	126,528	126,528	89,414	(37,114)
At risk payments	560,313	560,313	616,537	56,224
Early reading intervention	109,398	109,398	94,812	(14,586)
VPSA technology	362,000	362,000	310,000	(52,000)
Standards of Learning algebra readiness	63,919	63,919	66,638	2,719
At risk four-year olds	432,107	432,107	446,287	14,180
Primary class size	571,842	571,842	568,926	(2,916)
Breakfast after the Bell Initiative	-	-	12,568	12,568
Mentor teacher program	1,861	1,861	2,270	409
ISAEF	15,717	15,717	16,710	993
Jobs for VA grads	-	25,000	25,000	-
CTE industry credentials	4,500	4,500	22,592	18,092
English as a second language	90,031	90,031	82,202	(7,829)
Project graduation	7,141	7,141	7,141	-
School security grant	87,520	109,520	94,294	(15,226)
Small School Division Enrollment	-	288,674	-	(288,674)
STEM Grant	-	-	2,000	2,000
Extended Year Grant	-	114,480	321,282	206,802
Other state funds	199,500	199,500	351,184	151,684
Total categorical aid	<u>\$ 26,290,743</u>	<u>\$ 26,740,897</u>	<u>\$ 26,810,798</u>	<u>\$ 69,901</u>
Total revenue from the Commonwealth	<u>\$ 26,290,743</u>	<u>\$ 26,740,897</u>	<u>\$ 26,810,798</u>	<u>\$ 69,901</u>

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

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Forest reserve	\$ 1,010	\$ 1,010	\$ 8,549	\$ 7,539
Title I	1,057,389	1,057,389	1,022,634	(34,755)
Title VI-B, flow-through	1,020,369	1,030,539	1,037,831	7,292
Title VI-B, preschool	27,171	27,171	22,122	(5,049)
Title VI-B, rural and low income	65,387	65,387	80,754	15,367
Vocational education	86,178	86,178	63,152	(23,026)
Teacher quality	158,990	158,990	155,446	(3,544)
SNP equipment	-	-	9,053	9,053
Migrant education	34,790	34,790	56,904	22,114
School breakfast program	431,114	431,114	441,575	10,461
National school lunch program	1,173,522	1,173,522	1,232,172	58,650
Summer feeding program	-	29,222	36,112	6,890
Title III	9,009	9,009	8,926	(83)
Twenty first century learning centers	181,980	181,980	318,712	136,732
Title IV, Part A	-	-	62,771	62,771
Other federal funds	-	-	169,570	169,570
Total categorical aid	<u>\$ 4,246,909</u>	<u>\$ 4,286,301</u>	<u>\$ 4,726,283</u>	<u>\$ 439,982</u>
Total revenue from the federal government	<u>\$ 4,246,909</u>	<u>\$ 4,286,301</u>	<u>\$ 4,726,283</u>	<u>\$ 439,982</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 45,986,790</u>	<u>\$ 46,476,336</u>	<u>\$ 44,994,132</u>	<u>\$ (1,482,204)</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 472,258	\$ 433,553	\$ 407,260	\$ 26,293
General and financial administration:				
County administrator	\$ 398,365	\$ 393,336	\$ 397,337	\$ (4,001)
County attorney	75,000	66,000	71,500	(5,500)
Commissioner of revenue	407,783	389,106	385,797	3,309
Treasurer	397,144	370,603	364,101	6,502
Finance	265,489	256,151	249,836	6,315
Management information systems	364,211	350,563	348,765	1,798
Total general and financial administration	<u>\$ 1,907,992</u>	<u>\$ 1,825,759</u>	<u>\$ 1,817,336</u>	<u>\$ 8,423</u>
Board of elections:				
Electoral board and officials	\$ 86,873	\$ 75,514	\$ 55,089	\$ 20,425
Registrar	121,839	121,833	119,374	2,459
Total board of elections	<u>\$ 208,712</u>	<u>\$ 197,347</u>	<u>\$ 174,463</u>	<u>\$ 22,884</u>
Total general government administration	<u>\$ 2,588,962</u>	<u>\$ 2,456,659</u>	<u>\$ 2,399,059</u>	<u>\$ 57,600</u>
Judicial administration:				
Courts:				
Circuit court	\$ 65,640	\$ 58,172	\$ 54,000	\$ 4,172
General district court	24,440	24,696	24,180	516
Juvenile court	10,500	10,436	9,388	1,048
Special magistrates	3,515	3,515	3,096	419
Victim witness	92,154	94,666	89,640	5,026
Clerk of the circuit court	463,703	510,199	500,886	9,313
Law library	8,000	8,000	5,252	2,748
Total courts	<u>\$ 667,952</u>	<u>\$ 709,684</u>	<u>\$ 686,442</u>	<u>\$ 23,242</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 616,682	\$ 629,240	\$ 606,905	\$ 22,335
Total judicial administration	<u>\$ 1,284,634</u>	<u>\$ 1,338,924</u>	<u>\$ 1,293,347</u>	<u>\$ 45,577</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,294,961	\$ 2,369,859	\$ 2,353,293	\$ 16,566
Courtroom Security	201,523	201,523	193,764	7,759
Total law enforcement and traffic control	<u>\$ 2,496,484</u>	<u>\$ 2,571,382</u>	<u>\$ 2,547,057</u>	<u>\$ 24,325</u>
Fire and rescue services:				
Volunteer fire departments	\$ 763,786	\$ 1,129,247	\$ 923,319	\$ 205,928
Rescue squads	306,273	317,973	318,592	(619)
Carroll EMS	1,908,578	1,973,991	1,948,556	25,435
Total fire and rescue services	<u>\$ 2,978,637</u>	<u>\$ 3,421,211</u>	<u>\$ 3,190,467</u>	<u>\$ 230,744</u>
Correction and detention:				
Payments to New River Regional Jail	\$ 2,150,000	\$ 2,234,650	\$ 2,256,045	\$ (21,395)
Juvenile probation and detention	241,700	212,283	203,589	8,694
Total correction and detention	<u>\$ 2,391,700</u>	<u>\$ 2,446,933</u>	<u>\$ 2,459,634</u>	<u>\$ (12,701)</u>
Inspections:				
Building	\$ 349,338	\$ 318,932	\$ 301,574	\$ 17,358

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Other protection:				
Animal warden	\$ 122,959	\$ 122,957	\$ 109,236	\$ 13,721
Emergency services	219,307	244,425	239,375	5,050
E-911	374,154	374,154	374,154	-
Day reporting program	64,806	64,806	61,734	3,072
Highway safety	848,401	1,154,558	916,786	237,772
Total other protection	<u>\$ 1,629,627</u>	<u>\$ 1,960,900</u>	<u>\$ 1,701,285</u>	<u>\$ 259,615</u>
Total public safety	<u>\$ 9,845,786</u>	<u>\$ 10,719,358</u>	<u>\$ 10,200,017</u>	<u>\$ 519,341</u>
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 589,639	\$ 589,640	\$ 563,248	\$ 26,392
Public Service Authority	908,619	869,108	853,187	15,921
Litter control	9,900	10,057	10,057	-
Total sanitation and waste removal	<u>\$ 1,508,158</u>	<u>\$ 1,468,805</u>	<u>\$ 1,426,492</u>	<u>\$ 42,313</u>
Maintenance of general buildings and grounds:				
Governmental complex	\$ 383,422	\$ 383,427	\$ 347,785	\$ 35,642
Cannery	27,592	27,593	25,505	2,088
Maintenance force	571,220	609,220	529,364	79,856
Maintenance of other properties	160,874	126,683	122,103	4,580
Total maintenance of general buildings and grounds	<u>\$ 1,143,108</u>	<u>\$ 1,146,923</u>	<u>\$ 1,024,757</u>	<u>\$ 122,166</u>
Total public works	<u>\$ 2,651,266</u>	<u>\$ 2,615,728</u>	<u>\$ 2,451,249</u>	<u>\$ 164,479</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 263,422	\$ 263,487	\$ 263,866	\$ (379)
Mental health and mental retardation:				
Community services board	\$ 130,500	\$ 130,500	\$ 130,500	\$ -
Welfare:				
Public assistance and welfare administration	\$ 6,230,013	\$ 7,685,921	\$ 7,675,114	\$ 10,807
Senior citizens center	74,216	74,216	74,216	-
Total welfare	<u>\$ 6,304,229</u>	<u>\$ 7,760,137</u>	<u>\$ 7,749,330</u>	<u>\$ 10,807</u>
Total health and welfare	<u>\$ 6,698,151</u>	<u>\$ 8,154,124</u>	<u>\$ 8,143,696</u>	<u>\$ 10,428</u>
Education:				
Other instructional costs:				
Contributions to Community College	\$ 43,862	\$ 43,862	\$ 43,862	\$ -
Contribution to County School Board	11,192,600	11,274,600	11,039,865	234,735
School Board utilities	16,100	16,100	15,919	181
Total education	<u>\$ 11,252,562</u>	<u>\$ 11,334,562</u>	<u>\$ 11,099,646</u>	<u>\$ 234,916</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational	\$ 415,939	\$ 386,755	\$ 357,760	\$ 28,995
Farmer's Market	621,968	567,432	544,349	23,083
County Fair	85,000	84,607	81,880	2,727
Total parks and recreation	<u>\$ 1,122,907</u>	<u>\$ 1,038,794</u>	<u>\$ 983,989</u>	<u>\$ 54,805</u>

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

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Library:				
Contribution to Carroll-Galax Regional Library	\$ 314,261	\$ 315,715	\$ 314,392	\$ 1,323
Total parks, recreation, and cultural	\$ 1,437,168	\$ 1,354,509	\$ 1,298,381	\$ 56,128
Community development:				
Planning and community development:				
Planning commission	\$ 4,800	\$ 4,800	\$ 3,108	\$ 1,692
Economic development	317,944	142,600	138,635	3,965
Business development	114,527	114,853	113,680	1,173
Tourism	152,444	166,230	160,988	5,242
Contribution to Public Service Authority	1,020,405	1,020,405	1,020,405	-
Contribution to Twin County Airport	69,960	82,460	82,451	9
Total planning and community development	\$ 1,680,080	\$ 1,531,348	\$ 1,519,267	\$ 12,081
Environmental management:				
Contribution to soil and water district	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Cooperative extension program:				
Extension office	\$ 65,586	\$ 65,693	\$ 66,346	\$ (653)
Total community development	\$ 1,753,666	\$ 1,605,041	\$ 1,593,613	\$ 11,428
Debt service:				
Principal retirement	\$ 3,691,127	\$ 3,716,597	\$ 3,716,577	\$ 20
Interest and other fiscal charges	1,398,434	1,421,628	1,424,553	(2,925)
Total debt service	\$ 5,089,561	\$ 5,138,225	\$ 5,141,130	\$ (2,905)
Total General Fund	\$ 42,601,756	\$ 44,717,130	\$ 43,620,138	\$ 1,096,992
Total Primary Government	\$ 42,601,756	\$ 44,717,130	\$ 43,620,138	\$ 1,096,992
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration, attendance and health	\$ 1,759,568	\$ 1,769,496	\$ 1,753,380	\$ 16,116
Instruction costs:				
Instruction	\$ 32,973,759	\$ 33,123,409	\$ 33,314,838	\$ (191,429)
Operating costs:				
Pupil transportation	\$ 2,751,857	\$ 3,040,531	\$ 3,010,248	\$ 30,283
Operation and maintenance of school plant	4,386,395	4,408,395	4,403,610	4,785
Food services and other non-instructional costs	4,565,526	4,594,748	2,522,535	2,072,213
Total operating costs	\$ 11,703,778	\$ 12,043,674	\$ 9,936,393	\$ 2,107,281
Total Discretely Presented Component Unit - School Board	\$ 46,437,105	\$ 46,936,579	\$ 45,004,611	\$ 1,931,968

Other Statistical Section

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Gas Utilities	Total
2018-19	\$ 2,280,229	\$ 1,247,142	\$ 9,493,344	\$ 1,407,677	\$ 7,880,057	\$ 12,845,681	\$ 1,577,633	\$ 1,442,217	\$ 1,350,968	\$ -	\$ 39,524,948
2017-18	2,580,579	1,034,603	9,850,165	1,428,594	6,823,675	13,540,065	1,350,707	1,507,984	1,427,439	-	39,543,811
2016-17	2,567,121	1,005,935	9,090,573	1,485,311	6,039,186	13,443,189	1,399,180	1,574,700	1,535,786	-	38,140,981
2015-16	2,620,043	977,670	9,096,396	1,319,668	5,860,929	13,265,166	852,516	1,794,103	1,653,289	109,257	37,549,037
2014-15	2,160,757	910,625	8,251,074	1,391,661	5,415,823	13,291,086	811,369	1,293,877	1,160,247	386,978	35,073,497
2013-14	2,314,221	968,302	8,397,574	1,616,367	5,074,792	13,954,909	1,178,753	2,568,641	1,008,885	343,869	37,426,313
2012-13	2,646,748	860,938	7,608,448	2,423,430	5,029,724	12,055,049	1,198,123	2,977,741	941,166	29,931	35,771,298
2011-12	2,149,650	927,275	7,051,156	1,430,936	5,563,512	10,059,750	987,821	2,535,682	1,445,238	-	32,151,020
2010-11	2,323,036	820,260	7,186,720	1,600,919	5,600,560	8,312,852	1,034,858	2,115,102	1,178,018	-	30,172,325
2009-10	1,703,677	925,671	6,994,784	1,213,242	5,237,690	9,607,514	1,131,080	3,927,237	1,362,010	-	32,102,905

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Gain on Disposal of Capital Asset	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenue from Use of Property and Money	Miscellaneous	Contributions Not Restricted to Specific Programs (1)				
2018-19	\$ 3,965,558	\$ 9,534,242	\$ 100,000	\$ 21,504,558	\$ 4,446,707	\$ 67,896	\$ 226,016	\$ 2,101,245	\$ -	\$ 41,946,222			
2017-18	3,874,439	8,693,825	-	21,549,755	4,394,821	70,791	142,990	2,165,247	-	40,891,868			
2016-17	3,503,001	7,738,471	-	20,955,919	4,298,627	114,861	320,193	2,173,636	-	39,104,708			
2015-16	2,682,745	7,663,546	500,400	20,002,849	4,240,575	73,852	228,482	2,188,053	-	37,580,502			
2014-15	3,239,583	6,644,265	25,000	18,833,801	4,028,765	73,235	348,630	2,218,368	-	35,411,647			
2013-14	2,912,339	6,478,610	-	19,208,363	3,972,989	28,290	313,093	2,239,412	46,389	35,199,485			
2012-13	2,611,738	6,075,406	179,133	19,131,036	3,818,144	33,984	374,007	2,229,764	-	34,453,212			
2011-12	2,966,308	6,505,064	114,386	19,268,656	3,881,421	64,812	322,075	2,178,196	-	35,300,918			
2010-11	2,183,703	6,706,032	283,621	18,764,027	4,064,005	54,982	289,482	2,222,581	-	34,568,433			
2009-10	1,878,271	6,322,099	1,955,261	18,930,242	3,851,833	66,952	1,187,572	2,224,997	-	36,417,227			

(1) Fiscal Year 2009-10 is the first year State Communications tax is classified as Grants and Contributions Not Restricted to Specific Programs.

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Capital Projects (3)	Debt Service	Total
2018-19	\$ 2,399,059	\$ 1,293,347	\$ 10,200,017	\$ 2,451,249	\$ 8,143,696	\$ 45,064,392	\$ 1,298,381	\$ 1,593,613	\$ -	\$ -	\$ 5,141,130	\$ 77,584,884
2017-18	2,594,994	1,308,469	9,630,563	2,479,152	6,978,821	44,565,865	1,363,454	1,609,205	-	-	10,315,508	80,846,031
2016-17	2,899,621	1,261,171	8,890,135	2,499,126	6,143,152	43,766,570	1,384,100	1,716,409	-	-	5,290,451	73,850,735
2015-16	2,775,409	1,246,123	9,145,079	2,534,232	6,053,026	43,035,846	1,183,511	1,939,046	-	222,000	5,663,430	73,797,702
2014-15	2,769,189	1,268,976	8,204,703	2,637,210	5,544,042	41,956,209	1,103,510	2,221,814	-	-	4,082,215	69,787,868
2013-14	2,354,836	1,231,350	7,662,543	2,625,281	5,350,134	41,837,633	1,151,267	6,323,395	-	926,859	3,907,166	73,370,464
2012-13	2,650,138	1,111,525	6,997,334	2,509,702	5,416,386	42,945,068	1,186,656	2,912,853	-	863,859	3,108,737	69,702,258
2011-12	2,540,222	927,380	6,436,744	2,388,506	5,689,210	40,839,883	986,813	2,654,658	574	861,584	4,887,370	68,212,944
2010-11	2,412,057	821,010	6,646,958	2,286,302	5,931,970	40,328,396	1,015,205	2,140,204	59,348	1,148,367	3,883,177	66,672,994
2009-10	2,412,585	924,889	6,814,501	2,026,004	5,258,218	40,562,878	1,101,482	3,983,899	-	919,374	4,174,649	68,178,479

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit - School Board, excludes Capital Projects Funds

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

(3) Expenditures posted to capital projects department in General Fund.

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

Fiscal Year	General Property Taxes	Other Local Taxes (3)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2018-19	\$ 21,411,096	\$ 4,446,707	\$ 99,809	\$ 1,444,000	\$ 110,166	\$ 3,561,524	\$ 378,723	\$ 3,171,495	\$ 43,272,568	\$ 77,896,088
2017-18	21,534,993	4,394,821	100,714	1,461,067	109,982	2,993,777	286,173	3,256,496	41,249,671	75,387,694
2016-17	20,527,734	4,298,627	102,721	1,218,703	151,005	2,922,834	794,857	3,121,436	39,891,611	73,029,528
2015-16	19,809,119	4,240,575	130,250	1,009,917	106,225	2,093,922	373,656	3,464,564	39,462,068	70,690,296
2014-15	19,020,352	4,028,765	101,352	1,376,217	106,735	2,180,195	550,751	4,246,706	37,448,874	69,059,947
2013-14	19,017,610	3,972,989	116,399	1,103,263	63,640	2,360,739	577,957	6,678,982	36,249,264	70,140,843
2012-13	18,964,978	3,818,144	107,630	1,005,568	66,221	2,430,205	501,277	2,887,919	38,529,299	68,311,241
2011-12	19,016,267	3,881,421	109,925	1,136,326	69,592	2,817,672	392,210	2,949,356	38,821,355	69,194,124
2010-11	18,306,907	4,064,005	119,914	721,019	90,376	2,489,700	288,838	2,425,069	39,154,945	67,660,773
2009-10	18,198,583	3,851,833	193,447	323,043	106,881	2,228,272	505,956	2,127,298	40,430,674	67,965,987

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

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

(3) Fiscal Year 2009-10 is the first year State Communications Tax is classified as Intergovernmental revenue and not Other Local Taxes.

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2018-19	\$ 22,244,137	\$ 20,846,566	93.72%	\$ 1,030,236	\$ 21,876,802	98.35%	\$ 5,366,792	24.13%
2017-18	21,830,013	20,577,677	94.26%	1,366,803	21,944,480	100.52%	5,165,172	23.66%
2016-17	21,738,710	19,919,233	91.63%	1,172,082	21,091,315	97.02%	5,490,004	25.25%
2015-16	20,961,120	19,500,727	93.03%	918,697	20,419,424	97.42%	5,321,466	25.39%
2014-15	20,252,227	18,746,563	92.57%	941,768	19,688,331	97.22%	4,721,641	23.31%
2013-14	20,053,028	18,498,334	92.25%	1,183,665	19,681,999	98.15%	4,700,070	23.44%
2012-13	19,886,065	18,480,517	92.93%	1,133,380	19,613,897	98.63%	4,249,835	21.37%
2011-12	19,869,528	18,490,236	93.06%	1,171,181	19,661,417	98.95%	3,993,255	20.10%
2010-11	19,768,722	18,198,136	92.06%	885,223	19,083,359	96.53%	3,732,556	18.88%
2009-10	19,721,304	18,215,777	92.37%	798,592	19,014,369	96.42%	3,303,172	16.75%

(1) Exclusive of penalties and interest.

(2) Does not include land redemption.

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

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (3)	Merchant's Capital (3)	Farm Equipment (4)	Public Service Corporations (2)	Total
2018-19	\$ 2,151,278,637	\$ 286,290,823	\$ 49,228,375	\$ 33,695,852	\$ -	\$ 134,970,964	2,655,464,651
2017-18	2,144,702,296	269,900,405	51,231,145	31,299,875	-	129,718,424	2,626,852,145
2016-17	2,177,124,027	269,848,776	53,794,835	29,157,025	-	125,696,739	2,655,621,402
2015-16	2,171,983,967	260,253,329	52,156,600	29,892,051	-	118,794,393	2,633,080,340
2014-15	2,160,547,151	256,700,342	50,745,280	9,065,040	18,120,000	111,939,519	2,607,117,332
2013-14	2,144,065,417	247,561,253	50,667,085	8,741,339	17,702,676	107,848,891	2,576,586,661
2012-13	2,434,652,756	248,219,837	55,680,165	9,089,115	17,921,290	103,112,644	2,868,675,807
2011-12	2,427,272,971	247,400,317	57,114,155	8,645,475	17,750,500	103,112,644	2,861,296,062
2010-11	2,411,198,906	258,802,749	56,181,685	8,424,505	-	99,302,189	2,833,910,034
2009-10	2,393,470,955	257,258,260	60,840,765	10,216,725	-	100,657,481	2,822,444,186

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

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

(3) Prior to 2015 taxes, the County assessed merchant's capital tax at 30%. The 2015 taxes were assessed at 100%.

(4) In fiscal year 2012, the County establish a new class of personal property for farm equipment. In fiscal year 2016, the County stopped assessing farm equipment.

Table 7

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

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools (2)	Merchant's Capital (4)	Farm Equipment (3)
2018-19	\$ 0.695	\$ 1.95	\$ 1.75	\$ 0.69	-
2017-18	0.695	1.95	1.75	0.69	-
2016-17	0.660	1.95	1.75	0.69	-
2015-16	0.660	1.95	1.75	0.69	-
2014-15	0.680	1.60	1.30	2.30	0.80
2013-14	0.680	1.60	1.30	2.30	0.80
2012-13	0.595	1.60	1.30	2.30	0.80
2011-12	0.595	1.60	1.30	2.30	0.80
2010-11	0.595	1.60	1.30	2.30	-
2009-10	0.595	1.60	1.30	2.30	-

(1) Per \$100 of assessed value.

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

(3) In fiscal year 2012, the County established a new class of personal property for farm equipment. In fiscal year 2017, the County did not tax farm equipment.

(4) Starting in fiscal year 2016, the County started assessing merchant's capital at 100%. Prior to this, it was assessed at 30%.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2018-19	30,042	\$ 2,655,465	\$ 16,646,646	\$ 16,646,646	0.63%	554
2017-18	30,042	2,626,852	20,027,084	20,027,084	0.76%	667
2016-17	30,042	2,655,621	23,410,114	23,410,114	0.88%	779
2015-16	30,042	2,633,080	26,810,748	26,810,748	1.02%	892
2014-15	30,042	2,607,117	30,499,900	30,499,900	1.17%	1,015
2013-14	30,042	2,576,587	32,691,483	32,691,483	1.27%	1,088
2012-13	30,042	2,868,676	34,885,916	34,885,916	1.22%	1,161
2011-12	30,042	2,861,296	36,729,419	36,729,419	1.28%	1,223
2010-11	30,042	2,833,910	38,852,410	38,852,410	1.37%	1,293
2009-10	29,245	2,822,444	25,790,540	25,790,540	0.91%	882

(1) Bureau of the Census.

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

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

Table 9

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2018-19	\$ 3,716,577	\$ 1,424,553	\$ 5,141,130	\$ 77,584,884	6.63%
2017-18 (2)	3,656,248	1,534,260	5,190,508	80,846,031	6.42%
2016-17	3,648,030	1,642,421	5,290,451	73,850,735	7.16%
2015-16	3,915,936	1,747,494	5,663,430	73,797,702	7.67%
2014-15	2,987,109	1,095,106	4,082,215	69,787,868	5.85%
2013-14	2,779,993	1,127,173	3,907,166	73,370,464	5.33%
2012-13	2,187,124	921,613	3,108,737	69,702,258	4.46%
2011-12	3,299,432	1,587,938	4,887,370	68,212,944	7.16%
2010-11	2,523,235	1,359,942	3,883,177	66,672,994	5.82%
2009-10	2,711,245	1,463,404	4,174,649	68,178,479	6.12%

- (1) Includes General fund of the Primary Government and Special Revenue funds of the Discretely Presented Component Unit - School Board. Excludes Capital Projects Funds.
 (2) Principal excludes refunding amount of \$5,125,000.

Compliance



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 Members of the Board of Supervisors
County of Carroll, Virginia
Hillsville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Carroll, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Carroll, Virginia's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Carroll, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Carroll, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Carroll, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Carroll, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farrow, Cox Associates

Blacksburg, Virginia
December 19, 2019

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

To the Members of the Board of Supervisors
County of Carroll, Virginia
Hillsville, Virginia

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the County of Carroll, 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 Carroll, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Carroll, 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.

Prohaska, Fawcett, Cox Associates

Blacksburg, Virginia
December 19, 2019

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

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950116, 0950117	\$ 18,385
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	0400117, 0400118	291,003
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117, 0500118	191
Low-Income Home Energy Assistance	93.568	0600417, 0600418	42,362
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	0770117, 0770118	\$ (1,420)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117, 0760118	<u>46,883</u> 45,463
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116, 0900117	309
Foster Care - Title IV-E	93.658	1100117, 1100118	566,388
Adoption Assistance	93.659	1120117, 1120118	327,572
Social Services Block Grant	93.667	1000117, 1000118	430,252
Chafee Foster Care Independence Program	93.674	9150117, 9150118	4,354
Children's Health Insurance Program	93.767	0540117, 0540118	8,293
Medicaid Cluster:			
Medical Assistance Program	93.778	1200117, 1200118	<u>398,005</u>
Total Department of Health and Human Services			<u>\$ 2,132,577</u>
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Services:			
Emergency Management Performance Grants	97.042	Not available	\$ 7,500
Total Department of Homeland Security			<u>\$ 7,500</u>
Environmental Protection Agency			
Direct Award:			
Clean Diesel Funding Assistance Program FY2019	66.039	Not available	\$ 100,000
Total Environment Protection Agency			<u>\$ 100,000</u>
Department of Agriculture:			
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution (Note 3)	10.555	Not available	\$ 163,839
Department of Education:			
National School Lunch Program	10.555	40623	<u>1,066,542</u> \$ 1,230,381
School Breakfast Program	10.553	40591	441,575
Summer Food Service Program for Children	10.559	Not available	37,649
State Admin Exp for Child Nutrition	10.560	DOE86507	1,709,605
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to States	10.665	43841	8,549
Child Nutrition Discretionary Grants Limited Availability	10.579	40593	9,053
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010117, 0010118 0040117, 0040118	<u>353,218</u>
Total Department of Agriculture			<u>\$ 2,080,679</u>
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CJS67000	\$ 69,570
Crime Victim Assistance	16.575	CJS7601601, CJS86015	<u>69,177</u>
Total Department of Justice			<u>\$ 138,747</u>
Executive Office of the President:			
Pass Through Payments:			
Financial Commission for Appalachia HIDTA Appalachia High Intensity Drug Trafficking Areas Program	95.001	G17AP0001A	<u>\$ 19,967</u>
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 1,022,634
Migrant Education - State Grant Program	84.011	42910	50,732
Special Education Cluster:			
Special Education - Grants to States	84.027	43071, 87138	\$ 1,037,831
Special Education - Preschool Grants	84.173	62521	<u>22,122</u> 1,059,953
Career and Technical Education: Basic Grants to States	84.048	61095	63,152
Twenty-First Century Community Learning Centers	84.287	60565	318,712
Rural Education	84.358	43481	80,754
Language Acquisition State Grants	84.365	60655	8,926
Migrant Education - Coordination Program	84.144	61399	6,171
Student Support and Academic Enrichment Grants	84.424	Not available	62,772
Supporting Effective Instruction State Grant	84.367	61480	<u>155,446</u>
Total Department of Education			<u>\$ 2,829,252</u>
Total Expenditures of Federal Awards			<u>\$ 7,308,722</u>

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

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

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

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

(3) The County did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursements

Note 3 -- Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, Carroll County, Virginia had food commodities totaling \$201,488 in inventory.

Note 4 -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2019.

Note 5 -- Loans and Loan Guarantees:

The County did not have any loans or loan guarantees which are subject to reporting requirements for the current year.

Note 6 -- Relationship to the 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	\$ 3,248,348
Less: QSCB subsidy	(635,500)
Less: Payment in lieu of taxes	<u>(30,409)</u>
Total primary government	<u>\$ 2,582,439</u>
Component Unit School Board:	
School Operating Fund	<u>\$ 4,726,283</u>
Total expenditures of federal awards per the basic financial statements	<u><u>\$ 7,308,722</u></u>

County of Carroll, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Carroll, Virginia

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings and Questioned Costs

None